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RICI HEALTHCARE HOLDINGS LIMITED
瑞慈醫療服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1526)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2024 amounted to RMB2,924.5 million, representing a decrease of 2.3% from revenue of RMB2,992.7 million for the year ended December 31, 2023.
- Gross profit for the year ended December 31, 2024 amounted to RMB1,167.8 million, representing a decrease of 6.5% from gross profit of RMB1,249.5 million for the year ended December 31, 2023.
- Profit attributable to owners of the Company for the year ended December 31, 2024 amounted to RMB297.3 million, as compared to profit attributable to owners of the Company of RMB363.8 million for the year ended December 31, 2023.
- Adjusted EBITDA for the year ended December 31, 2024 was RMB1,054.1 million, representing a decrease of 1.7% from RMB1,072.4 million for the year ended December 31, 2023.

In this announcement, "we", "us", "our" and "Rici" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the "**Board**") of directors (the "**Directors**") of Rici Healthcare Holdings Limited (the "**Company**") is pleased to announce that the consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2024 (the "**Reporting Period**") with the comparative figures for the year ended December 31, 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	15	**2,924,457**	2,992,689
Cost of sales	16	**(1,756,698)**	(1,743,180)
Gross profit		**1,167,759**	1,249,509
Distribution costs and selling expenses	16	**(301,847)**	(380,584)
Administrative expenses	16	**(265,140)**	(223,845)
Impairment loss on financial assets	16	**(18,819)**	(9,042)
Impairment loss on non-financial assets	16	**(18,749)**	—
Other income		**47,682**	26,629
Other losses		**(3,391)**	(5,747)
Operating profit		**607,495**	656,920
Finance costs	17	**(128,852)**	(122,619)
Finance income	17	**4,873**	10,373
Finance costs — net	17	**(123,979)**	(112,246)
Share of results of investments accounted for using equity method		**405**	958
Profit before income tax		**483,921**	545,632
Income tax expense	18	**(129,266)**	(143,657)
Profit for the year		**354,655**	401,975
Profit for the year attributable to:			
Owners of the Company		**297,321**	363,803
Non-controlling interests		**57,334**	38,172
		354,655	401,975
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted	19	**RMB0.19**	RMB0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**354,655**	401,975
Other comprehensive income		
Item that will not be subsequently reclassified to profit or loss		
— Change in fair value of financial assets at fair value through other comprehensive income	**(13,100)**	375
	(13,100)	375
Total comprehensive income for the year	**341,555**	402,350
Total comprehensive income for the year attributable to:		
Owners of the Company	**284,221**	364,178
Non-controlling interests	**57,334**	38,172
	341,555	402,350

CONSOLIDATED BALANCE SHEET

As at December 31, 2024

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**1,491,855**	1,496,201
Right-of-use assets	4	**1,297,547**	1,245,255
Intangible assets		**15,636**	17,858
Investments accounted for using equity method		**10,485**	10,080
Financial assets at fair value through profit or loss		**1,500**	1,500
Financial assets at fair value through other comprehensive income		**169,000**	182,100
Deposits for long-term leases		**62,047**	56,475
Deferred tax assets	5	**118,236**	109,911
Other receivables	7	**—**	50,000
Prepayments	9	**25,030**	29,775
		3,191,336	3,199,155
Current assets			
Inventories		**35,962**	37,396
Trade receivables	6	**324,064**	299,469
Other receivables	7	**162,779**	264,779
Prepayments	9	**30,049**	22,293
Amounts due from related parties		**2,772**	2,553
Restricted cash	8	**1,722**	900
Cash and cash equivalents	8	**1,109,817**	811,210
		1,667,165	1,438,600
Total assets		**4,858,501**	4,637,755

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	**1,065**	1,065
Reserves		**1,344,778**	1,125,880
		1,345,843	1,126,945
Non-controlling interests		**29,300**	(12,900)
Total equity		**1,375,143**	1,114,045
LIABILITIES			
Non-current liabilities			
Borrowings	11	**254,600**	219,140
Lease liabilities	12	**1,230,970**	1,135,647
Deferred income		**7,276**	3,695
		1,492,846	1,358,482
Current liabilities			
Borrowings	11	**542,400**	647,466
Lease liabilities	12	**272,308**	264,298
Contract liabilities	13	**630,615**	601,400
Trade and other payables	14	**495,179**	541,229
Amounts due to related parties		**—**	132
Income tax payables		**46,456**	108,745
Deferred income		**3,554**	1,958
		1,990,512	2,165,228
Total liabilities		**3,483,358**	3,523,710
Total equity and liabilities		**4,858,501**	4,637,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

1 GENERAL INFORMATION

Rici Healthcare Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands on 11 July 2014. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company, an investment holding company and its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of general hospital services and medical examination services in the People's Republic of China ("**PRC**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 6 October 2016.

These consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS Accounting Standards**") issued by the Hong Kong Institute of Certified Public Accountant ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

The preparation of consolidated financial statements in compliance with adopted HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

(b) ***Going concern***

As at 31 December 2024, the Group's current liabilities exceeded its current assets by RMB323,347,000. Contract liabilities and deferred income included in current liabilities of the Group as at 31 December 2024 totaling RMB634,169,000 are not expected to create cash outflow for the Group. The Group meets its day-to-day working capital requirements depending on cash flows generated from operating activities, bank borrowings, and unutilised banking facilities provided by banks in PRC. Based on the Group's past experience and good credit standing, the directors are confident on the Group's future operating cash flows and that the Group's bank financing could be renewed and/or extended for at least another twelve months upon maturity, as and when necessary. The directors therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

(c) ***Adoption of revised HKFRS Accounting Standards — effective 1 January 2024***

In the current year, the Group has applied for the first time the following revised standards, amendments and interpretations (the "**revised HKFRS Accounting Standards**") issued by HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these amended HKFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(d) New and revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new and revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Other than HKFRS 18, these new and amendments to HKFRS Accounting Standards described above are either currently not relevant to the Group or are not expected to have material impact on the Group in the current or future reporting periods and on foreseeable future.

Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a material effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation or disaggregation and labelling of information, and disclosure of management-defined performance measures.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker ("**CODM**") for the purpose of corporate planning, allocating resources and assessing performance.

Management considers the business from a business perspective, and assesses the performance of the business segment based on segment profit without allocation of administrative expenses, net impairment losses on financial assets, interest income, interest expenses, net exchange (losses)/gains, other income, other losses, share of result of investments accounted for using equity method and income tax expense.

The amounts provided to management with respect to total assets and total liabilities are measured consistent with that of the consolidated financial statements. These assets are allocated based on the operation of segments. Certain assets and liabilities related to some companies with corporate function are not allocated into segments. Elimination of revenue are mainly inter-segment service charges related to general hospital business.

The Group manages its business by two operating segments based on their services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. The principal assets employed by the Group are allocated in the PRC, and accordingly, no geographical segment analysis has been prepared.

a) General hospital

The business of this segment is in Nantong, a city of Jiangsu Province. Revenue from this segment is derived from general hospital services provided by Nantong Rich Hospital Co., Ltd. ("**Nantong Rich Hospital**"), and maternity care services provided by Nantong Advanced Hejia Maternity and Child Nursing Service Co., Ltd.

b) Medical examination centres

The business of this segment is in Shanghai City, Jiangsu Province and other provinces in China. Revenue from this segment is derived from medical examination services.

The following table presents revenue and profit information regarding the Group's operation segments for the years ended 31 December 2024 and 2023, and the segment assets and liabilities at the respective balance sheet dates.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

	General hospital *RMB'000*	**Medical examination centres** *RMB'000*	**Unallocated** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2024					
Revenue	604,418	2,358,755	—	(38,716)	2,924,457
Segment profit/(loss)	109,930	739,150	(1,917)	—	847,163
Administrative expenses					(265,140)
Net impairment losses on financial assets					(18,819)
Interest income					4,873
Interest expenses					(128,135)
Net exchange losses					(717)
Other income					47,682
Other losses					(3,391)
Share of result of investments accounted for using equity method					405
Profit before income tax					483,921
Income tax expense					(129,266)
Profit for the year					354,655

	General hospital *RMB'000*	**Medical examination centres** *RMB'000*	**Unallocated** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
As at 31 December 2024					
Segment assets	1,324,047	4,184,782	787,912	(1,438,240)	4,858,501
Segment liabilities	632,374	2,951,475	341,150	(441,641)	3,483,358
Other segment information					
Addition to property and equipment, right-of-use assets and intangible assets	59,987	508,946	—	—	568,933
Depreciation and amortisation	49,668	379,535	100	—	429,303
Impairment loss on non-financial assets	—	18,749	—	—	18,749

	General hospital *RMB'000*	Medical examination centres *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023					
Revenue	627,659	2,386,006	—	(20,976)	2,992,689
Segment profit/(loss)	116,313	757,315	(4,703)	—	868,925
Administrative expenses					(223,845)
Net impairment losses on financial assets					(9,042)
Interest income					10,373
Interest expenses					(127,118)
Net exchange gains					4,499
Other income					26,629
Other losses					(5,747)
Share of result of investments accounted for using equity method					958
Profit before income tax					545,632
Income tax expense					(143,657)
Profit for the year					401,975

	General hospital *RMB'000*	Medical examination centres *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
As at 31 December 2023					
Segment assets	1,358,756	3,983,125	994,407	(1,698,533)	4,637,755
Segment liabilities	699,339	3,059,105	476,253	(710,987)	3,523,710
Other segment information					
Addition to property and equipment, right-of-use assets and intangible assets	162,874	394,680	480	—	558,034
Depreciation and amortisation	40,047	356,758	33	—	396,838

4 RIGHT-OF-USE ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Properties	**1,294,849**	1,232,859
Equipment	**—**	9,598
Land use rights *(note(a))*	**2,698**	2,798
	1,297,547	1,245,255

	Properties	**Equipment**	**Land use rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023				
Cost	1,774,358	32,445	4,698	1,811,501
Accumulated depreciation	(572,729)	(17,440)	(1,800)	(591,969)
Net book amount	1,201,629	15,005	2,898	1,219,532
Year ended 31 December 2023				
Opening net book amount	**1,201,629**	**15,005**	**2,898**	**1,219,532**
Additions	**218,818**	**—**	**—**	**218,818**
Modification	**30,969**	**—**	**—**	**30,969**
Termination	**(1,973)**	**—**	**—**	**(1,973)**
Depreciation	**(216,584)**	**(5,407)**	**(100)**	**(222,091)**
Closing net book amount	**1,232,859**	**9,598**	**2,798**	**1,245,255**
At 31 December 2023 and 1 January 2024				
Cost	**1,931,042**	**32,445**	**4,698**	**1,968,185**
Accumulated depreciation	**(698,183)**	**(22,847)**	**(1,900)**	**(722,930)**
Net book amount	**1,232,859**	**9,598**	**2,798**	**1,245,255**
Year ended 31 December 2024				
Opening net book amount	**1,232,859**	**9,598**	**2,798**	**1,245,255**
Additions	**362,703**	**—**	**—**	**362,703**
Modification	**(62,254)**	**—**	**—**	**(62,254)**
Impairment *(note(b))*	**(13,411)**	**—**	**—**	**(13,411)**
Transfer to property and equipment	**—**	**(7,091)**	**—**	**(7,091)**
Depreciation	**(225,048)**	**(2,507)**	**(100)**	**(227,655)**
Closing net book amount	**1,294,849**	**—**	**2,698**	**1,297,547**
At 31 December 2024				
Cost	**1,976,479**	**—**	**4,698**	**1,981,177**
Accumulated depreciation	**(681,630)**	**—**	**(2,000)**	**(683,630)**
Net book amount	**1,294,849**	**—**	**2,698**	**1,297,547**

Notes:

a. As at 31 December 2024, land use rights with a total carrying amount of RMB2,698,000 (31 December 2023: RMB2,798,000) were pledged for the Group's borrowings.

b. As at 31 December 2024, impairment testing has been performed for the right-of-use assets for the medical examination centres. For the year ended 31 December 2024, the Group recognised impairment loss of RMB13,411,000 related to right-of-use assets (2023: Nil).

