2021 中期報告
INTERIM REPORT

RICI HEALTHCARE HOLDINGS LIMITED
瑞慈醫療服務控股有限公司

CONTENTS

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"BVI"	British Virgin Islands
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"Changzhou Rich Hospital"	Changzhou Rich Obstetrics & Gynecology Hospital Co., Ltd. (常州瑞慈婦產醫院有限公司), a company incorporated in the PRC with limited liability on July 12, 2016, which operates a high-end obstetrics, gynecology and pediatrics hospital established in Changzhou City, Jiangsu Province
"Chelsea Grace"	Chelsea Grace Holdings Limited (翠慈控股有限公司), a company incorporated in the BVI with limited liability on July 11, 2014, which is entirely owned by Dr. Mei
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Class III Hospital"	the largest and best regional hospitals in China designated as Class III hospitals by the National Health and Family Planning Commission of the PRC's hospital classification system, typically having more than 500 beds, providing high-quality professional healthcare services covering a wide geographic area and undertaking more sophisticated academic and scientific research initiatives
"Company", "our Company", "Rici", "Group", "we", "our" or "us"	Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 11, 2014 and except where the context indicated otherwise, (i) our subsidiaries and (ii) with respect to the period before our Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Company Secretary"	the secretary of the Company
"Controlling Shareholder(s)"	Dr. Mei and Chelsea Grace or any one of them
"COVID-19" or "Pandemic"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, which is believed to have first emerged in late 2019
"Director(s)"	the director(s) of our Company or any one of them
"Dr. Fang"	Dr. Fang Yixin, our chairman, chief executive officer, executive Director, the spouse of Dr. Mei and the father of Mr. Fang Haoze
"Dr. Mei"	Dr. Mei Hong, our executive Director, our Controlling Shareholder, the spouse of Dr. Fang and the mother of Mr. Fang Haoze

"Grade A, Grade B and Grade C"	hospitals in China can be categorized into Class I, II and III in terms of service quality, management level, medical equipment, hospital size and medical technology. Each class can be further divided into Grade A, Grade B and Grade C. Class III Grade A hospitals are the top level hospitals in China
"HK$" or "Hong Kong dollars"	Hong Kong dollars and cents, each being the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IPO"	the initial public offering of the Company, having become unconditional in all aspects on October 6, 2016
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	October 6, 2016, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"Nantong Rich Meidi Elderly Care Centre"	Nantong Rich Meidi Elderly Care Centre Co., Ltd. (南通瑞慈美邸護理院有限公司), a company incorporated in the PRC with limited liability on August 19, 2014, which is a subsidiary of a joint venture of our Group
"Nantong Rich Hemodialysis Center"	Nantong Rich Hemodialysis Center Co., Ltd. (南通瑞慈血液透析有限公司), a company incorporated in the PRC with limited liability on September 8, 2017, which is an indirectly wholly-owned subsidiary of our Company
"Nantong Rich Hospital"	Nantong Rich Hospital Co., Ltd. (南通瑞慈醫院有限公司), a company incorporated in the PRC with limited liability on August 14, 2000, which is an indirectly non-wholly-owned subsidiary of our Company
"NHC"	National Health Commission (國家衛生健康委員會) of the PRC
"Nomination Committee"	the nomination committee of the Board
"OGP"	obstetrics, gynecology and pediatrics
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on September 19, 2016

Definitions

"Prospectus"	the prospectus of the Company dated September 26, 2016
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 2021
"RMB"	Renminbi, the lawful currency of the PRC
"Rich Shuixian"	Shanghai Shuixian Obstetrics & Gynecology Hospital Co. Ltd. (上海瑞慈水仙婦兒醫院有限公司), a company established in the PRC with limited liability on October 17, 2016 and an indirectly non-wholly-owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of US$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on September 19, 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wuxi Rich OGP Hospital"	Wuxi Rich Obstetrics, Gynecology and Pediatric Hospital (無錫瑞慈婦兒醫院)
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Fang Yixin *(Chairman and Chief Executive Officer)*
Dr. Mei Hong
Mr. Fang Haoze
Ms. Lin Xiaoying

Non-executive Director
Ms. Jiao Yan *(retired with effect from June 18, 2021)*

Independent Non-executive Directors
Dr. Wang Yong
Ms. Wong Sze Wing
Mr. Jiang Peixing

COMPANY SECRETARY

Mr. Chen Kun *(Solicitor of HKSAR)*

AUTHORISED REPRESENTATIVES

Dr. Fang Yixin
Mr. Chen Kun

AUDIT COMMITTEE

Ms. Wong Sze Wing *(Chairlady)*
Ms. Jiao Yan *(retired with effect from June 18, 2021)*
Mr. Jiang Peixing *(appointed with effect from June 18, 2021)*
Dr. Wang Yong

REMUNERATION COMMITTEE

Mr. Jiang Peixing *(Chairman)*
Ms. Wong Sze Wing
Dr. Mei Hong

NOMINATION COMMITTEE

Dr. Fang Yixin *(Chairman)*
Dr. Wang Yong
Mr. Jiang Peixing

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-1002
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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89 Queensway, Admiralty
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
4-4A Des Voeux Road Central
Hong Kong

