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**Jiangxi Rimag Group Co., Ltd.**

**江西一脉阳光集团股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2522)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024**

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2024, together with the audited comparative figures for the year ended December 31, 2023.

### **FINANCIAL HIGHLIGHTS**

|   | <b>Year ended December 31,</b> |                | <b>Year-on-year</b> |
|---|--------------------------------|----------------|---------------------|
|   | <b>2024</b>                    | <b>2023</b>    | <b>change</b>       |
|   | <b>RMB'000</b>                 | <b>RMB'000</b> |                     |
| Revenue   | <b>760,591</b>                 | 928,914        | -18.1%              |
| Gross profit  | <b>277,332</b>                 | 332,597        | -16.6%              |
| (Loss)/profit for the year  | <b>(58,858)</b>                | 36,574         | -260.9%             |
| (Loss)/profit for the year attributable to owners<br>of the Company | <b>(45,919)</b>                | 44,415         | -203.4%             |
| <b>Non-IFRS Measures*:</b>  |                                |                |                     |
| EBITDA  | <b>165,247</b>                 | 252,940        | -34.7%              |
| Adjusted EBITDA   | <b>207,184</b>                 | 276,362        | -25.0%              |
| Adjusted net (loss)/profit  | <b>(16,921)</b>                | 59,996         | -128.2%             |

\* For more details, please see "Management Discussion and Analysis – Financial Review – Non-IFRS Measures".

The decline in the Group's overall revenue and profit during the year was mainly due to (i) the combined impact of the fluctuations in the domestic macro-environment and the adjustment of order in the process of deepening reform in the medical industry. During the most severe period of macroeconomic slowdown and strict regulation in the medical industry, operators in the medical industry were cautious towards market-oriented economy, which led to the slowdown in the demand from medical institutions and the relevant bidding procedures, resulting in (among others) (a) the delivery of certain imaging solutions under the agreements entered into by the Group in 2024 being delayed to 2025; and (b) the delay in the commencement of operations of certain newly established imaging centers of the Group until 2025; and (ii) the increase in certain expenses incurred by the Company in 2024 in connection with the listing on the Stock Exchange in 2024. In the face of cyclical adjustments in the industry, we were determined to strategically and proactively optimize the pace of our business development. On the one hand, we have strategically adjusted the delivery cycle of certain imaging solutions to more accurately match customers' upgraded imaging needs in 2025. On the other hand, we have implemented meticulous preparations for the construction of new imaging centers to ensure high-quality operations during the industry window period in 2025. It is worth noting that with the continued release of favorable national policies on new medical infrastructure, the demand for equipment upgrades from medical institutions and the marketization of imaging services have rebounded significantly since the end of 2024, and the industry has entered a structural recovery trend. As a result, the Group's overall performance will resume a stable growth.

We have always promoted the dual circulation strategic layout with a global vision. We have consolidated our leading position in the main market of domestic medical care, as well as used Hong Kong and Macao as a bridgehead to expand overseas markets and create diversified growth drivers. By improving operational efficiency through digital innovation and relying on the intelligent budget management system to achieve full-chain cost optimization, we have continued to optimize management efficiency in key areas such as R&D innovation, supply chain collaboration and service upgrades. Currently, driven by the dual forces of new medical infrastructure and equipment iteration cycles, industry demand has returned to a steady growth track. Relying on its forward-looking product layout, internationalization strategy and refined management system, the Group has built up core competitiveness in the business cycle, further explored the value of medical imaging data and leveraged the function of artificial intelligence in the field of medical imaging diagnosis, laying a solid foundation for seizing development opportunities in the next stage.

## BUSINESS HIGHLIGHTS

As a leading medical group specialized in medical imaging in China, we are the only operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China. Since the beginning of 2024, we have made the following progress in our business:

- **Listing on the Stock Exchange.** On June 7, 2024, the H Shares of the Company were successfully listed on the Main Board of the Stock Exchange, making us the “first listed medical imaging services company in China (中國醫學影像服務第一股)”. In view of the uniqueness of the Group's business model and its solid commercial barriers, the Group has raised a net proceed from the Global Offering amounting to approximately HK\$183.48 million. After successfully entering the capital market, the funds raised will continue to be used to expand its own imaging center network, seek strategic partnerships and investment opportunities along the industrial chain, and continue to consolidate its leading position in China's third-party medical imaging services. At the same time, the Company will actively develop overseas business and focus on integrating its advantageous imaging solution services, thereby forming its core imaging service capabilities overseas to create new business growth drivers.

- **Continued expansion of medical imaging center network.** During the year ended December 31, 2024, we developed 18 new imaging center projects and promoted 17 imaging center projects into high-quality operation. As at December 31, 2024, our medical imaging center network has deeply covered 16 provinces, autonomous regions and municipalities in the PRC, with an aggregate of 106 imaging centers in operation, forming a scaled and centralized operation matrix. The Company has actively taken diversified measures, promoted the exploration of cooperation with quality social capital medical institutions, relied on industrial funds to deploy on potential markets, carried out in-depth capital cooperation with regional leading medical institutions, and simultaneously explored the expansion of the imaging centers through a combination of mergers and acquisitions, industrial fund incubation, etc. to achieve the continuous expansion and layout of the medical imaging center network. The Company has also continuously strengthened its industry barriers through the synergy effect of the ecosystem, thereby consolidating our leading position in the industry.
- **Technology and industry achievements.** During the year ended December 31, 2024, from the perspective of the Group's own strategic development and industry needs, we organized clinical experts and medical imaging experts to undertake the development of a series of standards for medical imaging examinations, and established the "Standard for the Naming and Coding of Medical Imaging Examination Items (《醫學影像檢查項目名稱及編碼標準》)" (the "**Standard**") to provide the basis for the standardization and unification of the Group's medical imaging data and to lay the foundation for the Group to achieve high quality development and value for data service. The Standard was reviewed by a team of national expert reviewers organized by the PMPH Research Institute (人衛研究院) and was formally released on January 1, 2024 and formally implemented on March 1, 2024.
- **A new era of overseas business development.** The Company established an overseas business department in 2024 and built a business expansion network covering Hong Kong, Macao, Southeast Asia, the Middle East, Africa and other regions. Through the trinity overseas model of "product + service + brand" and relying on the foundation of domestic advanced medical imaging products and its rich experience, the Company has successfully entered the first year of its business layout in overseas markets.
- **Creating a smart medical imaging ecosystem.** The Company has built a strategic technology foundation based on "exploring deep value of medical imaging big data combining with AI intelligent engine", forming an innovative growth paradigm dually driven by "Data and AI". We are building a new ecosystem covering data governance, intelligent analysis and clinical empowerment through the research and integration of AI solutions for the entire medical imaging chain. We are also promoting the construction of a collaborative innovation platform for industry, academia, research and application, as well as strategically cooperating with top medical institutions and industry chain partners. Based on the operation of data assets and supported by AI technology platforms, we will accelerate the digital transformation of the industry through collaborative innovation with ecosystem partners and realize a new ecosystem of medical imaging services and AI. In December 2024, Shanghai Yinghe Yimai Intelligent Technology Co., Ltd. (上海影禾醫脈智能科技有限公司) ("**Yinghe Yimai**"), a joint-stock company incubated by the Company, officially released the world's first full-modal and full-process medical imaging Large Foundation Model, leading the medical imaging AI industry from the "1.0 era" of Single Disease Model to the "2.0 era" of Large Foundation Model.
- **Co-construction of medical industry ecosystem.** Focusing on the strategic goal of "co-building the medical industry ecosystem", the Company has established an in-depth strategic cooperation with industry leaders by building a three-in-one innovative collaborative ecosystem of "technology + data + industry" with medical imaging as the core hub.

## FINANCIAL INFORMATION

The Board hereby announces the consolidated audited results of the Group for the year ended December 31, 2024 with comparative figures for the year ended December 31, 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|  | <i>Note</i> | <b>Year ended 31 December</b><br><b>2024</b><br><b>RMB'000</b> | <b>2023</b><br><b>RMB'000</b> |
|--|-------------|--|-------------------------------|
| Revenue  | 3           | <b>760,591</b>   | 928,914                       |
| Cost of sales  | 6           | <b>(483,259)</b>   | (596,317)                     |
| <b>Gross profit</b>  |             | <b>277,332</b>   | 332,597                       |
| Selling expenses   | 6           | <b>(66,423)</b>  | (65,562)                      |
| Administrative expenses  | 6           | <b>(223,635)</b>   | (181,675)                     |
| Research and development expenses  | 6           | <b>(11,539)</b>  | (12,844)                      |
| Net impairment losses on financial assets  |             | <b>(22,131)</b>  | (16,874)                      |
| Other income   | 4           | <b>13,606</b>  | 10,753                        |
| Other gains – net  | 5           | <b>5,684</b>   | 5,849                         |
| <b>Operating (loss)/profit</b>   |             | <b>(27,106)</b>  | 72,244                        |
| Finance income   | 7           | <b>4,052</b>   | 3,263                         |
| Finance costs  | 7           | <b>(25,272)</b>  | (24,791)                      |
| <b>Finance costs – net</b>   |             | <b>(21,220)</b>  | (21,528)                      |
| Share of loss of investments accounted for using the equity method                         |             | <b>(3,005)</b>   | (5,801)                       |
| Impairment losses on investment in the joint venture accounted for using the equity method |             | –  | (1,534)                       |
| <b>(Loss)/profit before income tax</b>   |             | <b>(51,331)</b>  | 43,381                        |
| Income tax expense   | 8           | <b>(7,527)</b>   | (6,807)                       |
| <b>(Loss)/profit for the year</b>  |             | <b>(58,858)</b>  | 36,574                        |
| <b>(Loss)/profit for the year attributable to:</b>   |             |  |                               |
| Owners of the Company  |             | <b>(45,919)</b>  | 44,415                        |
| Non-controlling interests  |             | <b>(12,939)</b>  | (7,841)                       |
|  |             | <b>(58,858)</b>  | 36,574                        |
| <b>(Loss)/profit per share attributable to owners of the Company for the year</b>          |             |  |                               |
| Basic (expressed in RMB per share)   | 9           | <b>(0.132)</b>   | 0.131                         |
| Diluted (expressed in RMB per share)   | 9           | <b>(0.132)</b>   | 0.131                         |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Year ended 31 December |         |
|--|------------------------|---------|
|  | 2024                   | 2023    |
|  | RMB'000                | RMB'000 |
| <b>(Loss)/profit for the year</b>  | <b>(58,858)</b>        | 36,574  |
| <i>Items that may be reclassified to profit or loss</i>  |                        |         |
| Changes in the fair value of debt instruments at fair value through other comprehensive income   | 22                     | (22)    |
| <i>Items that will not be reclassified to profit or loss</i>                                     |                        |         |
| Changes in the fair value of equity investments at fair value through other comprehensive income | —                      | 3,204   |
| <b>Other comprehensive income for the year, net of tax</b>                                       | <b>22</b>              | 3,182   |
| <b>Total comprehensive (loss)/income for the year</b>  | <b>(58,836)</b>        | 39,756  |
| <b>Total comprehensive (loss)/income for the year attributable to:</b>                           |                        |         |
| Owners of the Company  | (45,897)               | 47,597  |
| Non-controlling interests  | (12,939)               | (7,841) |
|  | <b>(58,836)</b>        | 39,756  |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  |             | <b>As at 31 December</b> |                |
|--|-------------|--------------------------|----------------|
|  | <i>Note</i> | <b>2024</b>              | <b>2023</b>    |
|  |             | <b>RMB'000</b>           | <b>RMB'000</b> |
| <b>ASSETS</b>  |             |                          |                |
| <b>Non-current assets</b>  |             |                          |                |
| Property, plant and equipment  |             | <b>809,758</b>           | 741,122        |
| Right-of-use assets  |             | <b>129,392</b>           | 159,904        |
| Intangible assets  |             | <b>46,195</b>            | 46,214         |
| Deferred income tax assets   |             | <b>32,509</b>            | 24,208         |
| Investments accounted for using the equity method                    |             | <b>44,398</b>            | 30,760         |
| Prepayments, deposits and other receivables                          |             | <b>208,411</b>           | 132,887        |
| Financial asset at fair value through other<br>comprehensive income  | <i>10</i>   | <b>3,000</b>             | 4,772          |
| Financial assets at fair value through profit or loss                |             | <b>60,431</b>            | 53,869         |
| Long-term trade receivables  | <i>11</i>   | <b>32,277</b>            | 58,339         |
| Restricted cash  |             | <b>442</b>               | 6,104          |
| <b>Total non-current assets</b>                                      |             | <b>1,366,813</b>         | 1,258,179      |
| <b>Current assets</b>  |             |                          |                |
| Financial assets at fair value through other<br>comprehensive income | <i>10</i>   | <b>400</b>               | 3,491          |
| Inventories  |             | <b>6,745</b>             | 5,333          |
| Long-term trade receivables -current portion                         | <i>11</i>   | <b>42,183</b>            | 23,232         |
| Prepayments, deposits and other receivables                          |             | <b>144,863</b>           | 86,087         |
| Trade receivables  | <i>11</i>   | <b>432,028</b>           | 308,796        |
| Notes receivables  |             | <b>1,600</b>             | —              |
| Restricted cash  |             | <b>2,066</b>             | 2              |
| Cash and cash equivalents  |             | <b>262,387</b>           | 188,835        |
| Asset classified as held for sale                                    |             | <b>4,703</b>             | 4,703          |
| <b>Total current assets</b>  |             | <b>896,975</b>           | 620,479        |
| <b>Total assets</b>  |             | <b>2,263,788</b>         | 1,878,658      |