5 DEFERRED TAX ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
The balance comprises temporary differences attributable to:		
Tax losses	**37,005**	41,324
Right-of-use assets and lease liabilities	**45,401**	37,476
	82,406	78,800
Share option scheme	**24,279**	24,279
Loss allowances for financial assets	**8,248**	3,529
Impairment of property and equipment	**3,303**	3,303
	35,830	31,111
Total deferred tax assets	**118,236**	109,911

6 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**357,264**	315,006
Less: Loss allowance	**(33,200)**	(15,537)
	324,064	299,469

As at 31 December 2024 and 2023, the fair value of trade receivables of the Group approximated to their carrying amounts.

The aging analysis of trade receivables based on the date the relevant services were rendered are as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
— Up to 6 months	**341,458**	295,752
— 6 months to 1 year	**8,079**	10,118
— 1 to 2 years	**2,911**	1,913
— 2 to 3 years	**646**	5,359
— Over 3 years	**4,170**	1,864
	357,264	315,006

7 OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loans to non-controlling interests of subsidiaries *(note (a))*	**59,000**	59,000
Deposits	**6,139**	11,899
Advances to staff	**10,551**	5,845
Interest receivables	**4,397**	6,490
Others *(note (b))*	**84,442**	233,303
	164,529	316,537
Less: Loss allowance	**(1,750)**	(1,758)
	162,779	314,779
Current portion	**162,779**	264,779
Non-current portion	**—**	50,000
	162,779	314,779

Notes:

a. Balance represents loans to the non-controlling interests of subsidiaries, which are unsecured and bore the interest rate at 1-year loan prime rate plus 1 basis point. They were recoverable within twelve months from the reporting date as at 31 December 2024.

b. Consideration receivable of RMB50,000,000 (2023: RMB100,000,000) from the disposal of Shanghai Shuixian Obstetrics, Gynecology & Pediatric Hospital Co., Ltd. ("**Rici Shuixian**") during the year ended 31 December 2022 is included in Others. The consideration receivable is unsecured and non-interest bearing. RMB50,000,000 has been received during the year ended 31 December 2024. As at 31 December 2024, according to the settlement scheme, RMB50,000,000 will be settled in September 2025. The consideration receivable of RMB50,000,000 is recoverable within twelve months from the reporting date as at 31 December 2024.

The carrying amounts of the Group's other receivables are denominated in RMB.

As at 31 December 2024 and 2023, the fair value of other receivables of the Group approximated to their carrying amounts.

8 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank and on hand		
— Denominated in RMB	**1,103,627**	769,217
— Denominated in USD	**1,963**	23,340
— Denominated in HKD	**4,227**	18,653
	1,109,817	811,210

(b) Restricted cash

The amount of RMB1,722,000 is a security deposit for the letter of guarantee from the banks for the daily operation of the Group as at 31 December 2024.

The amount of RMB900,000 is a guarantee deposits for gas heating service as at 31 December 2023.

9 PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current:		
Prepayment for purchases of property and equipment	**25,030**	29,775
Current:		
Prepayment for consumables	**13,840**	8,591
Others *(note)*	**16,209**	13,702
	30,049	22,293
Total prepayments	**55,079**	52,068

Note:

Others mainly included prepaid advertising expenses, prepaid property management fee and prepaid recruitment fee.

10 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of ordinary shares	**Par Value**	**Share capital**
		RMB	*RMB'000*
As at 31 December 2024 and 2023	1,590,324,000	0.00067	1,065

11 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Bank borrowings — secured and/or guaranteed	**797,000**	850,000
Other borrowings — secured and guaranteed	**—**	16,606
	797,000	866,606
Less: Non-current portion	**(254,600)**	(219,140)
Total current borrowings	**542,400**	647,466

All the borrowings are denominated in RMB and their fair value approximated to their carrying amounts.

12 LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Present value of the minimum lease payments:		
Within 1 year	**272,308**	264,298
After 1 year but within 2 years	**252,859**	221,760
After 2 year but within 5 years	**547,076**	539,962
After 5 years	**431,035**	373,925
	1,503,278	1,399,945
Current	**272,308**	264,298
Non-current	**1,230,970**	1,135,647
	1,503,278	1,399,945

13 CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sales of medical examination cards	**559,060**	537,306
Advances from medical examination customers	**64,298**	57,031
Advances from hospital patients	**7,257**	7,063
	630,615	601,400

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables due to third parties *(Note)*	**162,299**	164,351
Staff salaries and welfare payables	**129,427**	139,851
Payables for purchase of property and equipment	**111,248**	131,661
Deposits payable	**19,082**	17,436
Accrued taxes other than income tax	**6,352**	5,531
Accrued professional service fees	**4,277**	1,310
Interest payables	**682**	908
Accrued advertising expenses	**548**	548
Others	**61,264**	79,633
	495,179	541,229

Note: The aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
— Up to 3 months	**141,205**	130,674
— 3 to 6 months	**3,413**	11,642
— 6 months to 1 year	**3,953**	8,709
— 1 to 2 years	**3,887**	1,804
— 2 to 3 years	**979**	3,381
— Over 3 years	**8,862**	8,141
	162,299	164,351

The trade payables are usually paid within 30–60 days of recognition. The fair value of all trade and other payables of the Group approximated to their carrying amounts and the carrying amounts of the Group's trade and other payables are denominated in RMB.