Shanghai Pudong Development Bank
Zhangjiang Hi-Tech Park Branch
151 Keyuan Road
Pudong New District
Shanghai
PRC

China Merchants Bank
Jinshajiang Road Branch
1759 Jinshajiang Road
Putuo District
Shanghai
PRC

Bank of Communications
Zhang Jiang Sub-branch
560 Songtao Road
Pudong New District
Shanghai
PRC

Bank of Shanghai
Zhangjiang Sub-Branch
No.665 Zhang Jiang Road
Pudong New District
Shanghai
PRC

HONG KONG LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE AND BOARD LOT

Stock Code: 1526
Board Lot: 1,000

WEBSITE

www.rich-healthcare.com

Management Discussion and Analysis

BUSINESS OVERVIEW AND STRATEGIC OUTLOOK

Industry Overview

The year of 2021 is the first year of the 14th Five-Year Plan Period, during which China will push forward with the further development of the healthcare sector. The Pandemic in 2020 accelerated the industry integration. Leading medical institutions not only recovered quickly from the Pandemic, but also are expected to acquire the demand unleashed by competitors' setback to further grow bigger and stronger.

As far as the hospital industry is concerned, benefitting from the government's policies encouraging the establishment of private medical institutions, China's large population base, as well as increasing spending power and health awareness, private hospitals have seen vigorous development and have gradually become a very important part of the Chinese medical service resources. According to the official data from the NHC, as of the end of March 2021, there were approximately 36,000 hospitals in China, comprising 12,000 public hospitals and 24,000 private hospitals, representing a decrease of 76 public hospitals and an increase of 1,246 private hospitals, respectively, as compared to the end of March 2020. During the first three months of 2021, the total number of patient visits in China reached 940 million, representing a year-on-year increase of 52.3%, of which 800 million and 140 million visits took place in public and private hospitals, respectively, representing a year-on-year increase of 52.4% and 51.6%, respectively.

As for the medical examination sector, although some regions of Guangdong Province were still affected by the Pandemic in the Reporting Period, the overall medical examination industry recovered and developed. With the shift of medical model to prevention-oriented health management, the whole society is paying more attention to the prevention of severe infectious diseases and the early screening of chronic disease risk factors. In addition, as the traditional medical examination industry was in the off-season in the first half of this year, the market demand for medical examination services has not yet been fully unleashed. The medical examination market is still expected to grow.

In terms of the OGP industry, as the third-child policy was introduced in the Reporting Period, the demand for maternal and child healthcare and medical services will gain growth momentum. The relevant demand in the Yangtze River Delta region increased significantly. Increasingly more importance will be attached to the health of women at the age for childbearing and newborns in the long run. As medium and high-end products for women and children are still in short supply, the OGP industry remains a sunrise industry worth entering into.

General Hospital Business

Nantong Rich Hospital, also known as Nantong University Affiliated Rich Hospital (南通大學附屬瑞慈醫院), is the only high-level general hospital in the Nantong Economic and Technological Development Area. It is currently a Class III Grade B general hospital and also a designated hospital for medical insurance reimbursement and a National Standardized Medical Residency Training Coordination Base. Nantong Rich Hospital led the establishment of the Alliance for Gastrointestinal Cancer in March 2021 and launched the outpatient service for COVID-19 vaccination in April 2021. In addition, Nantong Rich Cancer Hospital officially launched and held a charity activity about massive cancer screening. The Phase II expansion project of Nantong Rich Hospital is proceeding smoothly. The functional zoning for women's and children's building of the hospital was completed during the Reporting Period with on-going decoration. The building is expected to be put into operation in the second half of 2021. The major structure of Nantong Rich Hospital's inpatient building and warehousing activity centre passed the acceptance check. The facilities will become operational in the second half of 2022. While expanding itself, the hospital prioritized the training of medical personnel and the improvement of its service quality. As of June 30, 2021, it had 991 in-service employees, including 303 doctors, 117 medical technicians and 445 nurses. The hospital has one Construction Project for National Key Clinical Specialty (國家臨床重點專科建設項目) (paediatric surgery), one Provincial Key Clinical Specialty under Construction (省級重點建設專科) (paediatrics), five Municipal Key Clinical Disciplines Specialties (市級臨床重點專科) (including paediatrics, orthopeadics, cardiothoracic surgery, cardiovascular medicine and nursing (paediatrics)), two Municipal Key Clinical Disciplines Specialties under Construction (市級臨床重點建設專科) (general surgery and neurology) and one Municipal Key Discipline under Construction (市級重點建設學科) (paediatric internal medicine). During the Reporting Period, the hospital vigorously carried out 20 new technology and specialty projects at the national, provincial and municipal levels (among them, there are three municipal new technology introduction awards in 2020, one for the second prize and two for the third prize; and 17 new projects were introduced in 2021, including four projects at the national level, five projects at the provincial level, two projects at the municipal level and six projects at the hospital level), and two ongoing research projects.

With the local rebound of COVID-19 epidemic, Nantong Rich Hospital kept its guard up against the virus, improved process control and actively promoted vaccination in the Reporting Period. During the Reporting Period, Nantong Rich Hospital provided services for 228,790 outpatient visits (corresponding period in 2020: 151,984) and 15,136 inpatient visits (corresponding period in 2020: 11,365), representing a year-on-year rise of 50.5% and 33.2%, respectively.