|   |             | <b>As at 31 December</b> |                  |
|---|-------------|--------------------------|------------------|
|   | <i>Note</i> | <b>2024</b>              | <b>2023</b>      |
|   |             | <b>RMB'000</b>           | <b>RMB'000</b>   |
| <b>EQUITY</b>                                       |             |                          |                  |
| <b>Equity attributable to owners of the Company</b> |             |                          |                  |
| Share capital                                       | 12          | 356,312                  | 338,496          |
| Treasury shares                                     | 12          | (14,037)                 | —                |
| Reserves  |             | 1,603,931                | 1,401,974        |
| Accumulated losses                                  |             | (490,558)                | (447,843)        |
|   |             | <hr/>                    | <hr/>            |
| <b>Equity attributable to owners of the Company</b> |             | <b>1,455,648</b>         | <b>1,292,627</b> |
| <b>Non-controlling interests</b>                    |             | <b>28,383</b>            | <b>42,487</b>    |
|   |             | <hr/>                    | <hr/>            |
| <b>Total equity</b>                                 |             | <b>1,484,031</b>         | <b>1,335,114</b> |
|   |             | <hr/>                    | <hr/>            |
| <b>LIABILITIES</b>                                  |             |                          |                  |
| <b>Non-current liabilities</b>                      |             |                          |                  |
| Borrowings  |             | 272,222                  | 84,966           |
| Lease liabilities                                   |             | 101,856                  | 136,280          |
| Deferred income tax liabilities                     |             | 4,372                    | 4,414            |
| Other non-current liabilities                       |             | 320                      | 1,700            |
|   |             | <hr/>                    | <hr/>            |
| <b>Total non-current liabilities</b>                |             | <b>378,770</b>           | <b>227,360</b>   |
|   |             | <hr/>                    | <hr/>            |
| <b>Current liabilities</b>                          |             |                          |                  |
| Trade payables                                      | 14          | 26,485                   | 23,482           |
| Other payables and accruals                         |             | 78,755                   | 75,869           |
| Contract liabilities                                | 3(b)        | 39,728                   | 8,959            |
| Current tax liabilities                             |             | 50,992                   | 42,662           |
| Borrowings  |             | 160,992                  | 125,042          |
| Lease liabilities                                   |             | 43,540                   | 39,731           |
| Other non current liability-current portion         |             | 495                      | 439              |
|   |             | <hr/>                    | <hr/>            |
| <b>Total current liabilities</b>                    |             | <b>400,987</b>           | <b>316,184</b>   |
|   |             | <hr/>                    | <hr/>            |
| <b>Total liabilities</b>                            |             | <b>779,757</b>           | <b>543,544</b>   |
|   |             | <hr/>                    | <hr/>            |
| <b>Total equity and liabilities</b>                 |             | <b>2,263,788</b>         | <b>1,878,658</b> |
|   |             | <hr/>                    | <hr/>            |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Jiangxi Rimag Group Co., Ltd. formerly known as Shenzhen RIMAG Sunshine Medical Technology Co., Ltd. (the “Company”) was incorporated as a limited liability company on 30 October 2014 in Shenzhen, Guangdong Province, People’s Republic of China (the “PRC”). The registered office of the Company is Room 1002, 10th Floor, No.10 Building Public R&D Centre Xinqi Zhoudong Avenue South Chinese Medicine Science and Technology Innovation City Ganjiang New District Jiangxi Province, PRC. In June 2021, the Company was converted into a joint stock company with limited liabilities. The Company provides medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the providing medical imaging services, imaging solution services and Rimag Cloud services in the PRC.

The Company’s H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 7 June 2024.

These consolidated financial statements are presented in thousands of Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board of Directors on 28 March 2025.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IFRS Accounting Standards”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit and loss (“FVTPL”).

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements



## 2.2 Changes in accounting policies

### (a) *New and amended standards adopted by the Group*

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

| New standards and amendments  |   | Effective for annual periods beginning on or after |
|-------------------------------|---|--|
| IAS 1 (Amendments)            | Classification of liabilities as current or non-current | 1 January 2024                                     |
| IAS 1 (Amendments)            | Non-current liabilities with covenants                  | 1 January 2024                                     |
| IFRS 16 (Amendments)          | Lease liability in sale and leaseback                   | 1 January 2024                                     |
| IAS 7 and IFRS 7 (Amendments) | Supplier finance arrangements                           | 1 January 2024                                     |

### (b) *New standards and amendments not yet adopted*

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

| New standards and amendments    |   | Effective for annual periods beginning on or after |
|---------------------------------|---|--|
| IAS 21 (Amendments)             | Lack of exchangeability   | 1 January 2025                                     |
| IFRS 9 and IFRS 7 (Amendments)  | Amendments to the classification and measurement of financial instruments             | 1 January 2026                                     |
| Annual improvements project     | Annual improvements to IFRS Accounting Standards – volumes 11                         | 1 January 2026                                     |
| IFRS 9 and IFRS 7 (Amendments)  | Contracts referencing nature-dependent electricity                                    | 1 January 2026                                     |
| IFRS 18                         | Presentation and disclosure in financial statements                                   | 1 January 2027                                     |
| IFRS 19                         | Subsidiaries without public accountability: disclosures                               | 1 January 2027                                     |
| IFRS 10 and IAS 28 (Amendments) | Sale or contribution of assets between an investor and its associate or joint venture | To be determined                                   |

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position, except IFRS 18, which may mainly impact the presentation of the consolidated statements of the comprehensive loss and the Group is still in the process of assessing the impact.

### 3 REVENUE AND SEGMENT INFORMATION

#### (a) Revenue during the year

An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 is as follows:

The revenue segment information reported to CODM for the year is as follows:

|  |  | Year ended 31 December |                |
|--|--|------------------------|----------------|
|  |  | 2024                   | 2023           |
|  |  | RMB'000                | RMB'000        |
| Imaging center services                          | Satisfaction of performance obligation |                        |                |
| – Flagship imaging centers                       | Point in time                          | 121,021                | 133,454        |
| – Regional collaborative imaging centers         | Point in time                          | 345,447                | 355,379        |
| – Specialized medical consortium imaging centers | Overtime                               | 99,567                 | 109,638        |
| – Operational management imaging centers         | Overtime                               | 39,684                 | 39,603         |
|  |  | <u>605,719</u>         | <u>638,074</u> |
| Imaging solution services                        |  |                        |                |
| – Imaging equipment solutions                    | Point in time                          | 130,235                | 277,671        |
| – Equipment maintenance services                 | Overtime                               | 7,330                  | 701            |
|  |  | <u>137,565</u>         | <u>278,372</u> |
| Rimag Cloud services                             |  |                        |                |
| – Cloud platform services                        | Overtime                               | 13,307                 | 12,468         |
| – Sales of software                              | Point in time                          | 4,000                  | –              |
|  |  | <u>17,307</u>          | <u>12,468</u>  |
|  |  | <u>760,591</u>         | <u>928,914</u> |

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's revenue during the years ended 31 December 2024 and 2023.

**(b) Contract liabilities**

The Group has recognised the following contract liabilities which are the advances from customers:

|   | <b>As at 31 December</b> |                |
|---|--------------------------|----------------|
|   | <b>2024</b>              | <b>2023</b>    |
|   | <b>RMB'000</b>           | <b>RMB'000</b> |
| Contract liabilities related to imaging center services   | <b>2,594</b>             | 3,492          |
| Contract liabilities related to imaging solution services | <b>36,696</b>            | 5,139          |
| Contract liabilities related to Rimag Cloud services      | <b>438</b>               | 328            |
|   | <b>39,728</b>            | <b>8,959</b>   |

The following table shows how much of the revenue recognised in the year ended 31 December 2024 and 2023 relates to carried-forward contract liabilities:

|  | <b>Year ended 31 December</b> |                |
|--|-------------------------------|----------------|
|  | <b>2024</b>                   | <b>2023</b>    |
|  | <b>RMB'000</b>                | <b>RMB'000</b> |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year |                               |                |
| Imaging center services  | <b>3,492</b>                  | 3,121          |
| Imaging solution services  | <b>–</b>                      | 63,793         |
| Cloud platform services  | <b>4</b>                      | 329            |
|  | <b>3,496</b>                  | <b>67,243</b>  |

**4 OTHER INCOME**

|                                      | <b>Year ended 31 December</b> |                |
|--------------------------------------|-------------------------------|----------------|
|                                      | <b>2024</b>                   | <b>2023</b>    |
|                                      | <b>RMB'000</b>                | <b>RMB'000</b> |
| Government grants and subsidies (a)  | <b>8,391</b>                  | 4,108          |
| Tax refund                           | <b>1,415</b>                  | 3,384          |
| Interest income of installment sales | <b>2,698</b>                  | 2,778          |
| Rental income of leasing equipment   | <b>1,100</b>                  | 478            |
| Others                               | <b>2</b>                      | 5              |
|                                      | <b>13,606</b>                 | <b>10,753</b>  |

- (a) Government grants and subsidies mainly included government grants from the local government in Jiangxi Province in recognition of the contribution of the Group to local economy's development. There were no unfulfilled conditions or other contingencies attaching to these grants.

## 5 OTHER GAINS – NET

|   | Year ended 31 December |              |
|---|------------------------|--------------|
|   | 2024                   | 2023         |
|   | RMB'000                | RMB'000      |
| Net gains on termination of right-of-use assets                               | 1,127                  | –            |
| Net (losses)/gains on disposals of property, plant and equipment              | (288)                  | 202          |
| Net gains on disposal of subsidiaries   | –                      | 1,618        |
| Net fair value gains on financial assets at fair value through profit or loss | 2,470                  | 4,548        |
| Exchange gains from operating activities – net                                | 3,354                  | –            |
| Deemed disposal of an associate   | –                      | 118          |
| Others  | (979)                  | (637)        |
|   | <u>5,684</u>           | <u>5,849</u> |

## 6 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follows:

|   | Year ended 31 December |                       |
|---|------------------------|-----------------------|
|   | 2024                   | 2023                  |
|   | RMB'000                | RMB'000               |
| Raw materials and trading medical equipment   | 136,166                | 268,675               |
| Employee benefit expenses                     | 220,589                | 201,651               |
| Depreciation of property, plant and equipment | 154,171                | 151,545               |
| Depreciation of right-of-use assets           | 37,308                 | 33,156                |
| Amortization of intangible assets             | 3,879                  | 3,330                 |
| Repair and maintenance                        | 55,961                 | 55,052                |
| Listing expenses                              | 41,465                 | 20,822                |
| Rental expenses and property fees             | 11,429                 | 10,712                |
| Travelling expenses                           | 13,352                 | 14,825                |
| Office expenses                               | 11,742                 | 11,019                |
| Entertainment fees                            | 14,906                 | 13,936                |
| Utilities                                     | 6,830                  | 5,568                 |
| Professional service fees                     | 5,561                  | 2,300                 |
| System service fees                           | 20,588                 | 11,496                |
| Marketing fees                                | 38,046                 | 41,427                |
| Business tax and other taxes                  | 1,675                  | 2,442                 |
| Auditor remuneration                          |                        |                       |
| – Audit services                              | 2,880                  | –                     |
| – Non-audit services                          | 100                    | –                     |
| Others  | 8,208                  | 8,442                 |
| <b>Total</b>                                  | <u><b>784,856</b></u>  | <u><b>856,398</b></u> |

## 7 FINANCE INCOME AND COSTS

|   | Year ended 31 December |                        |
|---|------------------------|------------------------|
|   | 2024                   | 2023                   |
|   | <i>RMB'000</i>         | <i>RMB'000</i>         |
| Finance income:                         |                        |                        |
| – Interest income from bank deposits    | <u>4,052</u>           | <u>3,263</u>           |
| Finance costs:                          |                        |                        |
| – Interest expenses on bank borrowings  | (6,426)                | (4,845)                |
| – Interest expenses on other borrowings | (11,180)               | (11,552)               |
| – Finance expenses on lease liabilities | <u>(7,855)</u>         | <u>(8,815)</u>         |
|   | <u>(25,461)</u>        | <u>(25,212)</u>        |
| Amount capitalised                      | <u>189</u>             | <u>421</u>             |
| Total finance costs                     | <u>(25,272)</u>        | <u>(24,791)</u>        |
| <b>Finance costs – net</b>              | <u><b>(21,220)</b></u> | <u><b>(21,528)</b></u> |

## 8 INCOME TAX EXPENSE

The amounts of income tax expense charged to profit or loss in the consolidated income statement represent:

|                                   | Year ended 31 December |                |
|-----------------------------------|------------------------|----------------|
|                                   | 2024                   | 2023           |
|                                   | <i>RMB'000</i>         | <i>RMB'000</i> |
| Current income tax                | 15,877                 | 23,941         |
| Deferred income tax               | (8,350)                | (17,134)       |
| – Deferred income tax assets      | (6,990)                | (24,529)       |
| – Deferred income tax liabilities | <u>(1,360)</u>         | <u>7,395</u>   |
|                                   | <u>7,527</u>           | <u>6,807</u>   |

## Global minimum top-up tax

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25%.