15 REVENUE

Revenue of the Group consists of the following:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
General hospital		
Outpatient pharmaceutical revenue	**60,571**	63,417
Outpatient service revenue	**66,227**	84,198
Inpatient pharmaceutical revenue	**184,631**	202,961
Inpatient service revenue	**254,273**	256,107
Medical examination centres		
Examination service revenue	**2,357,590**	2,384,239
Management service revenue and others	**1,165**	1,767
	2,924,457	2,992,689

16 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**1,091,246**	1,098,021
Depreciation and amortisation	**429,303**	396,838
Medical consumables costs	**167,001**	184,636
Outsourced testing expenses	**166,907**	202,512
Pharmaceutical costs	**146,712**	166,165
Advertising expenses	**117,289**	114,932
Utility expenses	**50,321**	46,534
Office expenses	**49,248**	49,466
Maintenance expenses	**29,511**	27,702
Professional service charges	**18,986**	25,423
Impairment losses on financial assets	**18,819**	9,042
Impairment losses on non-financial assets	**18,749**	—
Entertainment expenses	**15,329**	20,556
Stamp duty and other taxes	**9,343**	7,598
Laundry expenses	**8,639**	9,442
Short-term or low-value operating lease rentals	**8,296**	5,350
Travel expenses	**8,254**	8,041
Other expenses	**8,239**	10,441
Labour union dues	**2,872**	1,105
Auditor's remuneration		
— Audit services	**1,130**	1,150
— Non-audit services	**570**	570
Security costs	**514**	123
Gain on lease modification	**(6,025)**	(28,996)
	2,361,253	2,356,651

17 FINANCE COSTS — NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**(98,810)**	(90,933)
Interest on borrowings	**(29,325)**	(37,786)
Interest on other financial liabilities	**—**	(1,088)
	(128,135)	(129,807)
Amount capitalised	**—**	2,689
	(128,135)	(127,118)
Net exchange (losses)/gains	**(717)**	4,499
Finance costs	**(128,852)**	(122,619)
Interest income	**4,873**	10,373
Finance income	**4,873**	10,373
Finance costs — net	**(123,979)**	(112,246)

18 INCOME TAX EXPENSE

The amount of income tax expense recognised in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
— Current year	**125,161**	129,929
— Adjustments for current tax of prior years	**12,430**	(1,167)
Deferred income tax	**(8,325)**	14,895
Income tax expense	**129,266**	143,657

On 16 March, 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") which became effective on 1 January 2008. Under the CIT Law, the CIT rate applicable to the most of the Group's subsidiaries located in mainland China from 1 January 2008 is 25%. In 2024 and 2023, the CIT rate applicable to some of the subsidiaries in mainland China is 15%.

19 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing:

- the earnings attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	**297,321**	363,803
Total profit attributable to owners of the Company (RMB'000)	**297,321**	363,803
Weighted average number of ordinary shares in issue	**1,590,324,000**	1,590,324,000
Basic earnings per share (RMB)	**0.19**	0.23

(b) Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account, where applicable:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted number of ordinary shares in issue for the potential dilutive effect caused by the share options granted under the share option scheme assuming they were exercised.

For the year ended 31 December 2024 and 2023, as the average market share price of the Company's share was lower than assumed exercise price including the fair value of any services to be supplied to the Group in the future under the share option arrangement, there would be no dilutive impact.

20 DIVIDEND

The Company had declared an interim dividend of HK$0.045 per ordinary share amounted to HK$71,565,000 (equivalent to RMB65,323,000), on 28 August 2024 (2023: special dividend of HK$0.13 per ordinary share amounted to HK$206,742,000) (equivalent to RMB187,904,000). The interim dividend was paid on 23 September 2024. The Board has resolved not to propose any final dividend for the year ended 31 December 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND STRATEGIC OUTLOOK

Industry Overview

In 2024, the healthcare service industry was characterized by quality and efficiency improvement, and diversified development under the guidance of policies. China continued to promote the hierarchical diagnosis and treatment system, proposing a standardized and orderly medical treatment framework by 2030. Simultaneously, it devoted to promoting the high-quality development of the industry by improving the medical market environment through policies such as the Diagnosis-Related Groups (DRG)/Diagnosis-Intervention Packet (DIP) payment reforms, the expansion of centralized procurement, and medical anti-corruption efforts. Furthermore, against the backdrop of widespread technological reforms in the medical industry, the application of artificial intelligence in precise treatment is expected to drive the industry towards explosive growth. In 2024, the total service volume and service efficiency of national medical institutions significantly improved. According to the data released by the National Health Commission of the People's Republic of China, from January to August 2024, the total number of patient visits to medical institutions in China reached 5.01 billion, representing a year-on-year increase of 10.7%.

The hospital industry continued its recovery, with the aging population driving significant unmet medical demand, which was unleashed following the end of the COVID-19 pandemic. According to the data from the "Statistical Bulletin on the Development of Healthcare in China 2023" (《2023年我國衛生健康事業發展統計公報》) released by the National Health Commission in 2024, the total national health expenditure in 2023 exceeded RMB9 trillion, representing a year-on-year increase of 6.2%, higher than the gross domestic product (GDP) growth rate. The number of hospitals increased by 1,379, including 26 public hospitals and 1,353 private hospitals. Currently, public hospitals hold a dominant position in China's hospital industry, while private hospitals play a complementary role. The private hospitals have achieved differentiated competition through specialization and high-end services. In 2024, private hospitals maintained the same growth as public hospitals in terms of service volume, with remarkable performance in such fields as oncology, rehabilitation and traditional Chinese medicine. The implementation of the Basic Medical Insurance Fund Advance Payments System and the acceleration of data connectivity between basic medical insurance and commercial medical insurance have provided payment guarantees for differentiated services in private hospitals. Meanwhile, policies on medical equipment updates and the enhancement of county-level medical capabilities have provided private hospitals with opportunities in lower-tier markets.