Leveraging the medical resources of Nantong Rich Hospital, the Group established Nantong Rich Meidi Elderly Care Centre and Nantong Rich Hemodialysis Centre to achieve synergy. As at June 30, 2021, Rich Meidi Elderly Care Centre has served 105 elderly people (as at June 30, 2020: 100) with an occupancy rate of 99.1% (as at June 30, 2020: 94.3%). During the Reporting Period, Nantong Rich Hemodialysis Centre provided dialysis services 8,419 times (corresponding period in 2020: 9,189), representing a decrease of 8.4% as compared with the same period of last year.

Medical Examination Business

The revenue of the medical examination business takes up the largest share of the Group's total revenue. In the Reporting Period, the medical examination chain segment continued its dual branding strategy by promoting its medium and high-end brand "Rici Medical Examination" and the high-end brand "MEDIC International Medical Examination (幸元會健康體檢)". In addition, the segment implemented a strategy of expanding in key markets. It kept strengthening its presence in Shanghai and Jiangsu and exploring the Greater Bay Area and other regional central cities.

As at June 30, 2021, the Group had 63 medical examination centres in China (as at June 30, 2020: 60), representing a year-on-year growth of 5.0%, among which 57 centres were under the operation in Reporting Period (corresponding period in 2020: 52), representing a year-on-year growth of 9.6%. The Group's medical examination business has presence in 28 cities which are mainly first-tier, new first-tier and second-tier cities.

During the Reporting Period, the total number of customer visits under the medical examination business was 1,185,452 (corresponding period in 2020: 590,617), representing a year-on-year increase of 100.7%, of which corporate customers accounted for around 71.3%. During the Reporting Period, the number of corporate and individual customers was 845,429 and 340,023, respectively (corresponding period in 2020: 439,860 and 150,757, respectively), representing an increase of 92.2% and 125.5%, respectively. The average spending per capita was RMB515.3 (corresponding period in 2020: RMB491.2).

Specialty Hospital Business

The Group's specialty hospital business, namely the OGP segment, established a comprehensive strategic partnership with Children's Hospital of Fudan University (復旦大學附屬兒科醫院), Obstetrics and Gynaecology Hospital of Fudan University (復旦大學附屬婦產科醫院) and Children's Hospital of Shanghai Jiao Tong University (上海交通大學附屬兒童醫院). Currently, there are three OGP hospitals under the segment, which are located in Changzhou, Shanghai and Wuxi, respectively. The three hospitals are aimed at providing OGP services for high-net-worth individuals, supported by medical-graded maternity care centres which are rare in the market.

The digestive endoscopy centre at Changzhou Rich Hospital passed the acceptance check during the Reporting Period. Meanwhile, the hospital will explore to offer customer-oriented and innovative outpatient services regarding private part care, preterm delivery, NT, 4D colour Doppler ultrasound, postpartum follow-up and so forth, as continuous efforts to promote the transformation from an OGP hospital to a general hospital. Rich Shuixian officially set up an outpatient department for cervical diseases and invited five renowned cervical disease specialists to advise patients. In addition, actions have been taken to improve the diagnosis and treatment process of OGP departments, and optimize customer service to increase brand influence. Wuxi Rich OGP Hospital officially set up a thyroid and breast surgery department and invited renowned anaesthetists in the city. Meanwhile, Wuxi Yuexin Confinement Service Centre (無錫瑞慈悦馨月子會所) opened 18 new guest rooms to solve room shortage during the Reporting Period. The specialty hospital business has a positive trend.

During the Reporting Period, revenue from the OGP segment increased as compared with that in the corresponding period of last year. The three OGP hospitals served a total of 27,544 outpatients (corresponding period in 2020: 17,903) and 502 inpatients (corresponding period in 2020: 652) during the Reporting Period, representing a year-on-year increase of 53.9% and a year-on-year decline of 23.0%, respectively. Their maternity care centres served 491 inpatients (corresponding period in 2020: 425), representing a year-on-year growth of 15.5%.

Prospects

Nantong Rich Hospital will focus on optimizing structure and improving internally to press ahead with the development of innovative projects. In terms of specialty development, the hospital will be active in developing new technologies and expanding its businesses, and strengthening the popularization of key brands in obstetrics, oncology, etc. Efforts will be made to boost the rapid growth of departments with major support and cooperative departments, and promote the construction of intelligent communities, medical consortiums and online hospitals. It will steadily develop regional markets, create online medical products and derivative medical products. All such efforts will further enhance competitiveness. As for medical quality management, a large customer service system will be established. It will take measures concerning medical quality and safety management, specialty development, lean management and so forth to constantly improve medical quality and management quality. In terms of talent team building, the hospital will use great efforts to introduce, recruit, train and retain talents, improve the talent training system and team building, optimize the structure of personnel in key positions and hire urgently-needed personnel, with a view to constantly improve soft power. Nantong Rich Hospital has been moving towards a teaching general hospital, striving to become a high-level regional hospital that enjoys basically the same reputation with Affiliated Hospital of Nantong University and Nantong First People's Hospital and serving more than 10 million people. The Phase II expansion project of Nantong Rich Hospital is progressing smoothly. The number of beds is expected to increase significantly upon completion of the construction, which will solve the current problem of bed shortage.