During the the year ended 31 December 2024, according to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax during the year is as follow:

|  | <b>Year ended 31 December</b> |                |
|--|-------------------------------|----------------|
|  | <b>2024</b>                   | 2023           |
|  | <b>RMB'000</b>                | <b>RMB'000</b> |
| (Loss)/profit before income tax  | <b>(51,331)</b>               | 43,381         |
| Tax calculated at applicable statutory tax rate  | <b>(12,833)</b>               | 10,845         |
| – Effect of preferential tax rates (a)   | <b>(2,756)</b>                | (3,523)        |
| – Super deduction on research and development expenditure  | <b>(1,871)</b>                | (2,259)        |
| – Expenses not deductible for tax purpose  | <b>13,730</b>                 | 8,875          |
| – Utilisation of previously unrecognised tax losses  | <b>(539)</b>                  | (27,041)       |
| – Temporary differences for which no deferred income tax assets was recognised                             | <b>7,298</b>                  | 4,999          |
| – Share-based payment expense not recognised as deferred tax assets  | <b>93</b>                     | 626            |
| – Recognition of deferred tax assets on previously unrecognised tax losses and other temporary differences | <b>(10,806)</b>               | (11,313)       |
| – Tax losses not recognised as deferred tax assets   | <b>14,401</b>                 | 23,825         |
| – Share of result of investment in equity method   | <b>810</b>                    | 1,773          |
| <b>Income tax expense</b>  | <b>7,527</b>                  | 6,807          |

- (a) The enterprise income tax rate applicable to the Group's entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the PRC (the "EIT Law") effective on 1 January 2008 unless these subject to preferential tax rate set out below.

Each of Beijing Rimag Sunshine Medical Information Technology Co Ltd. ("Beijing Information") and Hubei Zhiying Rimag Medical Technology Co., Ltd. ("Hubei Zhiying") was qualified as a "High and New Technology Enterprise" certificate. Shicheng Rimag Sunshine Medical Imaging Co., Ltd. ("Shicheng Rimag"), Xixian Xinqu Rimag Medical Imaging Diagnosis Ltd. ("Xixian Rimag") and Shehong Jiashi Rimag Medical Imaging Diagnosis Ltd. ("Shehong Rimag") could enjoy the preferential policy of income tax for the development of the western region. According to the approval from the local taxation authority, each of Beijing Information, Hubei Zhiying, Shicheng Rimag, Xixian Rimag and Shehong Rimag was entitled to a preferential income tax rate of 15% for 2023 and 2024.

The enterprise income tax rate applicable to the small and micro enterprises is 5% according to the "EIT Law".

## 9 (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings of the Group attributable to the equity holders of the Company by weighted average number of ordinary shares outstanding during the year.

|   | Year ended 31 December |         |
|---|------------------------|---------|
|   | 2024                   | 2023    |
| (Loss)/profit attributable to the equity holders of the Company (RMB'000) | (45,919)               | 44,415  |
| Weighted average number of ordinary shares outstanding (thousand shares)  | 348,659                | 338,496 |
| Basic (loss)/earnings per share (expressed in RMB per share)              | (0.132)                | 0.131   |

### (b) Diluted

During the year ended 31 December 2024 and 2023, the Group had no potential ordinary shares. Accordingly, diluted (loss)/earnings per share for the years ended 31 December 2024 and 2023 are the same as basic loss per share for the respective years.

## 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|                               | As at 31 December |         |
|-------------------------------|-------------------|---------|
|                               | 2024              | 2023    |
|                               | RMB'000           | RMB'000 |
| <b>Current</b>                |                   |         |
| Debt investments              |                   |         |
| – Bank acceptance notes (a)   | 400               | 3,491   |
| <b>Non-current</b>            |                   |         |
| – Unlisted equity investments | 3,000             | 4,772   |

(a) As at 31 December 2024, balances were bank acceptance notes aged less than six months.

Movement of FVOCI is analysed as follows:

|  | As at 31 December |          |
|--|-------------------|----------|
|  | 2024              | 2023     |
|  | RMB'000           | RMB'000  |
| <b>At beginning of the year</b>                            | 8,263             | –        |
| Additions  | 20,049            | 14,362   |
| Modification of financial instruments                      | (4,772)           | –        |
| Changes in fair value – gain to other comprehensive income | –                 | 4,272    |
| Disposals  | (20,140)          | (10,371) |
| <b>At end of the year</b>                                  | 3,400             | 8,263    |



# 11 TRADE RECEIVABLES AND LONG-TERM TRADE RECEIVABLES

|   | As at 31 December |                 |
|---|-------------------|-----------------|
|   | 2024              | 2023            |
|   | RMB'000           | RMB'000         |
| <b>Current</b>                              |                   |                 |
| Trade receivables                           |                   |                 |
| – due from third parties                    | 469,339           | 333,720         |
| – due from related parties                  | 6,562             | 2,666           |
|   | <u>475,901</u>    | <u>336,386</u>  |
| Less: provision for impairment              | <u>(43,873)</u>   | <u>(27,590)</u> |
|   | <u>432,028</u>    | <u>308,796</u>  |
| Long-term trade receivables-current portion |                   |                 |
| – due from third parties                    | 50,788            | 25,533          |
| – due from related parties                  | 6,578             | 3,161           |
|   | <u>57,366</u>     | <u>28,694</u>   |
| Less: provision for impairment              | <u>(15,183)</u>   | <u>(5,462)</u>  |
|   | <u>42,183</u>     | <u>23,232</u>   |
| <b>Non-current</b>                          |                   |                 |
| Long-term trade receivables                 |                   |                 |
| – due from third parties                    | 17,487            | 43,086          |
| – due from related parties                  | 16,150            | 20,696          |
|   | <u>33,637</u>     | <u>63,782</u>   |
| Less: provision for impairment              | <u>(1,360)</u>    | <u>(5,443)</u>  |
|   | <u>32,277</u>     | <u>58,339</u>   |
| <b>Total</b>                                | <u>506,488</u>    | <u>390,367</u>  |

As at 31 December 2024 and 2023, the aging analysis of the trade receivables based on the invoice date is as follows:

|              | <b>As at 31 December</b> |                |
|--------------|--------------------------|----------------|
|              | <b>2024</b>              | <b>2023</b>    |
|              | <b>RMB'000</b>           | <b>RMB'000</b> |
| Up to 1 year | <b>383,265</b>           | 294,015        |
| 1 to 2 years | <b>69,148</b>            | 29,545         |
| 2 to 3 years | <b>17,267</b>            | 12,470         |
| Over 3 years | <b>6,221</b>             | 356            |
|              | <b>475,901</b>           | <b>336,386</b> |

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

As at 31 December 2024 and 2023, the aging analysis of the long-term trade receivables based on the invoice date is as follows:

|              | <b>As at 31 December</b> |                |
|--------------|--------------------------|----------------|
|              | <b>2024</b>              | <b>2023</b>    |
|              | <b>RMB'000</b>           | <b>RMB'000</b> |
| Up to 1 year | <b>9,211</b>             | 40,382         |
| 1 to 2 years | <b>39,511</b>            | 17,377         |
| 2 to 3 years | <b>12,351</b>            | 30,740         |
| Over 3 years | <b>29,930</b>            | 3,977          |
|              | <b>91,003</b>            | <b>92,476</b>  |

The long-term trade receivables have been discounted and there is no material change on discount rate, so their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 12 SHARE CAPITAL AND TREASURY SHARES

|  | <b>Number of<br/>ordinary<br/>shares<br/>thousands</b> | <b>Number of<br/>Issued<br/>shares<br/>thousands</b> | <b>Ordinary<br/>Shares<br/>RMB'000</b> | <b>Treasury shares<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|--|--|--|--|------------------------------------|--------------------------|
| <b>As at 1 January 2023 and 31<br/>December 2023</b> | 338,496  | –  | 338,496                                | –                                  | 338,496                  |
| Issue of shares pursuant to<br>the Listing (a)       | –  | 17,816   | 17,816                                 | –                                  | 17,816                   |
| Repurchase of shares (b)                             | –  | –  | –                                      | (14,037)                           | (14,037)                 |
| <b>As at 31 December 2024</b>                        | <b>338,496</b>   | <b>17,816</b>  | <b>356,312</b>                         | <b>(14,037)</b>                    | <b>342,275</b>           |

- (a) On 7 June 2024, the Company issued 17,816,000 ordinary shares at HK\$14.98 per share, and raised gross proceeds of approximately HK\$266,884,000. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 7 June 2024. The gross proceeds are capitalized as share capital and share premium accordingly.
- (b) Details of treasury shares

|                               | <b>Number of<br/>Issued shares<br/>thousands</b> |
|-------------------------------|--|
| <b>As at 1 January 2024</b>   | –  |
| Repurchase of shares          | (336)  |
| <b>As at 31 December 2024</b> | <b>(336)</b>                                     |

The Company repurchased 336,000 ordinary shares of its own through the Stock Exchange as at 31 December 2024. The total value of shares repurchased was approximately RMB14,037,000 and has been deducted from shareholders' equity.

As at 31 December 2024, RMB13,675,000 was deposited in certain trust to be used for repurchasing treasury shares in 2025.

### 13 DIVIDEND

No dividends have been paid or declared by the Company during each of the years ended 31 December 2024 and 2023.

### 14 TRADE PAYABLES

|                               | <b>As at 31 December<br/>2024<br/>RMB'000</b> | <b>2023<br/>RMB'000</b> |
|-------------------------------|---|-------------------------|
| Trade payables -Third parties | <b>26,485</b>                                 | 23,482                  |

The aging analysis of trade payable as at 31 December 2024 and 2023 based on invoice date was as follows:

|              | <b>As at 31 December<br/>2024<br/>RMB'000</b> | <b>2023<br/>RMB'000</b> |
|--------------|---|-------------------------|
| Up to 1 year | <b>22,749</b>                                 | 20,018                  |
| 1-2 years    | <b>3,421</b>                                  | 2,692                   |
| Over 2 years | <b>315</b>                                    | 772                     |
|              | <b>26,485</b>                                 | 23,482                  |

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS REVIEW

#### Overview

As a leading medical group specialized in medical imaging in China, we are the only operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China. On June 7, 2024, the H Shares of the Company were successfully listed on the Main Board of the Stock Exchange, making us the “first listed medical imaging services company in China (中國醫學影像服務第一股)”. The net proceeds from the Global Offering amounted to approximately HK\$183.48 million.

We are always committed to center around medical imaging services, with the support of technology innovation and model innovation (such as the model of our regional collaborative imaging centers), to continuously consolidate our position as an industry integrator in China’s third-party medical imaging service platform. Our strategic implementation pathway has formed a complete value closed loop. Through the four-dimensional collaboration of “large-scale layout of imaging center network”, “refined operational capability output”, “release of data resource value” and “industry ecological platform empowerment”, we have built a differentiated competitive barrier covering 16 provinces across the country. We have built our service capability output through our three key business segments, namely medical imaging center services, imaging solution services and Rimag Cloud services, forming a two-way empowerment system for the vertical integration of medical resources and the upgrading of digital technology and reshaping the medical imaging industry landscape with data-driven innovation. Apart from standard medical imaging service options, we can also provide customized and menu-based imaging service packages to satisfy different pain points and needs of our customers, while we always maintain consistent underlying service strengths and ecosystem. In addition to the establishment of medical imaging centers in single locations, we are strengthening the creation of regional city-county-township imaging specialty medical alliances to form an effective pathway for large-scale expansion of the medical imaging industry.

Currently, we are strategically focusing on three major growth drivers: (1) expanding in-depth service projects with the public medical system and large-scale Internet hospitals; (2) deepening the commercial application of imaging big data in the field of clinical research and artificial intelligence; and (3) relying on the flexible imaging service module capabilities to work with industry chain partners to build a Chinese imaging service brand and achieve overseas expansion.

Focusing on the strategic goal of “co-building the medical industry ecosystem”, the Company has established the in-depth strategic cooperation with industry leaders by building a three-in-one innovative collaborative ecosystem of “technology + data + industry” with medical imaging as the core hub:

In September 2024, we entered into a comprehensive cooperation agreement with Huawei Cloud Computing Technologies Co., Ltd. (華為雲計算技術有限公司) (“**Huawei Cloud**”), agreeing to jointly participate in government-level projects based on Huawei Cloud’s joint solutions in the form of project-based or investment (resource-based) operations; invest in the construction of regional medical imaging sharing centers in cities and counties (and subsequently gradually extend horizontally to electrocardiogram, testing, pathology and other centers); build and develop personal cloud imaging and personal electronic health records based on Huawei Cloud; jointly build a local + cloud architecture in-hospital smart medical service system based on Huawei Cloud, and build an in-hospital data middle platform (data asset management platform/scientific research platform); collaborate to expand overseas markets; Huawei Cloud to provide cloud infrastructure and computing resources to support medical image storage, cloud services, and the training, testing and deployment of AI models.

In October 2024, we entered into a strategic cooperation agreement with Lianren Health Big Data Technology Co., Ltd. (聯仁健康醫療大數據科技股份有限公司) (“**Lianren Health**”), agreeing to establish a comprehensive partnership in the fields of medical health and digital industry development, medical imaging center construction and regional specialized medical alliance informatization construction, to jointly promote the sharing of digital resource results, explore innovative service models for data elements, and promote the implementation of digital applications and industrial innovation and upgrading.