China's medical examination industry is in a critical stage of transformation and upgrading, with service models gradually shifting from traditional standardized medical examination packages to precise and personalized ones, and upgrading from infrequent annual medical examination services to sustainable, full-cycle health management. The growing consumer demand for professionalism and service quality drives the elimination of inefficient production capacity, thereby accelerating the concentration of the industry. The in-depth application of technologies such as artificial intelligence and big data lays a foundation for the transformation and upgrade of the medical examination industry. Leveraging the massive health data accumulated, chain medical examination institutions are able to formulate scientific and effective health management plans for users, by analyzing customers' health indicators and their development trends. In August 2024, the "Opinions of the State Council on Promoting High-Quality Development of Service Consumption" (《國務院關於促進服務消費高質量發展的意見》) formally proposed to foster the growth of emerging service formats such as health examinations, consultations and management to promote the expansion of healthcare consumption. Since then, macro policies and related measures to stimulate consumption have been successively introduced and implemented. These favourable policies are expected to bring new growth momentum to the medical examination industry.

General Hospital Business

Nantong Rich Hospital, open in 2002, is one of the first private general hospitals in China, currently classified as Class III Grade B. It is positioned as a regional medical center integrating "medical treatment, education and research", which serves Nantong and surrounding counties and cities. In 2024, Nantong Rich Hospital achieved significant results in medical quality, service level, scientific research cooperation, and discipline development.

During the Reporting Period, the medical service level of Nantong Rich Hospital was further enhanced. The hospital integrated expert resources from Shanghai, optimized medical processes, and offered various services such as in-person outpatient consultations, remote consultations, surgical appointments and free medical lectures. These services covered pre-diagnosis, diagnosis and post-diagnosis by connecting online and offline scenarios to provide the patients with convenient and efficient medical treatment. The rehabilitation center building was put into use, with two wards and 80 beds. Each ward is decorated in a homely style and equipped with bedside monitors, multi-functional ventilators, defibrillators and other emergency equipment, to provide personalized and comprehensive services to citizens. The hyperbaric oxygen treatment center was officially put into operation.

During the Reporting Period, the hospital was officially listed as "Nantong Rich Hospital Affiliated to Yangzhou University", relying on university resources to strengthen the synergistic development of medical treatment, education and research. It also established 16 new expert and renowned doctor studios from Shanghai, promoting talent development and discipline integration through the "Qinglan Pairing (青藍結對)" program. It established cooperation in talent training and rehabilitation medical research with the Rehabilitation School of Zhongshan Vocational College in Nanjing to build an internship and teaching base.

During the Reporting Period, Nantong Rich Hospital made significant progress in academic development. It currently has one national-level and six municipal-level key specialties, forming a group of distinctive and advantageous disciplines such as oncology and cardiology. During the Reporting Period, the hospital achieved remarkable results in respect of its scientific research by successfully applying for and obtaining the approval of nine topics from Nantong Health Commission (南通市衛健委), two topics from Nantong Science and Technology Bureau (南通市科技局) and two topics from Yangzhou University Huxin (揚大護馨), and winning one third prize of Nantong New Technology Introduction Award (南通市新技術引進獎), with three newly accredited postgraduate tutors. In September 2024, the cardiology team of Nantong Rich Hospital presented their research results at the 17th Asia Pacific Heart Rhythm Society Scientific Session, showcasing their international influence.

Nantong Rich Hospital deepened international cooperation during the Reporting Period. It signed a comprehensive cooperation memorandum with the Affiliated Hospital of Tokyo Medical University, Japan to enhance the level of international medical care. Through remote diagnosis and treatment, it provided world-class medical services to Nantong citizens and the Japanese working in Nantong. It hosted the International Academic Conference on Cellular Senescence and Cellular Fate Regulation, where many top international scholars in the professional field shared and explored new progress, accomplishment and opportunities in the field of cellular fate regulation.

During the Reporting Period, Nantong Rich Hospital provided services for 307,219 outpatient visits (2023: 357,058) and 29,268 inpatient visits (2023: 31,112), representing a decline of 14.0% and 5.9% from the same period last year, respectively. Nantong Rich Hospital optimized its revenue structure by improving its core indicators, actively treating positive physical examination cases, and increasing medical revenue from outpatient examinations and tests. During the same period, the drug ratio further declined.

Located in Nantong Rich Hospital, Nantong Rich Meidi Elderly Care Centre is a joint venture formed by Nantong Rich Hospital and Medical Care Service, which is a senior care institution combined with medical and wellness services integrating professional senior care, nursing care, and rehabilitation and physical therapy. In 2024, the average daily number of elderly residents in the care center was 85.8 (2023: 83.0), with an occupancy rate of 80.9% (2023: 78.3%).

Medical Examination Business

The revenue of the medical examination business takes up the largest share of the Group's total revenue. Focusing on standardization and chain operation, the medical examination business of Rici promotes high-quality development through the strategy of "planning as the foundation, new quality productivity force as the soul, and talent as the core". During the Reporting Period, the Group remained committed to the strategy of dual-brand operation and development of key markets. With the mid-to-high-end brand "Rici Medical Examination" and the high-end brand "XMEDIC Medical Examination" complementing each other, we met the needs of Chinese consumers for more segmented and personalized medical examination services. In view of "Rici Medical Examination", the Group implemented the strategy of development of key markets, focusing on major markets, including Shanghai, Jiangsu, Beijing, the Greater Bay Area and Zhejiang, and marching into new first-tier cities and second-tier cities. As of December 31, 2024, the Group had 83 medical examination centers in China, among which 75 centers were in operation, covering 29 cities.

During the Reporting Period, the medical examination segment addressed process shortcomings and refined service details, and significantly improved service quality and customer experience with an on-site service satisfaction rate of 98.80%, reflecting an increase of 1.1 percentage points year-on-year. During the Reporting Period, the medical examination operation management department established a special team for the "Star Leap Project (星躍計劃)", which increased the satisfaction rate of e-commerce platforms by over 20%. A closed-loop management mechanism for satisfaction was established, focusing on frequent issues such as service attitude, item recommendations, and breakfast quality, with an improvement rate of 86.4%. Through the upgrade of the information system, the segment recorded 338,900 follow-up visits for important abnormalities, a secondary follow-up rate of 83.2%, tracking 5,290 confirmed cases of tumors, and receiving 131 thanking banners from customers.