The private medical examination industry, which has seen a relatively fierce exogenous expansion in the recent years, has turned into a model of endogenous growth. On one hand, internet will enable the number of 2C customers in the medical examination industry to increase greatly. On the other hand, the average cost of medical examination in China is still very low compared to that in developed markets, and residents will have increasingly greater willingness for high-quality medical examination services and products. In this context, the Group's medical examination chain segment will, on one hand, continue carrying out its dual branding strategy by promoting its medium and high-end brand "Rici Medical Examination" and the high-end brand "XMEDIC" to meet Chinese consumers' demand for more accurate and personalized medical examination services; on the other hand, it will strengthen its presence in Shanghai and Jiangsu, expand its footprint in Zhejiang and the Greater Bay Area, and strategically tap into other key cities.

With the implementation of the third-child policy, OGP hospitals, especially high-end OGP services, will become a new driver of growth for the Group, driven by demands and favourable factors. The OGP segment of the Group aims to become the leading private OGP brand in the Yangtze River Delta region. In the short term, the pace to build general hospitals in the OGP segment will be accelerated, in a bid to achieve the development goal of mutual support between large specialty hospitals and small general hospitals. Besides, relying on customer satisfaction, reputation and brand influence, the segment will actively drive customer conversion to achieve high-quality development. For the long run, Rich Shuixian will serve as the flagship hospital of the OGP segment providing a talent training platform and a technical support platform for the segment. Changzhou Rich Hospital will strive to build itself into a localized specialty hospital; in the meantime, Wuxi Rich OGP Hospital will make more efforts to gain brand influence locally.

FINANCIAL REVIEW

Revenue

We derive revenue mainly from our general hospital business, medical examination business and specialty hospital business. The following table sets forth the components of our revenue by operating segments for the periods indicated:

	Six months ended June 30,		Percentage change
	2021 (RMB'000)	2020 (RMB'000)	
General Hospital Business	**339,965**[1]	258,860[1]	31.3%
Medical Examination Business	**610,836**	290,142	110.5%
Specialty Hospital Business	**58,540**	40,708	43.8%
Inter-segment	**(9,808)**	(6,450)	52.1%
Total	**999,533**	583,260	71.4%

Note:

(1) Included the revenue from hemodialysis business.

Our revenue grew by 71.4% from RMB583.3 million for the six months ended June 30, 2020 to RMB999.5 million for the Reporting Period. This is largely because our medical examination centers across China were unable to resume normal operations due to the Pandemic in the six months ended June 30, 2020 and they resumed normal operations in the Reporting Period.

Revenue from the general hospital business for the Reporting Period amounted to RMB330.2 million, representing an increase of 30.8% from RMB252.4 million for the corresponding period in 2020, excluding inter-segment revenue of RMB9.8 million and RMB6.5 million for the six months ended June 30, 2021 and 2020, respectively. The number of inpatient visits increased by 3,771, with revenue per inpatient falling by 3.6% and inpatient revenue growing by RMB57.0 million. Meanwhile, the number of outpatient visits increased by 76,806, revenue per outpatient fell by 7.1%, and outpatient revenue increased by RMB20.7 million.

Revenue from the medical examination business for the Reporting Period amounted to RMB610.8 million, representing a surge of 110.5% from RMB290.1 million for the corresponding period in 2020. This is mainly because our medical examination centers across China were unable to resume normal operations due to the Pandemic in the six months ended June 30, 2020 and they resumed normal operations in the Reporting Period.

Revenue from the specialty hospital business for the Reporting Period amounted to RMB58.5 million (corresponding period in 2020: RMB40.7 million). For the Reporting Period, to our specialty hospitals, revenue generated from outpatient visits and inpatient visits were RMB22.7 million and RMB35.8 million, respectively.

Cost of Sales

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 periods indicated:

	Six months ended June 30,		Percentage change
	2021 (RMB'000)	2020 (RMB'000)	
General Hospital Business	**248,624[1]**	182,184[1]	36.5%
Medical Examination Business	**387,359**	280,185	38.3%
Specialty Hospital Business	**100,752**	85,374	18.0%
Inter-segment	**(9,808)**	(6,450)	52.1%
Total	**726,927**	541,293	34.3%

Notes:

(1) Included the cost of sales of hemodialysis business.

Our cost of sales increased by 34.3% from RMB541.3 million for the six months ended June 30, 2020 to RMB726.9 million for the Reporting Period.

Cost of sales of the general hospital business during the Reporting Period amounted to RMB248.6 million, representing an increase of 36.5% from RMB182.2 million during the corresponding period in 2020. The increase was mainly due to a rise in the pharmaceutical costs caused by growing revenue in the Reporting Period.

Cost of sales of the medical examination business during the Reporting Period was RMB387.4 million, representing an increase of 38.3% from RMB280.2 million during the corresponding period of 2020. The main reason is that revenue from the medical examination business during the Reporting Period surged by 110.5% from the corresponding period in 2020, and the labour costs, medical consumables costs and outsourcing testing expenses of the medical examination business grew largely in line with the expansion of the business scale.

Cost of sales of the specialty hospitals business amounted to RMB100.8 million during the Reporting Period, representing an increase of 18.0% from RMB85.4 million during the corresponding period in 2020. This is largely because a growth in revenue led to a rise in the remuneration costs of medical personnel, pharmaceutical costs and medical consumables costs.