In July 2024, the Third Plenary Session of the National People’s Congress further proposed in the “Decision of the Chinese Central Government on Further Comprehensively Deepening Reform and Advancing Chinese-Style Modernization (《中共中央關於進一步全面深化改革推進中國式現代化的決定》)” to deepen the reform of the medical and healthcare system, promote the expansion and downward penetration and balanced regional layout of high-quality medical resources, accelerate the construction of a hierarchical diagnostic and treatment system, promote the construction of close-knit medical consortiums, and strengthen the medical and healthcare services for grassroots level. Such proposal further strengthened the Company’s strategic direction of developing its business by “deeply rooting in city and county-level administrative regions with relatively weak bases of hospital imaging, uneven development and high market shares”.

For the year ended December 31, 2024, we generated revenue of approximately RMB760.6 million, primarily from: (i) imaging center services; (ii) imaging solution services; and (iii) Rimag Cloud services.

### **Imaging Center Services**

Our imaging center services aim to solve the pain points of medical imaging industry, achieve the empowerment and balanced distribution of quality medical imaging resources, and form a network of chain medical imaging centers. Our imaging center services include: (i) imaging examination and diagnostic services offered at our own imaging centers, among others; and (ii) operational management services offered to imaging centers of our business partners. We provide the foregoing services through four types of imaging centers, namely: (i) flagship imaging centers; (ii) regional collaborative imaging centers; (iii) specialized medical consortium imaging centers; and (iv) operational management imaging centers.

For the year ended December 31, 2024, our revenue generated from the imaging center services was approximately RMB605.7 million, representing a year-on-year decrease of 5.1% as compared to approximately RMB638.1 million for the year ended December 31, 2023, mainly due to the delay in the commencement of operations of certain newly established imaging centers of the Group until 2025.

On the whole, our revenue from the core imaging center services remained relatively stable. The Company still maintained solid business fundamentals and continued to expand the development of new projects even in the face of the continued downward trend in the overall macro-economy in 2024 and the impact of the macroeconomic slowdown and the tight regulatory environment in the healthcare industry. In the face of cyclical adjustments in the industry, we were determined to strategically and proactively optimize the pace of our business development. We have implemented meticulous preparations for the construction of new imaging centers to ensure high-quality operations during the industry window period in 2025. It is worth noting that with the continued release of favorable national policies on new medical infrastructure, the demand for equipment upgrades from medical institutions and the marketization of imaging services have rebounded significantly since the end of 2024, and the industry has entered a structural recovery trend. As a result, the Group's overall performance will resume a stable growth. Similarly, currently driven by the dual forces of new medical infrastructure and equipment iteration cycles, industry demand has returned to a steady growth track, and we are committed to continuously exploring ways to diversify the business expansion of our imaging centers and the diversification of our partners. In addition to carrying out cooperation with public hospitals for the development of imaging center business, we have actively explored cooperation with high-quality social capital medical institutions for imaging center business. Besides, in addition to building our own imaging centers, we have actively promoted the expansion of the layout and construction of the medical imaging center network through various measures such as investment, mergers and acquisitions and industrial fund incubation.

In June 2024, we again successfully replicated the “Xinyu medical imaging sharing center model” by completing the development and operation of the shared medical imaging diagnostic center of Suichuan County General Hospital, which adopts the model of “centralized imaging diagnosis + distributed equipment placement”. With the Department of Medical Imaging of the Branch of the People's Hospital of Suichuan County General Hospital as the core center, and connecting with the Picture Archive and Communication System (PACS) of the Chinese Medicine Department of the General Hospital, the Gynaecological and Child Health Department of General Hospital and Lower-level Health Departments, the model has realized the cross-hospital and cross-regional transmission and sharing of imaging data, so as to form a close medical community and break the service boundary of imaging doctors serving hospitals. As such, a sharing platform was formed for medical imaging doctors in Suichuan region, which realizes the output of homogeneous treatment level of medical institutions in the region, and achieves the interconnection and mutual recognition of imaging diagnosis results in the whole region.

In 2024, we successively completed the renewal for the second phase cooperation of imaging centers, including 3 specialized medical consortium imaging centers (i.e. the specialized medical consortium project of Caochang Township Health Center in Fenyi County, Xinyu City, Jiangxi Province, the specialized medical consortium project of Dongcun Township Health Center in Fenyi County, Xinyu City, Jiangxi Province, and the specialized medical consortium project of Shuanglin Town Central Health Center in Fenyi County, Xinyu City, Jiangxi Province) and 1 operational management imaging center (i.e., the operational management imaging center project of Jinxi Traditional Chinese Medicine Hospital in Fuzhou City, Jiangxi Province).

During the year ended December 31, 2024, we continued to expand and develop our imaging center services in China and reinforced our leading market position as follows:

- A. **Developed projects.** During the year ended December 31, 2024, we newly developed 18 imaging centers (based on the signing of agreements), comprising 2 regional collaborative imaging centers, 12 specialized medical consortium imaging centers and 4 operational management imaging centers; we also renewed 4 existing projects upon their expiration, including 3 specialized medical consortium imaging centers (i.e., the specialized medical consortium project of Caochang Township Health Center in Fenyi County, Xinyu, Jiangxi Province; Dongcun Township Health Center in Fenyi County, Xinyu, Jiangxi Province; and Shuanglin Town Central Health Center in Fenyi County, Xinyu, Jiangxi Province) and 1 operational management imaging center (i.e., the operational management imaging center project of Jinxi Traditional Chinese Medicine Hospital in Fuzhou City, Jiangxi Province). As at December 31, 2024, our Company had developed a total number of 118 imaging centers, comprising 9 flagship imaging centers, 27 regional collaborative imaging centers, 65 specialized medical consortium imaging centers and 17 operational management imaging centers.
- B. **Operated projects.** During the year ended December 31, 2024, we commenced the operation of 17 imaging centers (based on the signing of operation confirmation letters), comprising 1 regional collaborative imaging center, 9 specialized medical consortium imaging centers and 7 operational management imaging centers. As at December 31, 2024, our Company operated a total number of 106 imaging centers, comprising 9 flagship imaging centers, 25 regional collaborative imaging centers, 55 specialized medical consortium imaging centers and 17 operational management imaging centers, with a total of 33 practicing licenses for medical institution.

Under the premise of having a nation-wide layout of business network, we always target to align the enhancement of our professional medical imaging service capabilities with the expansion of our business operations. As at December 31, 2024, we have made the following improvements in our professional medical imaging service capabilities:



- A. The Group continuously held internal professional training courses for medical imaging specialties. The Group conducted 112 regular training courses, covering topics such as radiology, ultrasound, nuclear medicine and nursing, as well as the application of various disciplines. Each imaging center strengthened its professional capabilities from its own perspective. In addition to regular courses with pre-determined subjects, the Group's Imaging Academy also coordinated interest courses in three dimensions: conducting 16 sub-specialty discipline training sessions by inviting top experts in the industry to give lectures to help physicians, technicians and nursing staff broaden their professional knowledge and improve their professional level, covering 1,489 person-times in a total of 89 sessions; conducting 150 imaging technology application training sessions by providing one-on-one instructional training on the use of imaging technology, to accurately improve the professional skills of frontline medical technicians; conducting 8 phases of medical imaging leadership training to cultivate leaders in medical imaging center management through management oriented training and create all-round department directors with professionalism management.
- B. Disease-specific imaging examinations and imaging specialties technology with the brand mark of Rimag continued to develop and create high net value income for the Group, forming a unique and innovative path for the Group's professional operation and development. Through preliminary attempts, the Group launched disease-specific imaging examinations for scoliosis, cardiovascular and cerebrovascular diseases, Alzheimer's disease, rectal cancer staging, and arterial plaque screening (vascular high-resolution) in the first phase, and successfully joined the "China AD Preclinical Alliance (中國AD臨床前期聯盟)", realizing the linkage resource circulation between authoritative medical organizations and the Group's imaging centers in the clinical research on aging diseases in China; launched multiple imaging specialty technologies, such as MR examination of temporomandibular joints, MR scanning of breast + dynamic enhancement scanning, ultrasound of muscles and bones, MR scanning of cranial nerves, and CT examination of stomach and small intestines.
- C. Continued to maintain the academic communication between radiologists and clinicians. Our imaging centers continued to communicate with clinicians to deliver new technologies and examinations, and organized a total of 612 clinical academic conferences. Through the communication and knowledge transfer between imaging centers and clinicians, based on high-quality imaging, we helped clinicians set up specialty clinics (such as brain health specialty clinics, lung nodule specialty clinics, carotid plaque specialty clinics, etc.) to develop key clinical specialties and enhance the overall diagnostic and treatment technology and academic development of hospitals.
- D. Emphasized the cultivation and reserve of the Group's professional talents. We always value the cultivation of new force and the reserve of professional talents. The Group's Imaging Academy focused on promoting cooperation with medical colleges and universities in respect of apprenticeship, internship and directed training and employment, the establishment of training bases, and the research and development cooperation with college expert teams in the area of artificial intelligence, and achieved multi-dimensional cooperation with 49 institutions.

## Imaging Solution Services

Our imaging solution services primarily include: (i) equipment selection and configuration; (ii) infrastructure renovation services; (iii) training services; (iv) repair and maintenance services; and (v) Rimag Cloud platform-related services. We generally offer our service modules, primarily including: equipment selection and configuration services, infrastructure renovation services, and training services, as equipment-centered one-stop solution packages to our customers. Customers are also able to purchase separate service modules, such as repair and maintenance services, from us. Our goal is to enhance our customers' ability to serve patients through our imaging empowering solutions, realizing that "using a good equipment is more important than buying a good equipment".

During the year ended December 31, 2024, our revenue generated from the imaging solution services was approximately RMB137.6 million, of which RMB9.5 million was generated from overseas business expanded by our overseas business department, representing a year-on-year decrease of 50.6% as compared to approximately RMB278.4 million for the year ended December 31, 2023, mainly due to the delivery of certain imaging solutions under the agreements entered into by the Group in 2024 being delayed to 2025 because of equipment issues and site renovation.

The decline in revenue from imaging solution services was mainly due to the continued strong regulatory influence on the medical industry policy environment, which resulted in the Group's delivery of certain imaging solutions under agreements entered into in 2024 being delayed to 2025, resulting in a decrease in revenue from imaging solution services. At the end of the year, on the backdrop of the release of market funds and advantageous policies and innovation-driven development, as well as driven by the demand for equipment upgrades by medical institutions and advantageous policies, the medical equipment procurement landscape gradually returned to normal. In response to the slowdown in demand in the overall medical industry, we have also actively explored various ways of industry collaboration to inject new drives for enhancing revenue from imaging solution services. In November 2024, we acquired certain equity interest in Shanghai Ronggongshe Fanghou Technology Limited (上海融公社芳侯科技有限公司) ("**Shanghai Ronggongshe**"). Capitalizing on the innovative financial technology platform of Shanghai Ronggongshe for the medical industry and its independently developed medical supply chain SaaS system, we deeply embedded it into the medical device distribution chain, covering core nodes such as platform providers and financial institutions, thereby building a bridge between medical device manufacturers and platform providers, broadening the Company's business development channels with an impact on solution services, and forming a strong synergy with the Company's imaging solution services.

## **Rimag Cloud Services**

Our Rimag Cloud platform is designed with reference to the whole process and features step-by-step R&D in a modular manner. Our Rimag Cloud services help medical institutions reduce labor costs, standardize workflow procedures, and realize data-driven management, thereby improving the service capabilities of these medical institutions and the medical experience of their patients. Our Rimag Cloud platform is composed of various modules. The modules of our commercialized Rimag Cloud platform mainly include: (i) medical imaging workflow modules; and (ii) operational management modules.

As of December 31, 2024, we had 95 software copyright certificates and 2 medical device registration certificates relating to the Rimag Cloud platform, and obtained 1 invention patent and had 4 invention patent applications under review.

Our revenue generated from the Rimag Cloud services for the year ended December 31, 2024 was approximately RMB17.3 million, representing an increase of 38.8% as compared to approximately RMB12.5 million for the year ended December 31, 2023. The increase in revenue was mainly due to our layout of building a “smart medical imaging ecosystem”, which is based on providing data annotation services and gradually promoting the application and commercialization of data assets. The Company is currently actively promoting the registration of medical imaging data resources and the listing of imaging data assets on data exchanges. With data mining and medical imaging AI as core engines, we have accelerated the construction of an innovative ecosystem on open and shared medical imaging. In June 2024, we completed the signing of medical imaging cloud platform service agreements with nine hospitals directly under the Xiangtan Municipal Government, completing our first full-domain medical imaging cloud platform service unified project. We will provide medical imaging cloud platform services to the nine hospitals in terms of data collection and data management system, imaging cloud platform, regional imaging data mutual recognition system, regional mutual recognition supervision system, medical imaging quality control system, remote consultation system, AI integrated auxiliary diagnosis system, and remote teaching and training system. We will build an interconnected network in Xiangtan City to achieve interconnection of imaging data of local medical institutions, promote the establishment of local unified imaging data standards, quality evaluation and value assessment systems, and assist in the implementation of local tiered diagnosis and treatment through functions such as remote diagnosis and cloud storage. In December 2024, Yinghe Yimai, a joint-stock company incubated by the Company, officially released the world’s first full-modal and full-process medical imaging Large Foundation Model, leading the medical imaging AI industry from the “1.0 era” of Single Disease Model to the “2.0 era” of Large Foundation Model, which have the characteristics of multimodal data fusion, short production cycle and low cost. The model has been registered with the Cyberspace Administration of China for service algorithms with deep synthesis (file number: 310105008143801240013).