During the Reporting Period, the medical examination segment continued to improve the medical quality control management system, building a quality control framework that spans the entire chain from system and technology to execution. The Management Measures for Important Abnormal Results (《重要異常結果管理辦法》) were revised. During the Reporting Period, more than 340,000 important abnormal results were detected, with a detection rate of 8.44%. The Real-Name Medical Examination Management System (《實名制體檢管理制度》) was revised to further strengthen the prevention of fraudulent medical examination incidents. For the management of key parts, the segment optimized the processes of ultrasound, radiology, and laboratory tests, and unified the C-TIRADS classification standards for thyroid nodules, improving the accuracy of lesion detection. Targeted inspections and supervision were conducted throughout the year to promote excellent management experience, update quality control priorities, and continuously track improvements through a monthly quality control notification mechanism.

Rici is focusing on building a smart medical ecosystem, deeply exploring the value of data, and empowering the refined operation of the medical examination segment with artificial intelligence. Rici's independently developed "Rici Medark Intelligent Medical Examination Platform" ("**Rici Medark**"), has enabled self-service terminal registration and intelligent guidance in all medical examination institutions nationwide. Rici Medark improves medical examination efficiency through cross-institutional dynamic and precise distribution, intelligent route planning, and a dual-queue strategy. In addition to integrating multiple business functions, Rici Medark also accesses and extends AI-assisted diagnosis, cloud film systems, etc., providing a Rici benchmark for the industry from medical examination to health management. During the Reporting Period, Rici Medark was awarded the "2024 Healthy China AI Empowerment Innovation Practice Case (2024健康中國AI賦能類創新實踐案例)".

Prospects

Emphasizing people's health, China will formulate policies to promote the transformation of general hospitals from simply treating diseases to managing health throughout the entire life cycle. Smart hospitals empowered by digital technologies will be able to optimize diagnosis and treatment processes, and improve efficiency, offering the general hospital industry opportunities for deep transformation and high-quality development. Against this background, Nantong Rich Hospital aims to become a Class III Grade A general hospital and strives to become a national leading demonstration medical institution integrating medical and elderly care. Specifically, by promoting discipline development and cooperation with high-level hospitals, we will create distinctive specialties and technologies to enhance the core competitiveness of the hospital. Relying on the international resources of universities and research institutions, we will explore cutting-edge technologies in the medical field and promote the transformation and implementation of more high-quality medical products and high-end services. Through digital and intelligent applications, we will empower refined hospital management, enhance operational efficiency and service levels, optimize the patient experience, and build the hospital's high-quality service brand. We will build a network that integrates medical treatment, nursing and elderly care, and community, and develop such network into a regional nursing home and rehabilitation center to provide full-cycle health protection for the elderly and disabled.

The rapid development of artificial intelligence will profoundly change the existing landscape of the medical examination industry. Medical data from the entire population and across the whole life cycle will be integrated in the entire process of health management. The Three-Year Action Plan for Data "Element ×" (2024–2026) (《「數據要素×」三年行動計劃（2024–2026年）》) issued by the National Data Administration and 17 other authorities emphasizes the importance of medical and health data and promotes the release of the value of data elements. Relying on the Group's vast database of healthy population, the medical examination segment will advance digital and intelligent health management as expedient. Furthermore, it will develop innovative products, assist in the early screening of major diseases, and allocate high-quality medical service resources to lower-tier markets.

In the future, Rici Healthcare will capitalize on policy opportunities and technological reforms, focusing on digitalization, precision, and specialization to develop a comprehensive service chain that spans prevention, diagnosis, and rehabilitation in both the general hospital and medical examination businesses. Our goal is to consolidate our advantageous position in the Yangtze River Delta region, while expanding into high-potential markets in China.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly generated from general hospital business and medical examination business. The for the years following table sets forth the components of our revenue by operating segments for the years indicated:

	Year ended 31 December		Percentage
	2024	2023	change
	RMB'000	*RMB'000*	
General hospital business	**604,418**	627,659	-3.7%
Medical examination business	**2,358,755**	2,386,006	-1.1%
Inter-segment	**(38,716)**	(20,976)	+84.6%
Total	**2,924,457**	2,992,689	-2.3%

The Group realized revenue of RMB2,924.5 million in FY2024, representing a year-on-year decrease of 2.3% as compared to RMB2,992.7 million in FY2023. The fluctuation in revenue was mainly due to a higher base for the physical examination business in FY2023 as a result of special external environmental factors.

Revenue from the general hospital business in 2024 amounted to RMB565.7 million, representing a decrease of 6.8% from the revenue of RMB606.7 million in 2023, excluding the inter-segment revenue of RMB38.7 million and RMB21.0 million in 2024 and 2023, respectively, mainly due to the decrease in pharmaceutical revenue.

Revenue from medical examination business in 2024 amounted to RMB2,358.8 million, representing a decrease of 1.1% from RMB2,386.0 million in 2023. Mainly stemming from the high base effect created by the exceptional period in FY2023, the business still maintained a modest growth in comparable caliber.

Cost of sales

The Group's cost of sales primarily consists of pharmaceuticals and medical consumables costs, staff costs and depreciation and amortization expenses. The following table sets forth a breakdown of cost of sales by operating segments for the years indicated:

	Year ended 31 December		Percentage
	2024	2023	change
	RMB'000	*RMB'000*	
General hospital business	**490,332**	503,607	-2.6%
Medical examination business	**1,305,082**	1,260,549	+3.5%
Inter-segment	**(38,716)**	(20,976)	+84.6%
Total	**1,756,698**	1,743,180	+0.8%

The Group's cost of sales for FY2024 amounted to RMB1,756.7 million, representing a year-on-year increase of 0.8% as compared to RMB1,743.2 million in FY2023.