Gross Profit

Our gross profit surged from RMB42.0 million for the six months ended June 30, 2020 to RMB272.6 million for the Reporting Period. Gross profit margin grew by 20.1 percentage points from 7.2% for the six months ended June 30, 2020 to 27.3% for the Reporting Period. As revenue from the medical examination business fell sharply in the corresponding period in 2020 due to the Pandemic and its fixed costs basically remained flat, our gross profit margin was low for the corresponding period in 2020. But as revenue from the segment increased significantly in the Reporting Period, the gross profit margin also went up.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses amounted to RMB88.5 million during the Reporting Period, as compared to RMB 70.3 million for the corresponding period in 2020. The growth was mainly due to the fact that labour costs and advertising expenses returned to normal in Reporting Period, whereas such expenses remained at a low level as a result of the Pandemic during the corresponding period in 2020.

Administrative Expenses

Our administrative expenses amounted to RMB112.6 million during the Reporting Period, as compared to RMB135.9 million for the corresponding period in 2020, and the decrease was mainly due to provision for impairment of long-term assets of RMB15.1 million for the corresponding period in 2020, whereas there was no impairment loss recognised for the Reporting Period.

Other Income

Our other income, which mainly comprised government subsidies and rental income, amounted to RMB10.5 million during the Reporting Period (corresponding period in 2020: RMB9.4 million).

Other Losses

Our other losses during the Reporting Period amounted to RMB1.2 million, as compared to other losses of RMB2.6 million for the corresponding period in 2020. Other losses mainly represented losses on disposal of leasehold improvements and other miscellaneous losses.

Finance Costs — Net

Our net finance costs amounted to RMB81.1 million during the Reporting Period, as compared to the net finance costs of RMB71.4 million for the corresponding period in 2020. The exchange losses amounted to RMB3.9 million during the Reporting Period, representing an increase of RMB10.0 million from the exchange gains RMB6.1 million for the corresponding period in 2020.

Share of Results

For the Reporting Period, the Group recognised a share of profit of RMB0.2 million from investments accounted for using equity method (corresponding period in 2020: RMB0.2 million) in its consolidated results, mainly due to the operating profit of RMB0.4 million of Nantong Meidi, a subsidiary of a joint venture of the Group, whose business operation has been stable since its establishment in the second half of 2014. However, Neijiang Rich Ruichuan Clinic Co., Ltd., an associate of the Group primarily engaged in providing medical examination services, incurred an operating loss of RMB0.2 million.

Income Tax Expense

For the Reporting Period, income tax expense amounted to RMB25.7 million (corresponding period in 2020: income tax expense of RMB24.9 million). The increase in income tax expense was mainly due to an increase in current income tax during the Reporting Period.

Loss for the Period

For the foregoing reasons, we recorded a net loss of RMB30.1 million during the Reporting Period (corresponding period in 2020: a net loss of RMB250.2 million). The substantial drop in net loss is mainly due to a surge of 71.4% in revenue for the Reporting Period as compared to revenue for the corresponding period in 2020.

Adjusted EBITDA

To supplement our interim condensed consolidated financial information which are presented in accordance with HKAS 34 Interim Financial Reporting, we use adjusted EBITDA as an additional financial measure. We define adjusted EBITDA as loss/profit for the period before certain expenses and depreciation and amortization as set out in the table below. Adjusted EBITDA is not an alternative to (i) loss/profit before income tax or loss/profit for the period (as determined in accordance with HKFRSs) 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 periods under HKFRSs to our definition of adjusted EBITDA for the periods indicated.

	Six months ended June 30,	
	2021	2020
	(RMB'000)	(RMB'000)
Calculation of adjusted EBITDA		
Loss for the period	(30,058)	(250,213)
Adjustments to the following items:		
Income tax expense	25,668	24,937
Finance costs — net	81,121	71,372
Depreciation and amortization	189,420	181,885
Pre-opening expenses and EBITDA loss of soft-opening (1)	1,936	9,407
Share option expenses	8,538	12,273
Adjusted EBITDA	276,625	49,661
Adjusted EBITDA margin (2)	27.7%	8.5%

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 amounted to RMB276.6 million during the Reporting Period, representing a surge of 457.0% from RMB49.7 million for the corresponding period in 2020. This is largely because the Group suffered a heavy loss in the corresponding period in 2020 due to the Pandemic, but its loss was reduced as a result of a significant increase in revenue for the Reporting Period.

FINANCIAL POSITION

Property and Equipment

Property and equipment primarily consist of buildings, medical equipment, general equipment, leasehold improvements and construction in progress. As at June 30, 2021, the property and equipment of the Group amounted to RMB1,370.6 million, representing an increase of RMB127.9 million as compared to RMB1,242.7 million as at December 31, 2020. The increase of properties and equipment was primarily due to the second phase expansion project of Nantong Rich Hospital.

Trade Receivables

As at June 30, 2021, the trade receivables of the Group amounted to RMB288.9 million, representing an increase of RMB6.2 million as compared to RMB282.7 million as at December 31, 2020.