## **Overseas Business Department**

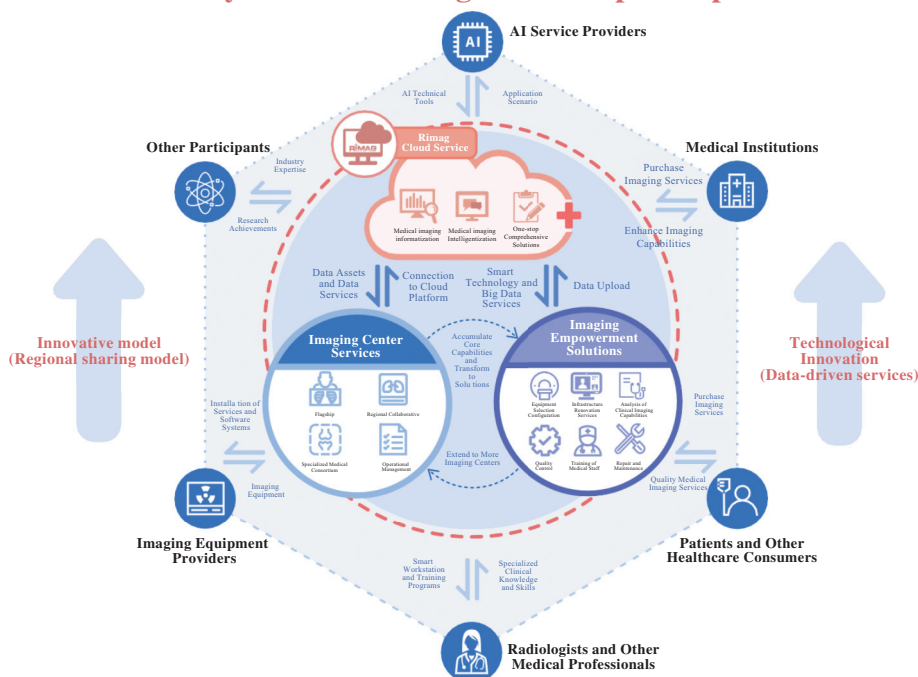
Faced with the temporary pressure of slowing market demand and intensified industry competition in the domestic medical industry, the Company has actively promoted strategic transformation and accelerated the deployment of overseas markets. Based on its deep insights into the trend of global medical resource allocation, the Company established an overseas business department in 2024 and built a business expansion network covering Hong Kong, Macao, Southeast Asia, the Middle East, Africa and other regions. Through the trinity overseas model of “product + service + brand” and relying on the foundation of domestic advanced medical imaging products and its rich experience, the Company has successfully entered the first year of its business layout in overseas markets. In December 2024, we established a joint venture, Rimag-EC Medical Technology Co., Ltd., with EC Healthcare (醫思健康), a listed company in Hong Kong, to jointly explore the supply chain platform of medical technology. The Company will uphold a long-term mindset and continue to deepen its overseas market layout. We hope to better serve overseas customers and benefit more patients through imaging technology-enabled service output, the construction of medical device supply chain platform and imaging service exchanges. We firmly believe that with a long-term strategic vision and solid business advancement, the Company will gradually realize its beautiful vision of “focusing on global resources to make health borderless”.

## **Integrated One-Stop Ecosystem Platform Centered around Our Three Key Business Segments**

We build our service capability output through three parts of our business, namely imaging center services, imaging solution services and Rimag Cloud services, the three of which are mutually supportive and transformative. Targeting different pain points and needs of our customers, we can provide different service packages to satisfy their needs. These three core businesses form a one-stop ecosystem platform, making it link the different participants, and we enable each role in this ecosystem platform to gain their own value embodiment or value interaction.

The following diagram illustrates the integrated one-stop ecosystem platform centered around our three key business segments:

### Three core businesses of the Company form a one-stop ecosystem connecting different participants



### Forming a Unique Ecological Closed-Loop Application in Medical Imaging AI Industry Integrating Data, Algorithm and Scenario

Based on the one-stop ecosystem platform formed by the three core businesses, Rimag has taken the lead in opening up the core pathway for the commercialization of medical imaging AI by building a full-link closed-loop ecosystem from its own imaging center network to AI large model applications. Its value lies in the deep integration of high-quality data production entry at the physical level, model training at the technical level and scenario implementation at the application level, forming a complete AI industry closed-loop of “data, large model and application”, thereby shaping the exemplary paradigm of “AI combining with medical” in industrial application.

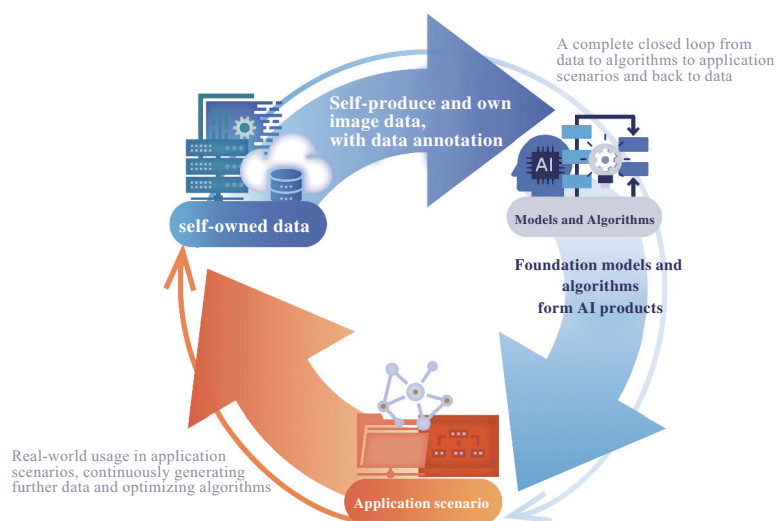
At the physical level, the nationwide network of imaging centers is both a natural entry point for acquiring massive amounts of imaging data and a terminal scenario for the implementation of AI products. This “integration of data and scenario” structure solves the problem of data silos and fragmented application scenarios that the medical AI industry has long faced.

At the data level, based on the Company's nationwide network of 106 medical imaging centers, an average of 20,000 to 30,000 cases of standardized medical imaging data are generated and accumulated every day. The high-quality structured imaging data set that has been cleaned, organized and being not subjected to privacy is formed by relying on standardized imaging data and a unified quality control system. This provides fuel for training medical imaging Large Foundation Model with clinical practicality. Compared with open source data, this specialized disease data set that has undergone strict quality control has higher labeling accuracy and clinical consistency, and can break through the generalization bottleneck of traditional AI models caused by data noise, thus truly unleashing the deep value of imaging data assets.

At the AI model level, through the world's first full-modal and full-process medical imaging Large Foundation Model and the open medical imaging AI research platform independently developed by Yinghe Yimai, a "smart manufacturing factory", a complete medical imaging AI system, has been established, enabling the medical imaging AI industry to transform from the "1.0 era" of Single Disease Model to the "2.0 era" of Large Foundation Model.

At the application level, the medical institutions covered by the Company's imaging center network, imaging solution services and Rimag Cloud services are the most direct users of the Company's medical imaging AI products. The application of medical imaging AI in imaging diagnosis can greatly improve the diagnostic capabilities and efficiency of medical institutions, while reducing the cost investment in basic imaging doctors. The Large Foundation Model, which is continuously iterated based on real-scenario data, continuously optimizes diagnostic accuracy through an adaptive learning mechanism, and feeds back to the imaging center's intelligent film reading system, auxiliary diagnostic tools and other application modules, forming an enhanced closed-loop of "data feeding model, model optimization service and service generating new data".

The following chart shows the ecological closed-loop of medical imaging AI industry application centered around data, large model and application scenario:





## II. FINANCIAL REVIEW

### Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this announcement.

During the year ended December 31, 2024, the overall business of the Group achieved stable development, with recorded revenue of approximately RMB760.6 million.

### Revenue

During the year ended December 31, 2024, we generated revenue primarily from three business lines, namely: (i) imaging center services; (ii) imaging solution services; and (iii) Rimag Cloud services. The following table sets forth the components of our revenue for the periods indicated:

|  |  | Year ended December 31, |                |
|--|--|-------------------------|----------------|
|  |  | 2024                    | 2023           |
|  |  | RMB'000                 | RMB'000        |
| Imaging center services                          | Satisfaction of performance obligation |                         |                |
| – Flagship imaging centers                       | Point in time                          | 121,021                 | 133,454        |
| – Regional collaborative imaging centers         | Point in time                          | 345,447                 | 355,379        |
| – Specialized medical consortium imaging centers | Overtime                               | 99,567                  | 109,638        |
| – Operational management imaging centers         | Overtime                               | 39,684                  | 39,603         |
|  |  | <u>605,719</u>          | <u>638,074</u> |
| Imaging solution services                        |  |                         |                |
| – Imaging equipment solutions                    | Point in time                          | 130,235                 | 277,671        |
| – Equipment maintenance services                 | Overtime                               | 7,330                   | 701            |
|  |  | <u>137,565</u>          | <u>278,372</u> |
| Rimag Cloud services                             |  |                         |                |
| – Cloud platform services                        | Overtime                               | 13,307                  | 12,468         |
| – Sales of software                              | Point in time                          | 4,000                   | –              |
|  |  | <u>17,307</u>           | <u>12,468</u>  |
|  |  | <u>760,591</u>          | <u>928,914</u> |

During the year ended December 31, 2024, the Group's revenue was approximately RMB760.6 million, representing a year-on-year decrease of 18.1% as compared to approximately RMB928.9 million for the year ended December 31, 2023.



The decline in the Group's overall revenue during the year was mainly due to the combined impact of the fluctuations in the domestic macro-environment and the adjustment of order in the process of deepening reform in the medical industry. During the most severe period of macroeconomic slowdown and strict regulation in the medical industry, operators in the medical industry were cautious towards market-oriented economy, which led to the slowdown in the demand from medical institutions and the relevant bidding procedures, resulting in (among others) (a) the delivery of certain imaging solutions under the agreements entered into by the Group in 2024 being delayed to 2025; and (b) the delay in the commencement of operations of certain newly established imaging centers of the Group until 2025.

In the face of cyclical adjustments in the industry, we were determined to strategically and proactively optimize the pace of our business development. On the one hand, we have strategically adjusted the delivery cycle of certain imaging solutions to more accurately match customers' upgraded imaging needs in 2025. On the other hand, we have implemented meticulous preparations for the construction of new imaging centers to ensure high-quality operations during the industry window period in 2025. It is worth noting that with the continued release of favorable national policies on new medical infrastructure, the demand for equipment upgrades from medical institutions and the marketization of imaging services have rebounded significantly since the end of 2024, and the industry has entered a structural recovery trend. As a result, the Group's overall performance will resume a stable growth.

### **Cost of Sales**

During the year ended December 31, 2024, our cost of sales primarily consisted of trading medical equipment, employee benefit expenses and depreciation of property, plant and equipment. The Group's cost of sales for the year ended December 31, 2024 was approximately RMB483.3 million, representing a decrease of 19.0% as compared to approximately RMB596.3 million for the year ended December 31, 2023. The decrease was primarily attributable to the delay in the delivery of imaging solution services, which resulted in a decrease in sales revenue recognition and a corresponding decrease in cost of sales recognition.

### **Gross Profit and Gross Margin**

Gross profit represents our revenue less our cost of sales. As a result of the aforementioned factors, the gross profit of the Group decreased by 16.6% from approximately RMB332.6 million for the year ended December 31, 2023 to approximately RMB277.3 million for the year ended December 31, 2024. The decrease was primarily due to the decline in gross profit resulting from the decrease in revenue from imaging center services and imaging solution services while fixed costs remained stable.

Gross margin represents our gross profit as a percentage of our revenue. The gross margin of the Group increased from 35.8% for the year ended December 31, 2023 to 36.5% for the year ended December 31, 2024. The increase was mainly attributable to the improvement in gross profit margin of our business by providing more high gross-margin differentiated products and services in our imaging solution services and Rimag Cloud services. At the same time, we have also strengthened the corresponding budget management and expense control in the aspect of cost control.

## **Selling Expenses**

During the year ended December 31, 2024, our selling expenses primarily consisted of employee benefit expenses and marketing fees. The Group's selling expenses for the year ended December 31, 2024 was approximately RMB66.4 million, representing an increase of 1.3% as compared to approximately RMB65.6 million for the year ended December 31, 2023. Selling expenses were relatively stable and remained basically the same as the previous year.

## **Administrative Expenses**

During the year ended December 31, 2024, our administrative expenses primarily consisted of employee benefit expenses, listing expenses, depreciation of right-of-use assets, traveling expenses, office expenses and entertainment fees. The Group's administrative expenses for the year ended December 31, 2024 was approximately RMB223.6 million, representing an increase of 23.1% as compared to approximately RMB181.7 million for the year ended December 31, 2023. The increase was mainly due to the increase in listing expenses in relation to the Global Offering of the Company in 2024.

## **Research and Development Expenses**

During the year ended December 31, 2024, our research and development expenses primarily consisted of employee benefit expenses, depreciation and amortization, and traveling expenses. The Group's R&D expenses for the year ended December 31, 2024 was approximately RMB11.5 million, representing a decrease of 10.2% as compared to approximately RMB12.8 million for the year ended December 31, 2023. The decrease was mainly attributable to the strengthening of budget management and cost control for R&D personnel-related expenses.