Cost of sales of the general hospital business during 2024 amounted to RMB490.3 million, representing a decrease of 2.6% from RMB503.6 million in 2023. The decrease in cost of sales was mainly due to the decrease in the cost of pharmaceutical.

The cost of sales of the medical examination business was RMB1,305.1 million in 2024, representing an increase of 3.5% as compared to RMB1,260.5 million in 2023, which was mainly attributable to the growth in the number of medical examination centers in 2024 as compared to that in 2023, which increased various rigid costs and led to the overall increase in costs.

Gross Profit

The Group's gross profit decreased from RMB1,249.5 million in 2023 to RMB1,167.8 million in 2024. Gross profit margin decreased by 1.9 percentage points from 41.8% in 2023 to 39.9% in 2024.

Distribution Costs and Selling Expenses

Distribution costs and selling expenses amounted to RMB301.8 million in 2024, as compared to RMB380.6 million in 2023 mainly due to the decreased labour costs.

Administrative Expenses

Administrative expenses amounted to RMB265.1 million in 2024, as compared to RMB223.8 million in 2023. The increase is mainly due to the increase in the number of medical examination centers in 2024 as compared to 2023, and the increase in corresponding administrative expenses.

Other Income

The Group's other income, which is mainly comprised of government subsidies and rental income, amounted to RMB47.7 million in 2024 (2023: RMB26.6 million).

Other Losses

The Group's other losses in 2024 amounted to RMB3.4 million (2023: RMB5.7 million). Other losses mainly represented losses on disposal of equipment and other miscellaneous losses.

Finance Costs — Net

The Group's net finance costs amounted to RMB124.0 million in 2024, as compared to the net finance costs of RMB112.2 million in 2023. Exchange losses amounted to RMB0.7 million in 2024, while the exchange gains in 2023 was RMB4.5 million.

Share of Results of Investments Accounted for Using Equity Method

In 2024, the Group recognized a share of profit of RMB0.4 million from investments accounted for using equity method (2023: RMB1.0 million) in its consolidated results, mainly due to a share of profit of investments accounted for using equity method of RMB0.4 million of Nantong Rich Meidi Elderly Care Centre Co., Ltd., a subsidiary of a joint venture of the Group, whose business operation has been stable since its establishment in the second half of 2014.

Income Tax Expense

In 2024, income tax expense amounted to RMB129.3 million (2023: income tax expense of RMB143.7 million). The decrease in income tax was mainly due to the decrease in the profit for the year.

Profit for the Year

As a result of the above, the Group reported a net profit of RMB354.7 million for the Reporting Period (2023: a net profit of RMB402.0 million), which was mainly attributable to the decrease in revenue from the medical examination business.

Adjusted EBITDA

To supplement our consolidated financial statements which are presented in accordance with HKFRS Accounting Standards, we adopted adjusted EBITDA as an additional financial measure. We defined adjusted EBITDA as profit for the year before certain expenses and depreciation and amortization as set out in the table below. Adjusted EBITDA is not an alternative to (i) profit before income tax or profit for the year (as determined in accordance with HKFRS Accounting Standards) as a measure of our operating performance; (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (iii) any other measures of performance or liquidity. The following table reconciles our loss for the years under HKFRS Accounting Standards to our definition of adjusted EBITDA for the years indicated.

	Year ended December 31	
	2024	2023
	RMB'000	*RMB'000*
Calculation of adjusted EBITDA		
Profit for the Year	**354,655**	401,975
Adjustments to the following items:		
Income tax expense	**129,266**	143,657
Finance costs — net	**123,979**	112,246
Depreciation and amortization	**429,303**	396,838
Pre-opening expenses and EBITDA loss of soft-opening[(1)]	**16,867**	20,959
Share options clawback	**—**	(3,247)
Adjusted EBITDA	**1,054,070**	1,072,428
Adjusted EBITDA margin[(2)]	**36.0%**	35.8%

Notes:

(1) Primarily represents (a) the pre-opening expenses, such as staff costs and rental expenses, incurred in the applicable period in connection with the construction of medical examination centers; and (b) the EBITDA loss incurred during the period when the newly opened medical examination centers commenced their operations.

(2) The calculation of adjusted EBITDA margin is based on adjusted EBITDA divided by revenue and multiplied by 100%.

Adjusted EBITDA in 2024 amounted to RMB1,054.1 million, representing a decrease of 1.7% as compared to that of RMB1,072.4 million for the corresponding period in 2023.

FINANCIAL POSITION

Property and Equipment

Property and equipment primarily consist of buildings, medical equipment, general equipment, leasehold improvements and construction in progress. As at December 31, 2024, the property and equipment of the Group totally amounted to RMB1,491.9 million, representing a decrease of RMB4.3 million as compared to RMB1,496.2 million as at December 31, 2023.

Trade Receivables

As at December 31, 2024, the trade receivables of the Group were RMB324.1 million, representing an increase of RMB24.6 million as compared to RMB299.5 million as at December 31, 2023.

Net Current Liabilities

As at December 31, 2024, the Group's current liabilities exceeded its current assets by RMB323.3 million (as at December 31, 2023: RMB726.6 million). The decrease in the Group's net current liabilities was primarily attributable to enhanced collection efficiency of operational receivables in 2024, which resulted in a substantial increase in the year-end balance of the Group's cash and cash equivalents.

Liquidity and Capital Resources

As at December 31, 2024, the Group had cash and cash equivalents of RMB1,109.8 million (as at December 31, 2023: RMB811.2 million), with available unused bank facilities of RMB163.0 million (as at December 31, 2023: RMB180.0 million). As at December 31, 2024, the Group had outstanding borrowings of RMB797.0 million (as at December 31, 2023: RMB866.6 million), with non-current portion of long-term borrowings of RMB254.6 million (as at December 31, 2023: RMB219.1 million). Based on the Group's past experience and good credit standing, the Directors are confident that such bank facilities could be renewed or extended for at least 12 months upon maturity. We adopt prudent treasury policies in cash and financial management to achieve better risk control, manage financial resources efficiently and minimise the cost of funds. For the currency in which cash and cash equivalents are denominated, please refer to Note 8 to the consolidated financial information.