Net Current Liabilities

As at June 30, 2021, the Group's current liabilities exceeded its current assets by RMB830.6 million (as at December 31, 2020: RMB737.7 million). The increase of the Group's net current liabilities were mainly due to a decline in monetary funds as at the end of the Reporting Period. The funds were used in the second phase expansion project of Nantong Rich Hospital and purchase of medical equipments.

Liquidity and Capital Resources

As at June 30, 2021, the Group had cash and cash equivalents of RMB478.9 million (as at December 31, 2020: RMB561.8 million), with available unused bank facilities of RMB390.0 million (as at December 31, 2020: RMB162.4 million). As at June 30, 2021, the Group had outstanding borrowings of RMB1,283.6 million (as at December 31, 2020: RMB1,285.2 million), with non-current portion of long-term borrowings of RMB520.2 million (as at December 31, 2020: RMB546.3 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 15 to the interim condensed consolidated financial information.

Significant Investments, Material Acquisitions and Disposals

For the Reporting Period, the Group did not have any significant investment, material acquisition or disposal.

Capital Expenditure and Commitments

For the Reporting Period, the Group incurred capital expenditures of RMB290.0 million (corresponding period in 2020: RMB132.6 million), primarily due to (i) the second phase expansion project of Nantong Rich Hospital; (ii) purchases of medical equipment as well as renovation for our medical examination centers; and (iii) the lease of business premises for new medical examination centers.

As at June 30, 2021, the Group had a total capital commitment of RMB80.4 million (as at December 31, 2020: RMB74.7 million), mainly comprising the related contracts of the second phase expansion project of Nantong Rich Hospital and the leasehold improvement.

Borrowings

As at June 30, 2021, the Group had total bank and other borrowings of RMB1,283.6 million (as at December 31, 2020: RMB1,285.2 million). Please refer to Note 19 to the interim condensed consolidated financial information for more details.

Contingent Liabilities

The Group had no material contingent liability as at June 30, 2021 (as at December 31, 2020: Nil).

Financial Instruments

The Group did not have any financial instruments as at June 30, 2021 (as at December 31, 2020: Nil).

Gearing Ratio

As at June 30, 2021, on the basis of net debt divided by total capital, the Group's gearing ratio was 88.3% (as at December 31, 2020: 87.1%). The increase of gearing ratio was mainly due to a decline in monetary funds during the Reporting Period. The funds were used in the second phase expansion project of Nantong Rich Hospital and the purchase of medical equipments.

Cash Flow and Fair Value Interest Rate Risk

Our exposure to changes in interest rates is mainly attributable to our bank 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 June 30, 2021, borrowings of RMB890,583,000 were with floating interest rates (as at December 31, 2020: RMB934,692,000). We did not hedge our cash flow and fair value interest rate risk in the Reporting Period.

Foreign Exchange Risk

For the Reporting Period, the Group was not exposed to significant foreign currency risk, except for the remaining bank deposits from the Company's IPO on October 6, 2016, which were denominated in Hong Kong dollar, and the bank deposits denominated in 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 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

Our finance department monitors rolling forecasts of our liquidity requirements to ensure that 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, as necessary. Based on contractual undiscounted payments, our financial liabilities were RMB4,062.8 million as at June 30, 2021 (as at December 31, 2020: RMB4,224.3 million).

Pledge of Assets

As at June 30, 2021, the Group had assets with a total carrying amount of RMB177,029,000 (as at December 31, 2020: assets of RMB159,314,000) and restricted deposits with an amount of USD32,550,000 (as at December 31, 2020: restricted deposits of USD38,650,000) pledged for the Group's borrowings.

Besides, the Group had 22.06% equity interest in Nantong Rich Hospital (as at December 31, 2020: 22.06%) secured to guarantee the exercise of the option right granted to Everbright (Haimen) Senior Healthcare Investment Fund (Limited Partnership) (海門光控健康養老產業投資合夥企業 (有限合夥)). For details, please refer to the announcement of the Company dated September 3, 2018.

HUMAN RESOURCES

The Group had 7,373 employees as of June 30, 2021, as compared to 7,162 employees as of December 31, 2020. 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 option scheme 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.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the IPO amounted to RMB682.7 million after deducting share issuance costs and listing expenses. During the Reporting Period, the net proceeds from the listing were utilized in accordance with the intended use which was disclosed in the first place in the Company's Prospectus and subsequently changed and disclosed in the Company's announcements dated February 18, 2020 and June 15, 2021 (the "**Announcements**"), with the balance amounting to approximately RMB125.3 million. As disclosed in the Announcements, the remaining unutilized net proceeds from the IPO will be used in accordance with the Group's development strategies, market conditions and intended use of such proceeds, whose details are set out in the table below, and are expected to be fully utilized on or before December 31, 2022:

	Net amount available as at December 31, 2020	Actual amount utilized during the Reporting Period	Unutilized amount as at June 30, 2021
	RMB'000	RMB'000	RMB'000
Nantong Rich Hospital Expansion Phase II Project	65,256	—	65,256
General Working Capital	60,000	—	60,000
Establishment of new medical examination centers and upgrading and renovation of existing medical examination centers	60,000	60,000	—
Total	185,256	60,000	125,256

Supplementary Information

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period.

SUBSEQUENT EVENT

The Company is not aware of any significant event after the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company recognises 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 as set out in the CG Code as contained in 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 Reporting Period, save for deviation from code provision A.2.1 of the CG Code.