## Finance Income and Costs

During the year ended December 31, 2024, our finance income represents interest income on bank deposits. Finance costs primarily consisted of (i) interest expenses on bank borrowings; (ii) finance expenses on lease liabilities; and (iii) interest expenses on other borrowings. The following table sets forth a breakdown of our finance income and costs for the periods indicated:

|   | <b>Year ended December 31,</b> |                        |
|---|--------------------------------|------------------------|
|   | <b>2024</b>                    | <b>2023</b>            |
|   | <b>RMB'000</b>                 | <b>RMB'000</b>         |
| Finance income:                         |                                |                        |
| – Interest income from bank deposits    | <u>4,052</u>                   | <u>3,263</u>           |
| Finance costs:                          |                                |                        |
| – Interest expenses on bank borrowings  | (6,426)                        | (4,845)                |
| – Interest expenses on other borrowings | (11,180)                       | (11,552)               |
| – Finance expenses on lease liabilities | <u>(7,855)</u>                 | <u>(8,815)</u>         |
|   | (25,461)                       | (25,212)               |
| Amount capitalized                      | <u>189</u>                     | <u>421</u>             |
| Total finance costs                     | <u>(25,272)</u>                | <u>(24,791)</u>        |
| Finance costs – net                     | <u><u>(21,220)</u></u>         | <u><u>(21,528)</u></u> |

Our net finance costs for the year ended December 31, 2024 were approximately RMB21.2 million, representing a decrease of 1.4% as compared to approximately RMB21.5 million for the year ended December 31, 2023. The decrease in net finance costs was primarily attributable to interest income from bank deposits resulting from proceeds from the Global Offering.

## Income Tax Expense

During the year ended December 31, 2024, our income tax expense was RMB7.5 million. Our income tax expense in respect of our operations in the PRC was subject to the statutory tax rate of 25% or preferential tax rate on the assessable profits for the year ended December 31, 2024, based on the existing legislation, interpretations and practices in respect thereof.

## **(Loss)/Profit for the year**

As a result of the foregoing, we recorded a loss for the year ended December 31, 2024 of approximately RMB58.9 million, as compare with a profit for the year ended December 31, 2023 of approximately RMB36.6 million. The change in profit/loss was mainly due to (i) the combined impact of the fluctuations in the domestic macro-environment and the adjustment of order in the process of deepening reform in the medical industry. During the most severe period of macroeconomic slowdown and strict regulation in the medical industry, operators in the medical industry were cautious towards market-oriented economy, which led to the slowdown in the demand from medical institutions and the relevant bidding procedures, resulting in (among others) (a) the delivery of certain imaging solutions under the agreements entered into by the Group in 2024 being delayed to 2025; and (b) the delay in the commencement of operations of certain newly established imaging centers of the Group until 2025, resulting in a decrease in the Group's revenue in 2024 as compared to 2023; and (ii) an increase in certain expenses incurred by the Company in 2024 for its listing on the Stock Exchange in 2024.

## **Non-IFRS Measures**

|  | <b>For the year ended<br/>December 31,</b> |                | <b>Year-on –<br/>year change</b> |
|--|--|----------------|----------------------------------|
|  | <b>2024</b>                                | <b>2023</b>    |                                  |
|  | <b>RMB'000</b>                             | <b>RMB'000</b> |                                  |
| <b>Non-IFRS Measures:</b>                            |  |                |                                  |
| EBITDA   | <b>165,247</b>                             | 252,940        | -34.7%                           |
| Adjusted EBITDA                                      | <b>207,184</b>                             | 276,362        | -25.0%                           |
| Adjusted net (loss)/profit                           | <b>(16,921)</b>                            | 59,996         | -128.2%                          |
| Adjusted net (loss)/profit attributable<br>to owners | <b>(3,982)</b>                             | 67,837         | -105.9%                          |

To supplement our consolidated statement of profit which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure), which are not required by, or presented in accordance with, IFRS.

We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated income statement in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool and, as such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of comprehensive income or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

There are two components to the adjusted EBITDA (non-IFRS measure) metric: (1) EBITDA (non-IFRS measure), which we define as (loss)/profit before income tax plus finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, less finance income; and (2) adjustments to EBITDA (non-IFRS measure), which include items of share-based payments expenses and listing expenses. These reconciling items are non-cash items and do not result in cash outflow. We exclude listing expenses, as they arose from activities relating to the Global Offering.

The following table reconciles our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) in accordance with IFRS, our (loss)/profit before income tax, for the periods indicated:

|  | <b>For the year ended</b> |                |
|--|---------------------------|----------------|
|  | <b>December 31,</b>       |                |
|  | <b>2024</b>               | <b>2023</b>    |
|  | <b>RMB'000</b>            | <b>RMB'000</b> |
| <b>(Loss)/profit before income tax</b>             | <b>(51,331)</b>           | 43,381         |
| Add: Finance costs                                 | <b>25,272</b>             | 24,791         |
| Add: Depreciation of property, plant and equipment | <b>154,171</b>            | 151,545        |
| Add: Depreciation of right-of-use assets           | <b>37,308</b>             | 33,156         |
| Add: Amortization of intangible assets             | <b>3,879</b>              | 3,330          |
| Less: Finance income                               | <b>(4,052)</b>            | (3,263)        |
| <b>EBITDA (non-IFRS measure)</b>                   | <b>165,247</b>            | 252,940        |
| Add: Share-based payments expenses                 | <b>472</b>                | 2,600          |
| Add: Listing expenses                              | <b>41,465</b>             | 20,822         |
| <b>Adjusted EBITDA (non-IFRS measure)</b>          | <b>207,184</b>            | 276,362        |

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year adjusted for items of share-based payments expenses and listing expenses. We adjusted these items for the same reasons as stated in the discussion of adjustments to EBITDA (non-IFRS measure) above. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) in accordance with IFRS, our (loss)/profit for the year, for the periods indicated:

|                                    | <b>For the year ended</b> |                |
|------------------------------------|---------------------------|----------------|
|                                    | <b>December 31,</b>       |                |
|                                    | <b>2024</b>               | <b>2023</b>    |
|                                    | <b>RMB'000</b>            | <b>RMB'000</b> |
| <b>(Loss)/profit for the year</b>  | <b>(58,858)</b>           | 36,574         |
| Add: Share-based payments expenses | <b>472</b>                | 2,600          |
| Add: Listing expenses              | <b>41,465</b>             | 20,822         |
| <b>Adjusted net (loss)/profit</b>  | <b>(16,921)</b>           | 59,996         |

Our adjusted net loss for the year ended December 31, 2024 reached approximately RMB16.9 million, and adjusted net loss attributable to owners of the Company amounted to approximately RMB4.0 million, representing a year-on-year decrease of 105.9% as compared to the adjusted net profit attributable to owners of the Company of approximately RMB67.8 million for the year ended December 31, 2023.

## **Capital Management**

We monitor capital (including shares and borrowings) by regularly reviewing the capital structure. Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital.

## **Liquidity and Capital Resources**

During the year ended December 31, 2024, we funded our working capital primarily from net cash generated from operating activities, bank borrowings, finance leases and equity financing. Our net cash generated from operating activities mainly consists of profit before income tax adjusted for (i) non-cash items, such as net finance costs, depreciation of property, plant and equipment and depreciation of right-of-use assets; (ii) the effects of changes in working capital, such as contract liabilities, trade payables, other payables and accruals, trade receivables and other receivables and prepayments; and (iii) the effects of interest received and income tax paid.

We had cash and cash equivalents of approximately RMB188.8 million and RMB262.4 million as at December 31, 2023 and 2024, respectively. The increase in our cash and cash equivalents primarily reflected the proceeds from the Global Offering we received during the year ended December 31, 2024.

We recorded net cash generated from operating activities of approximately RMB201.4 million and RMB12.7 million for the year ended December 31, 2023 and 2024, respectively. The decrease was primarily due to the continued strong regulatory influence on the policy environment of medical industry, which led to the delay in external payment by downstream medical institutions, resulting in a certain increase in the turnover days of the Company's accounts receivable and an increase in both the accounts receivable balance and the credit period.

## **Borrowings and Gearing Ratio**

As at December 31, 2024, the aggregate balance of our borrowings was approximately RMB433.2 million (approximately RMB210.0 million as at December 31, 2023), which were all made in RMB, and approximately RMB151.4 million of them were at fixed interest rates. As at December 31, 2024, all of our borrowings had been fully drawdown, and there was no unutilized loan facilities from banks or financial leasing companies.

The gearing ratio (calculated based on total borrowings divided by total equity and multiplied by 100%) of the Group as at December 31, 2024 was 29.2%, representing an increase of 13.5% as compared to 15.7% as at December 31, 2023. The increase in the ratio was mainly due to the fact that the newly developed imaging center projects utilized more bank loans, which further optimized the Company's financial leverage structure.

## **Net Current Assets**

Our net current assets, as at December 31, 2024 were approximately RMB496.0 million, representing an increase of 63.0% as compared to approximately RMB304.3 million as at December 31, 2023. The increase was primarily attributable to the proceeds from the Global Offering.

## **Currency Risk**

We are engaged in the provision of medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services in the PRC with almost all the transactions denominated and settled in RMB, which is the functional currency of the Group companies. Therefore, our foreign exchange risk is limited. We currently do not have a foreign currency hedging policy, and manage the foreign currency risk by closely monitoring the movement of the foreign currency rates. As at December 31, 2024, we had no material foreign currency denominated assets and liabilities. Therefore, we did not have any significant foreign exchange risk.

## **Significant Investments, Material Acquisitions and Disposals/Future Plans in relation to Significant Investments or Capital Assets**

As at December 31, 2024, we did not have any significant investments, material acquisitions and disposals or any future plans in relation to significant investments or capital assets. Each of the investments held by us as a percentage of the Group's total assets as at December 31, 2024 did not amount to 5% or more.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Since the Listing Date and up to December 31, 2024, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **Capital Expenditure**

During the year ended December 31, 2024, our total capital expenditure amounted to approximately RMB311.5 million, which was incurred mainly for the purchase of equipment and intangible assets such as software.

## **Pledge of Assets**

As at December 31, 2024, we had pledged machineries, cash at banks, trade receivable and equity of our subsidiaries in aggregate of approximately RMB550.6 million.

## **Contingent Liabilities**

As at December 31, 2024, we did not have any material contingent liabilities, guarantee, legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations.



## Employees and Remuneration Policies

As at December 31, 2024, we had 831 employees and 511 medical professionals (including full-time employees and part-time medical professionals). During the year ended December 31, 2024, our employee benefit expenses amounted to approximately RMB220.6 million (year ended December 31, 2023: approximately RMB201.7 million).

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation of our employees semiannually to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus. We provide social insurance plans and housing provident funds in accordance with applicable PRC laws and regulations to our employees. We pay great attention to our employees' welfare, and continually improve our welfare system. We offer employees additional benefits such as annual leave, stipend, supplementary medical insurance, annuity, health examinations and medical insurance for family members, among others.

## III. FUTURE DEVELOPMENT AND STRATEGIES

Our goal is to become a leading medical group in China and worldwide that focuses on developing medical imaging capabilities. We aim to establish a medical imaging solution service platform with industrial ecological organizational capabilities, which can effectively integrate value chain resources across the industry, empower the medical imaging industry, and continuously consolidate our leading position in the industry. To achieve this goal, we plan to implement the following strategies:

### 1. Further expand our medical imaging center network and enrich the offerings of our imaging solution services to strengthen our industry-leading position

The Company actively takes diversified measures to promote cooperation and exploration with high-quality medical institutions with social capital, expand the layout and implementation of imaging centers through various means such as mergers and acquisitions, industrial fund incubation, etc., so as to realize the continuous expansion and layout of the medical imaging center network and consolidate our leading position in the industry.

***Regional collaborative imaging centers.*** We plan to continue developing regional collaborative imaging centers, and intend to strategically select areas with relatively unbalanced medical resources for resource integration and priority investment. Specifically, we will focus on areas that currently have support from government policies and partners and have significant development potential; we will explore a variety of investment and cooperation strategies, such as jointly building regional collaborative imaging centers with local state-owned capital platforms and providing regional medical imaging examination and diagnosis services, imaging operation and management services and other businesses, in order to achieve regional medical imaging equipment sharing, doctor sharing and data interconnection, thus achieving an overall improvement in the local medical imaging diagnosis level while reducing government funding to benefit the general public.

***Specialized medical consortium imaging centers and operational management imaging centers.*** We plan to further develop specialized medical consortium imaging centers and operational management imaging centers in areas where we have already invested to build imaging centers, so as to actively implement the national development policy of tiered diagnosis and treatment and strengthening the services for grassroots, realize the extension and deepening of imaging service capabilities, and further extend and develop our medical imaging service capabilities in these areas, increase market penetration and achieve market expansion.

***Flagship imaging centers.*** We will continue to consolidate our service capabilities in high-tier cities with large populations, high consumption levels and greatly differentiated demands, focus on the refined operation and service level improvement of flagship imaging centers, as well as continue to optimize the resource allocation of flagship imaging centers through diversified and flexible methods based on our business layout. At the same time, we are actively exploring strategic cooperation with Internet hospitals (such as JD Health (京東健康)) to realize online ordering and offline inspection and delivery models of Rimag Imaging Center to broaden the reception channels of imaging centers, as well as considering the layout of the flagship imaging centers under the guidance of the demands from Internet hospitals. We will further deepen the medical consortium business layout of the flagship imaging centers, incorporate more small and medium-sized medical institutions in the region into our service system network of flagship imaging centers, so as to create more coverage for H-end medical institutions and provide more differentiated imaging diagnosis and imaging solution services. In addition, we are further exploring other distinctive flagship center models, including scientific research flagship centers.