Significant Investments, Material Acquisitions and Disposals

The Group did not have any material investments, material acquisitions or disposals during the Reporting Period.

Capital Expenditure and Commitments

In 2024, the Group incurred capital expenditures of RMB568.9 million (2023: RMB558.0 million), primarily due to (i) the Renovation Project of Nantong Rich Hospital Phase I, and (ii) purchases of medical equipment as well as renovation for our medical examination centers and general hospital, and (iii) the lease of business premises for new medical examination centers.

As at December 31, 2024, the Group had a total capital commitment of RMB16.9 million (as at December 31, 2023: RMB32.5 million), mainly comprising the leasehold improvement.

Borrowings

As at December 31, 2024, the Group had total bank and other borrowings of RMB797.0 million (as at December 31, 2023: RMB866.6 million). Please refer to Note 11 to the consolidated financial information for more details.

Contingent Liabilities

The Group had no material contingent liability as at December 31, 2024 (as at December 31, 2023: Nil).

Financial Instruments

The Group did not have any financial instruments as at December 31, 2024 (as at December 31, 2023: Nil).

Gearing Ratio

As at December 31, 2024, on the basis of net debt divided by total capital, the Group's gearing ratio was 46.4% (as at December 31, 2023: 56.6%). The decrease in gearing ratio was mainly due to the decline in the Group's net financing and the increase in total equity.

Cash Flow and Fair Value Interest Rate Risk

Our exposure to changes in interest rates is mainly attributable to our borrowings and lease liabilities.

Borrowings obtained at variable rates expose us to cash flow interest rate risk. Borrowings obtained at fixed rates expose us to fair value interest rate risk. As at December 31, 2024, borrowings of RMB239,000,000 were floating rate borrowings (as at December 31, 2023: RMB399,439,000). We did not hedge our cash flow and fair value interest rate risk during the Reporting Period.

Foreign Exchange Risk

For the year ended December 31, 2024, the Group was not exposed to significant foreign currency risk, except for the remaining bank deposits denominated in Hong Kong dollar and United States dollar. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Credit Risk

We have no significant concentration of credit risk. The carrying amount of cash and cash equivalents, trade and other receivables, amount due from related parties and deposits from long-term leases represent our maximum exposure to credit risk in relation to our financial assets. The objective of our measures to manage credit risk is to control potential exposure to recoverability problem.

Cash and cash equivalents were deposited in the major financial institutions, which the Directors believe are of high credit quality.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group also considers available reasonable and supportive forward-looking information.

The credit risk of hospital business is related to the recoverability of trade receivables and other receivables. The credit risk of medical examination business is related to the length of the overdue period of trade receivables from corporate customers and other receivables.

Liquidity Risk

The finance department of the Group monitors rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities. We expect to fund the future cash flow needs through cash flows generated from operations, borrowings from financial institutions and issuing debt instruments or capital contribution from the shareholders of the Company (the "**Shareholders**"), as necessary. Based on contractual undiscounted payments, our financial liabilities were RMB3,201.8 million as at December 31, 2024 (as at December 31, 2023: RMB3,269.1 million).

Pledge of Assets

As at December 31, 2024, the Group had assets with a total carrying amount of RMB60,788,000 (as at December 31, 2023: assets of RMB135,271,000) pledged for the Group's borrowings.

HUMAN RESOURCES

The Group had 8,908 employees as at December 31, 2024, as compared to 9,413 employees as at December 31, 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel, including a management trainee program.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company (the "**Shares**") on a pro-rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2024.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended December 31, 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, June 16, 2025 to Thursday, June 19, 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on June 19, 2025 (the "**2025 AGM**"). In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, June 13, 2025.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CORPORATE GOVERNANCE

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 the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the year, save for deviation from code provisions C.1.8 and C.2.1 of the CG Code.

Code provision C.1.8 of the CG Code provides that appropriate insurance cover in respect of legal action against directors should be arranged. For the Reporting Period, the Company did not have insurance cover for legal action against the Directors. However, pursuant to the Company's articles of association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. In view of the above, the Board considers that the Directors' exposure to litigation risk is manageable even if there is no insurance cover for legal action against the Directors.

Pursuant to code provision C.2.1 of the CG Code, the responsibility between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and the chief executive officer and Dr. Fang Yixin ("**Dr. Fang**") performs these two roles. The Board considers that vesting the roles of the chairman and the chief executive officer in Dr. Fang is beneficial to the Group for implementing its new business strategies given his abundant experience in the healthcare industry and longtime and substantive involvement in the day to day management and operation of the Group. In addition, the balance of power and authority is ensured by the operation of the Board and the senior management, which comprises experienced and capable individuals independent from Dr. Fang (except his spouse, Dr. Mei Hong, and his son, Mr. Fang Haoze). The Board comprised four executive Directors and three independent non-executive Directors as at the date of this announcement and has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management 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 confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The audit committee of the Board (comprising Dr. Wang Yong, Mr. Jiang Peixing and Ms. Wong Sze Wing (each of them being an independent non-executive Director)) has reviewed with the management of the Company the consolidated financial statements of the Company for the year ended December 31, 2024, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

Scope of Work of BDO Limited on the annual result announcement

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.rich-healthcare.com). The annual report of the Company for the year ended December 31, 2024 will be published on the aforesaid websites and will only be dispatched to the Shareholders who have requested the receipt of corporate communications in printed copy in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

By Order of the Board
Rici Healthcare Holdings Limited
Fang Yixin
Chairman and Chief Executive Officer

Shanghai, the PRC, March 28, 2025

As of the date of this announcement, the Board comprises four executive Directors, namely, Dr. Fang Yixin, Dr. Mei Hong, Mr. Fang Haoze and Ms. Lin Xiaoying; and three independent non-executive Directors, namely, Dr. Wang Yong, Mr. Jiang Peixing and Ms. Wong Sze Wing.