Pursuant to code provision A.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 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, and his son, Mr. Fang Haoze). The Board comprised four executive Directors and three independent non-executive Directors as at the date of this report 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 of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code as set out in Appendix 10 to the Listing Rules as its own 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 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.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM FINANCIAL STATEMENTS

Audit Committee

The Audit Committee, comprising Ms. Wong Sze Wing, Mr. Jian Peixing and Dr. Wang Yong, has discussed with the management and the external auditor and reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

Auditor

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim condensed consolidated financial statements for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

CHANGES OF MEMBERS OF THE BOARD AND UPDATE ON THE DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B (1) OF THE LISTING RULES

Change of members of the Board during the Reporting Period and up to the date of this interim report is set out below:

With effect from June 18, 2021, Ms. Jiao Yan retired as a non-executive Director upon the conclusion of the annual general meeting of the Company dated June 18, 2021.

Details of the abovementioned change of the members of the Board during the Reporting Period are set out in the Company's circular dated April 29, 2021 and the Company's announcement dated June 18, 2021. Save as disclosed in this interim report, there is no change in information on the Directors since the date of the annual report 2020 of the Company which is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at June 30, 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(A) Long/short position in ordinary shares of the Company

Name of Director	Long/ Short Position	Capacity/ Nature of Interest	Number of ordinary shares interested[1]	Approximate Percentage+ of the Company's issued share capital
Dr. Mei[2]	Long position	Interest in controlled corporation	872,550,000 (L)	54.87%
	Short position	Interest in controlled corporation	294,492,000 (S)[5]	18.52%
Dr. Fang[3]	Long position	Interest of spouse	872,550,000 (L)	54.87%
	Short position	Interest of spouse	294,492,000 (S)[5]	18.52%

(B) Long position in underlying shares of the Company — physically settled unlisted equity derivatives

Name of Director	Capacity/Nature of Interest	Number of underlying shares in respect of the share options granted[1]	Approximate percentage+ of the Company's issued share capital
Dr. Mei[2]	Beneficial owner; Interest of spouse	31,807,000 (L)	2.00%
Dr. Fang[3]	Beneficial owner; Interest of spouse	31,807,000 (L)	2.00%

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.

(2) Chelsea Grace was beneficially interested in the 872,550,000 Shares as at June 30, 2021. Under the SFO, Dr. Mei is deemed to be interested in all the Shares held by Chelsea Grace by reason of her 100% interest in its issued share capital and is also deemed to be interested in all the interests held by Dr. Fang as she is the wife of Dr. Fang who is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme. Dr. Mei is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme.

(3) Dr. Fang is the husband of Dr. Mei. Therefore, Dr. Fang is deemed to be interested in Dr. Mei's interests in our Company. Dr. Fang is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme.

(4) Such numbers of Shares are subject to certain security arrangements.

\+ The percentage represents the number of ordinary shares/underlying shares interested divided by the number of the Company's issued shares as at June 30, 2021.

(C) Interest in associated corporation

Name of Director	Associated corporation	Capacity/Nature of interest	Number of shares(1)	Percentage of shareholding interest
Dr. Mei(1)	Chelsea Grace(2)	Beneficial owner	1	100%
Dr. Fang(1)	Chelsea Grace(2)	Interest of spouse	1	100%

Notes:

(1) Dr. Fang is the husband of Dr. Mei. Therefore, under the SFO, Dr. Fang is deemed to be interested in Dr. Mei's interests in Chelsea Grace.

(2) Under the SFO, a holding company of the listed corporation is regarded as an "associated corporation". As at June 30, 2021, Chelsea Grace held 54.87% of our issued share capital and thus was our associated corporation.

Save as disclosed in this interim report and to the best knowledge of the Directors, as at June 30, 2021, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at June 30, 2021, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of ordinary Shares interested[1]	Approximate percentage+ of the Company's issued share capital
Chelsea Grace[2]	Beneficial owner	872,550,000 (L)	54.87%
	Beneficial owner	294,492,000 (S)	18.52%
Renaissance Healthcare Holdings Limited ("**Baring Investor**")	Beneficial owner	268,286,800 (L)	16.87%
The Baring Asia Private Equity Fund V, L.P.[3]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Baring Private Equity Asia GP V, L.P.[3]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Baring Private Equity Asia GP V Limited[3]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Jean Eric Salata[3]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Haitong International Investment Solutions Limited[2]	Person having a security interest in shares	294,492,000 (L)	18.52%
Haitong International Securities Group Limited[2][4]	Interest of controlled corporation	304,771,000 (L)	19.16%
		10,279,000 (S)	0.65%
Haitong International Holdings Limited[2]	Interest of controlled corporation	304,771,000 (L)	19.16%
		10,279,000 (S)	0.65%
Haitong Securities Co., Ltd.[2]	Interest of controlled corporation	304,771,000 (L)	19.16%
		10,279,000 (S)	0.65%

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.