***Imaging solution services.*** We also plan to build a multi-level, full-cycle medical imaging ecological service system, and we intend to create precise imaging empowerment solutions for potential customers. Specifically, we plan to target the differentiated needs of different customers, and enhance customer stickiness through lightweight imaging service packages (“**hook products**”) such as remote diagnosis support, information process reconstruction and standardization of imaging technology centers, as well as through continuous technology iteration and service penetration of hook products. Relying on the collaborative advantages of industrial chain resources, we provide customers with a full-chain solution including imaging equipment maintenance, infrastructure construction, imaging equipment procurement and quality control empowerment. We achieve precise reach through a flexible service subscription model, and enhance customer stickiness through continuous technology iteration and services, so as to realize the value transmission of our imaging solution services and the improvement of gross profit margin, and broaden the business development channels of our imaging solution services.

***Advancement by overseas strategy.*** We plan to further expand our overseas business, consolidate our cooperative relationship with local strategic partners, and accurately formulate plans on strategic markets with structural opportunities in medical resources relying on the cost advantages of China’s manufacturing industry chain. We plan to implement differentiated regional expansion strategies. In Hong Kong and Macau, we will focus on relying on local high-quality imaging technology resources to incubate and iterate imaging technology and service capabilities in cross-border imaging technology collaboration, consumables supply chain, equipment management services, etc., and capitalizing on the cost-effectiveness of manufacturing in China to expand the construction of regional supply chain platforms. In Southeast Asian markets such as Singapore and Malaysia, we plan to actively carry out strategic cooperation with local large medical institutions and empower local medical institutions through joint ventures and other models. For the Middle East and emerging markets along the “Belt and Road”, we plan to continue to explore potential strategic cooperation opportunities and establish imaging cooperation solutions that accurately match the characteristics of regional market demand. Relying on its strong operational service capabilities, we will also cooperate with various Chinese manufacturing brands to establish joint ventures of Chinese medical service solutions in overseas markets.

**2. Strengthen ecological collaboration with upstream and downstream industries and deeply integrate industry chain resources for the building of an open and collaborative medical imaging industry ecosystem**

We plan to deepen ecological collaboration with upstream and downstream companies in the medical imaging industry (including equipment providers and equipment maintenance companies, medical imaging AI service providers, medical supply chain service providers, industry associations, etc.) and carry out strategic ecological incubation, in order to deeply integrate industry value chain resources and build an open and collaborative medical imaging industry ecosystem. It is expected that the above efforts will further help us enhance our professional capabilities and operational efficiency and consolidate our position in the industry.

***Industrial ecosystem incubation.*** We actively track acquisition or investment opportunities related to the medical imaging industry chain and build an industry ecosystem empowerment platform, so as to integrate industry chain resources and empower the imaging industry chain and become an organizer of the imaging industry ecosystem. Specifically, we plan to establish a “special industry incubation fund” and other means to deeply explore vertical expansion opportunities in business scenarios such as health management, cloud services, AI and big data applications and strengthen the “industry depth” of the core imaging center business, meanwhile focus on horizontal business areas such as electrocardiography and pathology to obtain strategic resources of “industry width” through strategic investment in key node companies, with a view to building a cross-domain collaborative ecological matrix.

***Equipment providers and equipment maintenance companies.*** We plan to continue to strengthen our cooperation with equipment providers, leverage our experience and knowledge in equipment use and transform it into intellectual property, and work with manufacturers to create customized equipment. Besides, we plan to continue to carry out strategic cooperation with equipment repair companies to build a repair system that can match our network of medical imaging centers and continue to reduce our costs.

***Medical imaging AI service providers.*** We plan to attract more medical imaging AI service providers to integrate their products into our AI integration platform, thereby enriching our AI offerings and enhancing our service capabilities. Furthermore, we plan to use our professional resources to collaborate with AI service providers to incorporate AI algorithms into doctors' daily medical practice to meet their demands while also helping such algorithms to learn and evolve by themselves.

***Medical supply chain service providers.*** We plan to strengthen our cooperation with medical supply chain service providers, fully leverage their innovative financial service solutions and the resource networks of medical device manufacturers and platform providers, and establish a close link with medical device manufacturers and service providers, with a view to further expanding our reach and coverage of participants in the medical industry chain to gain more potential business opportunities.

***Health management and physical examination services.*** We advocate the use of imaging to empower “disease prevention” and give full play to the application value of medical imaging in the fields of health management and early screening and prevention. For example, the role of imaging in “preventing sudden death, early screening of tumors, Alzheimer’s disease, cardiovascular and cerebrovascular health, etc.” is conducive to the improvement of health and life quality of citizens. Through Hanji Health Management (Shanghai) Co., Ltd. (汉吉健康管理(上海)有限公司), a company invested and incubated by the Company and focusing on health management and physical examination, we will achieve the value input to the health check field of public hospitals, and realize a win-win development.

***Offline delivery scenarios of Internet hospitals.*** The imaging service network we have built across the country is becoming a key infrastructure for the Internet medical ecosystem. By covering standardized imaging center nodes in 16 provinces, cities and administrative regions across the country and providing medical-grade medical imaging diagnostic capabilities, we provide Internet hospitals with a closed-loop solution of “online consultation and offline precise imaging verification.” Our model of “cloud collaboration and local delivery” can effectively help leading Internet medical platforms to achieve breakthroughs in the average daily joint service volume, which not only ensures the diagnostic accuracy of Internet medical services, but also reduces the cost of single imaging services through large-scale network layout, forming a dual competitive barrier of “professional empowerment and efficiency realization”.

***Industry associations.*** We intend to strengthen our multidimensional professional capabilities by partnering with industry associations in fields including talent development, medical imaging professional capacity assessment, operation and management systems, and medical imaging data standards.

### **3 Strengthen our operational management capabilities, cultivate and attract highly skilled medical imaging and management talents, and continuously improve our professional level and brand capabilities**

We target to continuously enhance our operation and management strength, and through the improvement of professional standards, operational management mechanisms and talent training systems to achieve the enhancement of “imaging services capacity” in the whole imaging process of “radiologists, radiologic technologists, managers and clinicians”.

***Enhance professional level.*** We plan to continue to improve our professionalism in a variety of ways. We focus on specialized diseases and give full play to the role of medical imaging in the field of targeted diseases. We use imaging as a link to help public hospitals that purchase our medical imaging services build and create clinics for specialized diseases, such as cardiovascular and cerebrovascular diseases as well as epilepsy. We also plan to strengthen the construction of expert committees and sub-specialty study groups, and gradually build neuro-head and neck study groups, cardiothoracic study groups, abdominal study groups and musculoskeletal study groups, and simultaneously train a team of nuclear medicine physicians. We also focus on promoting the professional capacity improvement plan for medical and technical personnel, sending physicians and technicians to domestic and foreign medical institutions capable of carrying out related technology for further study, encouraging them to participate in various high-level academic conferences at home and abroad, and actively organizing a number of academic exchange activities including the “Medical Imaging Summit Forum”.

***Optimize the operational management system.*** We will continue to implement the operational mentoring system, which can deeply implement the Group’s operational philosophy, promote the inheritance of operational philosophy and experience to new imaging centers to ensure that new centers can swiftly learn and apply the Group’s best operational practices, and thus generally improve the operational management capabilities within our system. We will further optimize the operational SOP, formulate and improve different SOP requirements according to different business types and natures, rationally allocate reviewers and improve the accuracy of approvals at each node; and optimize the system operation interface to improve user operation convenience and facilitate managers to understand the progress of projects.

***Establish an effective talent training mechanism.*** We expect to continue to strengthen the talent training capabilities of Rimag Imaging Academy and build and maintain a talent training system. We plan to continue to focus on the following strategies:

We plan to continue investing in and upgrading our existing Radiology Management Business Administration (RMBA) training system, cultivating more versatile professionals with both medical background and business managerial skills. We expect to create a talent development path that integrates operations and market development, selecting individuals with experience in operating imaging centers to engage in market development work. We believe that this approach will be more conducive to the development of value-based investments. Besides, we also intend to continue collaborating with universities to jointly build medical imaging bootcamps, and set up specialized talent cultivation programs, thereby providing a long-term and stable talent pool for our business development.



With the above measures, we aim to continue to consolidate our leading position in the field of medical imaging services, thus helping us to swiftly expand imaging centers, provide professional quality assurance and improve operational capabilities and performance.

**4. Deeply explore the value of image data and its AI applications, create an innovative ecosystem of “data + service model”, and provide comprehensive regional smart imaging solutions**

The deep integration of AI and big data technologies has accelerated the emergence of a more efficient and fairer smart medical ecosystem. We plan to continue exploring the deep integration of data and medical services, deepen Rimag’s strategic layout in the AI medical field and enhance Rimag’s ability to deliver comprehensive regional smart imaging solutions. We plan to continue to build the smart healthcare ecosystem by strengthening our own capabilities or cooperating with third parties, and continuously expand our service capabilities and scope. Specifically, we intend to increase investment in the following areas:

***Deeply explore the value of data.*** We will actively explore the value of data services and data assets, focus on data asset management, promote the listing of data assets on data exchanges, and optimize the building of data application platforms in terms of process standardization of imaging examination plan, management of imaging big data and precision medical quality control. We plan to continue strengthening our data standardization capabilities. We intend to standardize existing imaging data to increase its value. We expect to build up our data core competitiveness in the process of continuously accumulating data, thus laying the foundation for subsequent workflow standardization, big data analysis and application and cooperation with medical imaging AI service providers.

***Create a methodological formula for producing high-quality data.*** We have built an industry-leading medical imaging data production system, and we are firmly leading the industry with an average daily data production capacity of over 20,000 cases. Driven by “deep involvement of imaging experts and AI intelligent collaboration”, we have formed a unique moat of high-quality data and high-quality data production methods. The data cleaning and annotation led by the medical professional team within our system, combining with the intelligent annotation platform we developed, has realized the innovative technology of “reversely constructing the image annotation path from the diagnostic conclusion”.

***Promote the full-process operation and service upgrade of medical imaging.*** We will enhance the R&D capability around the application of the whole process of imaging services to ensure the efficient operation and empowerment of the entire process of medical imaging services. We plan to continually invest in management systems facilitating the operation of imaging centers, such as smart SOP systems, refined operational management systems, and whole process quality control systems. We plan to deepen cooperation with industry cloud service platforms, establish a personal cloud imaging health management inventory based on the cloud service platform, build an independent scientific research platform for doctors and provide smart cloud services for imaging centers.

***Create a comprehensive smart imaging solution.*** We plan to continue developing AI tools based on natural language processing and knowledge graphs, expand the application of AI technology to different aspects such as patient consultation, imaging diagnosis, quality control and business data analysis, so as to create a comprehensive smart imaging solution. Specifically, our incubated company, Yinghe Yimai, will continue to conduct self-supervised training of multi-modal/part combinations based on large-scale standard data sets to provide solid support for downstream tasks, conduct effective analysis of medical imaging of different modalities and different parts, and provide important basis for subsequent diagnosis, treatment and other tasks. We also intend to promote the diversified implementation of AI technology, such as creating a smart health management service platform and remote consultation platform that can enhance customer experience and broaden service settings, or jointly build a medical imaging knowledge inventory and knowledge graph with a third party, so as to promote the in-depth application of AI in various aspects such as smart consultation, report interpretation and quality control management, thus forming a smart service network covering the period “before, during and after diagnosis”.

We believe that the above-mentioned investments in R&D will help to strengthen our capabilities in providing smart imaging solution services. This can further enhance our overall profitability, expand our business, and increase our brand influence.

## **5. Continue to improve the internal control system and strengthen the risk management and corporate governance system**

As we attach great importance to the construction of internal control system, we continue to establish a scientific, standardized and effective governance structure, and continuously improve risk management mechanisms and risk response strategies.

***Compliance management and training.*** We will continue to incorporate legal and compliance reviews into every aspect of our system management. For example, important business decisions, contract signing, contract execution and other aspects must all undergo compliance reviews. We will adhere to a normalized mechanism for accountability for violations and strictly implement it in the course of business. Specifically, the Internal Audit and Compliance Center will conduct audits, and the General Manager’s Office and Human Resources Department is responsible for accountability and imposing penalties. In the event that problems are discovered, related personnel will be promptly supervised for rectification. We plan to actively cultivate the compliance culture, enhance the compliance awareness of all employees to abide by the law, be honest, and act in accordance with regulations, and make compliance management an important part of corporate learning, business exchanges and new employee induction training.

***Risk management system on accounts receivable.*** We plan to build a scientific and sophisticated risk management system through macro and micro dual-dimensional management mechanisms. For example, we will implement a tiered management strategy based on differences in credit periods. As such, projects with regular credit periods will be classified to the area of regular management; for projects with long credit periods, the collection cycle will be shortened through a dual mechanism of indicator control and operation team assessment, and special management will be implemented by the management. At the operational level, we plan to deeply integrate indicators of accounts receivable into our performance appraisal system.

***Support green healthcare.*** We are committed to building a green ecological system for corporate development and jointly promoting sustainable development through internal mechanism optimization and external organization collaboration. For example, we will continue to reduce the use of physical film through cloud film technology, thereby reducing energy consumption. We will also continue to pay attention to the treatment of exhaust gas, wastewater, waste and greenhouse gases generated in our daily business operations. For example, for the transportation of medical waste, we will strictly follow the regulations for treatment and employ sealed garbage transfer vehicles to ensure the safe transportation of waste.

### **Support from favorable government policies**

In recent years, China has issued a series of favorable policies aiming at deepening the reform of the medical and healthcare system, optimizing medical services and promoting the healthy development of the medical industry, from the “Opinions of the State Council on Promoting the Development of the Healthcare Service Industry (《國務院關於促進健康服務業發展的若干意見》)” in 2013 to the “Basic Standards and Management Norms for Medical Imaging Diagnostic Centers (for Trial Implementation) (《醫學影像診斷中心基本標準和管理規範(試行)》)” issued by the National Health and Family Planning Commission in 2016, which formally clarified the status of third-party diagnostic imaging centers as “independent legal persons” throughout the country. In the past ten years, the policy has been centered on the reform and innovation of “strengthening the grassroots, hierarchical diagnosis and treatment, close medical consortium (sharing mechanism) and mutual recognition of results (強基層、分級診療、緊密醫聯體(共享機制)及結果互認)”. The business development model of our Group is highly integrated with the development strategy of the country and the general policy of medical and healthcare system reform, which provides a good opportunity for the high-speed and high-quality development of our Group.



Throughout the year of 2024, from the “Notice on Further Improving the Mechanism to Promote the Sinking of Urban Medical Resources to County Hospitals and Urban and Rural Grassroots Levels (《關於進一步健全機制推動城市醫療資源向縣級醫院和城鄉基層下沉的通知》)” issued by the National Healthcare Commission on June 3, 2024 to, one month later, the “Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reforms and Promoting Chinese-Style Modernization (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》)” passed by the Third Plenary Session of the Twentieth Central Committee of the Communist Party of China on July 8, 2024, the relevant policies have successively mentioned promoting the expansion and downward penetration and balanced distribution of high-quality medical resources, accelerating the construction of a hierarchical diagnosis and treatment system, promoting the construction of close-knit medical consortiums, strengthening primary medical and healthcare services, improving the management level of county hospitals, upgrading the service capacity of county hospitals, speeding up the cultivation of a professional talent echelon as well as promoting resource sinking. Focusing on the core of “medical imaging service”, we focus on solving the different needs of “resources, specialty, management, informatization and intelligence” required for the development of medical imaging in China. Through the synergy of the three key business segments, we have extended our business network from first – and second-tier cities to county-level divisions, actively practiced the government’s healthcare reform policy, provided high-quality diagnostic imaging services for primary healthcare institutions, and effectively enhanced the capacity of primary healthcare services.

We have (i) flagship imaging centers; (ii) regional collaborative imaging centers, the concept of which being the most representative model of our imaging centers, which is established in accordance with the “Basic Standards for Medical Imaging Diagnostic Centers (Trial Implementation) (《醫學影像診斷中心基本標準(試行)》)” issued by the National Health and Family Planning Commission in 2016, with the qualification of independent legal person. Such regional collaborative imaging centers integrate professional imaging resources in the relevant regions through the distributed placement of imaging equipments, multi-disciplinary practice of doctors or employment, to realize the sharing of data, equipment and professionals. Through resource sharing, equipment sharing, talent sharing and data sharing, we realized effective allocation of resources and promoted the implementation of the national hierarchical diagnosis and treatment system. At the same time, by entering the clinic, serving the clinic and leading the clinic, we promoted the interaction between, and the spiral development of, the clinic and the imaging, so as to lead to the overall high-quality development of the medical institutions, relieve the worries of the government, promote the development of the hospitals and benefit the people. At the same time, through (iii) specialized medical consortium imaging centers; and (iv) operational management imaging centers, the imaging capabilities will be transmitted downward to the primary level, covering and extending to the primary areas with insufficient medical imaging capabilities and resources, and ultimately realize the “one network structure of medical imaging in China” of specialized medical consortiums and medical communities.

On the basis of the imaging center services, we continue to adhere to the output of the four core imaging capabilities (management capability, informatization and intelligence capability, design and construction capability and the imaging professional capacity made by equipment capability, technician operation capability, diagnostic capability of imaging doctors, and cognitive capability of clinicians), which comprehensively affects the center's and even the hospital's professional development and level of efficiency, further expands the output of the "professional capability of medical imaging services" that grows out of the self-owned and self-operated imaging centers, and rapidly expands the scope of influence of our imaging capabilities in the form of imaging solution services.

On November 20, 2024, the National Healthcare Security Administration issued and distributed the "Guidelines on Projects of Pricing for Radiological Examination Medical Service (Trial) (《放射檢查類醫療服務價格項目立項指南(試行)》)", which included digital imaging processing, uploading and cloud storage in the pricing structure of radiological examinations. The new pricing regulations for "Cloud Imaging" are an important step towards mutual recognition of medical imaging results. It will not only effectively reduce the burden on patients and improve the diagnostic level of hospitals, but will also strongly promote the development and application of the medical imaging industry chain and new quality productivity such as cloud storage, cloud computing and AI-assisted diagnosis and treatment. With heavy assets and light assets, we have keenly laid out our digital and intellectual strengths into the whole process of medical imaging services, using data to drive entity operation and service product innovation. Responding to the policy call for "digitalization + intelligence (digital intelligence technology) deepening", in addition to the use of the Internet characteristics of the upper advantage of medical imaging medical resources and services, we continue to take root at the grassroots level to convey the ability to nutrients, but also disassembled the chain of imaging examination link, empowers the roots of the tree through AI to each clinician, diagnostician, imaging technicians and managers. The power of data is used to drive the operation of centers at all levels and the product innovation.

Closely adhering to the national policy, we will actively grasp the elements of new productivity, and through technology innovation, utilize artificial intelligence and other cutting-edge technologies to continuously improve the ability of medical imaging examination and diagnosis. At the same time, through continuous innovation of business model, we actively participate in the deepening of the reform of state-owned enterprises, and synergize in capital, industrial chain, supply chain and scientific and technological innovation. We believe that this will lay a solid foundation for the sustainable development of our Group and will usher in greater development.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to December 31, 2024, none of the members of the Group has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares). For the year ended December 31, 2024, the Company did not hold any treasury shares as defined under the Listing Rules.

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company completed the Global Offering of an aggregate of 17,816,000 H Shares at HK\$14.98 per H Share on June 7, 2024. The net proceeds from the Global Offering amounted to approximately HK\$183.48 million. The net proceeds from the Global Offering have been and will continue to be used in a manner consistent with that disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as follows:

| Intended utilization  | Approximately<br>% of total net<br>proceeds | Net proceeds (HK\$' million)           |  |  | Expected<br>timeline for<br>unutilized<br>amount |
|---|---|--|--|--|--|
|   |   | Actual<br>amount<br>of net<br>proceeds | Utilized<br>amount as of<br>December 31,<br>2024 | Unutilized<br>amount as of<br>December 31,<br>2024 |  |
| For expanding our medical imaging center network  | 50.0%                                       | 91.73                                  | 67.57  | 24.16  | To be utilized by December 31, 2025              |
| For pursuing strategic cooperation and mergers and acquisitions in the medical imaging field and seeking strategic partnerships and investment opportunities along the medical imaging services industry chain  | 20.0%                                       | 36.70                                  | 5.42   | 31.28  | To be utilized by December 31, 2025              |
| For extending our business to overseas countries and regions which (i) are relatively lacking in medical resources, such as Southeast Asia, and (ii) have high per capital disposable income and great growth potential for medical imaging services, such as the Middle East | 20.0%                                       | 36.70                                  | 27.11  | 9.59   | To be utilized by December 31, 2025              |
| Working capital and general corporate uses  | 10.0%                                       | 18.35                                  | 0.01   | 18.34  | To be utilized by December 31, 2025              |
| Total   | 100%  | 183.48                                 | 100.11   | 83.37  | To be utilized by December 31, 2025              |

It is expected that all remaining unutilized net proceeds will be fully utilized by December 31, 2025. The expected timing of the utilization of the remaining proceeds is based on the Group's view that such timing will vary depending on current and future developments in market conditions.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices as its own code of corporate governance practices based on the principles and code provisions as set out in the Corporate Governance Code.

Except for the deviation from Code Provision C.2.1 as set out in Part 2 of the Corporate Governance Code, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code and met the requirements of the vast majority of the recommended provisions on best practices set out in Part 2 of the Corporate Governance Code during the period from the Listing Date to December 31, 2024.

Pursuant to Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive shall be clearly established and set out in writing.

From November 18, 2024 to December 31, 2024, Mr. Chen Zhaoyang assumed the duties and responsibilities of the chairman and chief executive officer of the Company. Despite the deviation from Code Provision C.2.1 as set out in Part 2 of the Corporate Governance Code, the Board believes that with the support of the management, assuming the roles and responsibilities of the chairman and chief executive officer by the same individual can facilitate the implementation of the Group's business strategies and improve its operational efficiency. In addition, under the supervision of the Board (currently composed of four executive Directors, two non-executive Directors and three independent non-executive Directors), the interests of Shareholders will be fully and fairly represented. The Board will review this structure from time to time to ensure that appropriate actions are taken in a timely manner in response to changing circumstances.

The Company will continue to review and monitor its corporate governance practices on a regular basis to ensure compliance with the code provisions and maintain the Company's high standard corporate governance practices.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code since the Listing Date and up to December 31, 2024. In addition, the Company is not aware of any non-compliance with the Model Code by the members of senior management of the Company since the Listing Date and up to December 31, 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent events required to be disclosed after the Reporting Period and up to the date of this announcement.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee consists of three members, including two independent non-executive Directors, namely Mr. Wu Xiaohui and Ms. Chen Yifei, and one non-executive Director, namely Mr. Liu Senlin. The chairman of the Audit Committee is Mr. Wu Xiaohui, who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the annual financial results of the Group for the year ended December 31, 2024 with the management of the Company. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

## **SCOPE OF WORK OF THE AUDITORS**

The financial figures set out in the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and relevant notes for the year ended December 31, 2024 in the preliminary announcement have been compared by the Company's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently, no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **FINAL DIVIDEND**

The Board does not recommend the distribution of any final dividend for the year ended December 31, 2024.

## **2024 AGM**

After the date of the 2024 AGM of the Company is fixed, a circular containing, among other things, the notice of the 2024 AGM, will be published on the websites of the Company (<https://www.rimag.com.cn/>) and the Stock Exchange (<http://www.hkexnews.hk>) in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Company (<https://www.rimag.com.cn/>) and the Stock Exchange (<http://www.hkexnews.hk>). The annual report of the Company for the year ended December 31, 2024 will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

## DEFINITIONS

|   |   |
|---|---|
| “2024 AGM”                                  | the 2024 annual general meeting of the Company  |
| “Audit Committee”                           | the audit committee of the Board  |
| “Board of Directors”<br>or “Board”          | the board of Directors  |
| “China” or “PRC”                            | the People’s Republic of China, which for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan   |
| “Company” or<br>“our Company” or<br>“Rimag” | Jiangxi Rimag Group Co., Ltd. (江西一脈陽光集團股份有限公司), a company initially established under the laws of the PRC on October 30, 2014 as a joint stock company with limited liability, subsequently converted into a limited liability company on July 15, 2016 and further converted into a joint stock company with limited liability in the PRC on June 30, 2021 and the H Shares of which are listed on the Stock Exchange (stock code: 2522) and which includes its subsidiaries (from time to time) where the context so requires |
| “Corporate<br>Governance Code”              | the “Corporate Governance Code” as set out in Appendix C1 to the Listing Rules  |
| “Director(s)”                               | the director(s) of the Company  |
| “Global Offering”                           | the global offering of an aggregate of 17,816,000 H Shares by the Company, details of which are set out in the Prospectus   |
| “Group”, “we”,<br>“us” or “our”             | the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)   |
| “H Share(s)”                                | overseas listed foreign ordinary share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange   |
| “HK\$”                                      | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong  |
| “Hong Kong”                                 | the Hong Kong Special Administrative Region of the PRC  |
| “Listing Date”                              | June 7, 2024  |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time  |



|                    |   |
|--------------------|---|
| “Main Board”       | the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with Growth Enterprise Market of the Stock Exchange |
| “Model Code”       | the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules   |
| “Prospectus”       | the prospectus issued by the Company dated May 30, 2024   |
| “Reporting Period” | the year ended December 31, 2024  |
| “RMB”              | Renminbi, the lawful currency of the PRC  |
| “Share(s)”         | ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, including unlisted shares and H Shares  |
| “Shareholder(s)”   | holder(s) of the Shares   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”  | has the meaning ascribed thereto under the Listing Rules  |
| “Supervisor(s)”    | supervisor(s) of the Company  |
| “%”                | per cent  |

By order of the Board  
**Jiangxi Rimag Group Co., Ltd.**  
 江西一脈陽光集團股份有限公司  
**Mr. CHEN Zhaoyang**  
*Chairman of the Board, Executive Director and  
 Chief Executive Officer*

Hong Kong, March 28, 2025

*As at the date of this announcement, the Board comprises Mr. CHEN Zhaoyang, Ms. HE Yingfei, Mr. FENG Xie and Mr. LI Feiyu as executive Directors, Mr. LIU Senlin and Mr. GUO Tao as non-executive Directors, and Mr. WU Xiaohui, Mr. LUO Yi and Ms. CHEN Yifei as independent non-executive Directors.*