(2) On January 23, 2019, September 19, 2019 and February 10, 2020, Chelsea Grace provided an interest in 164,000,000 shares, 88,200,000 shares and 42,292,000 Shares as security, respectively. Such security interest is directly held by Haitong International Investment Solutions Limited. In addition, as at June 30, 2021 Haitong International Financial Solutions Limited held long positions in 10,279,000 shares and short positions in 10,279,000 shares. Each of Haitong International Investment Solutions Limited and Haitong International Financial Solutions Limited is a wholly-owned subsidiary of Haitong International (BVI) Limited, a wholly-owned subsidiary of Haitong International Securities Group Limited. Haitong International Securities Group Limited is held as to 64.40% by Haitong International Holdings Limited, a wholly-owned subsidiary of Haitong Securities Co., Ltd. Each of Haitong International Securities Group Limited, Haitong International Holdings Limited and Haitong Securities Co., Ltd. is deemed to be indirectly interested in such interest held by each of Haitong International Investment Solutions Limited and Haitong International Financial Solutions Limited under the SFO.

(3) Baring Investor is held as to 99.35% by The Baring Asia Private Equity Fund V, L.P. Baring Private Equity Asia GP V, L.P. is the general partner of The Baring Asia Private Equity Fund V, L.P. Jean Eric Salata is the sole shareholder of Baring Private Equity Asia GP V Limited (the general partner of Baring Private Equity Asia GP V, L.P.). Jean Eric Salata disclaims beneficial ownership of such Shares, except to the extent of his economic interest in such entities. Each of The Baring Asia Private Equity Fund V, L.P., Baring Private Equity Asia GP V, L.P., Baring Private Equity Asia GP V Limited and Jean Eric Salata is therefore deemed to be interested in the Shares held by Baring Investor under the SFO.

\+ The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at June 30, 2021.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2021, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

The Company conditionally approved and adopted the Pre-IPO Share Option Scheme pursuant to the resolutions of the Shareholders passed on September 19, 2016.

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees and Directors, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees and Directors to participate in the growth and profitability of the Group.

On September 19, 2016, options (exercisable for 10 years subject to vesting schedule as set out in the grant letter) to subscribe for an aggregate of 47,710,500 Shares were conditionally granted by the Company under the Pre-IPO Share Option Scheme to a total of three grantees, including two executive Directors. Such options were granted based on the performance of the grantees that have made important contributions or are important to the long term growth and profitability of the Group. The exercise price is HK$1.60 per Share as determined by the Board taking into account of the grantees' contribution to the development and growth of the Group. Apart from the above share options, no options were granted under the Pre-IPO Share Option Scheme. In addition, no further options can be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The total number of Shares currently available for issue under the Pre-IPO Share Option Scheme is 47,710,500 Shares, representing approximately 3.0% of the issued share capital of the Company as at the date of this interim report.

Subject to the Pre-IPO Share Option Scheme, each option shall be vested in the following manner:

Tranche	Vesting Date
five percent (5%) of the Shares subject to an option so granted	third (3rd) anniversary of the offer date for an option
ten percent (10%) of the Shares subject to an option so granted	fourth (4th) anniversary of the offer date for an option
fifteen percent (15%) of the Shares subject to an option so granted	fifth (5th) anniversary of the offer date for an option
seventy percent (70%) of the Shares subject to an option so granted	sixth (6th) anniversary of the offer date for an option

No options were exercised, cancelled or lapsed by the Company under the Pre-IPO Share Options Scheme during the Reporting Period.

Details of movement of the share options granted under the Pre-IPO Share Option Scheme for the Reporting Period are set out below:

	Number of Options					
Name of option holder	Outstanding as at January 1, 2021	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2021	Exercise Price
Directors of the Company						
Dr. Fang	15,903,500	–	–	–	15,903,500	HK$1.60
Dr. Mei	15,903,500	–	–	–	15,903,500	HK$1.60
Senior management and Other Employees of the Group						
Cao Ying	15,903,500	–	–	–	15,903,500	HK$1.60
Total	47,710,500	–	–	–	47,710,500	

The Directors, who have been granted options under the Pre-IPO Share Option Scheme, have undertaken to the Company that they will not exercise the options granted to them under the Pre-IPO Share Option Scheme if as a result of which the Company would not be able to comply with the public float requirements of the Listing Rules.

A summary of the terms (including the terms of the scheme, the calculation method of the exercise price and vesting periods and conditions) of the Pre-IPO Share Option Scheme has been set out in the section headed "E. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The Pre-IPO Share Option Scheme does not fall within the ambit of, and is not subject to, the regulations under Chapter 17 of the Listing Rules. Details of the impact of options granted under the Pre-IPO Share Option Scheme on the consolidated financial statements since the date of grant of such options and the subsequent financial periods are set out under Note 18 to the interim condensed consolidated financial statements in this interim report.

Share Option Scheme

On September 19, 2016, the Company adopted the Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 79,517,500 Shares (i.e. 5% of the aggregate of the Shares in issue on the Listing Date ("Scheme Mandate Limit") and as at the date of this interim report). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Share Option Scheme will remain in force for a period of 10 years from September 19, 2016 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of the option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the subscription price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of grant, and (c) the nominal value of a Share.

On November 24, 2017, the Company granted share options to certain then Directors and employees of the Company and its subsidiaries to subscribe for a total of 79,517,500 ordinary shares in the share capital of the Company, at the price of HK$2.42 per Share. The closing price of the Shares before the date of grant of such options was HK$2.35 per Share. As at June 30, 2021, among the Options granted as described above, options in respect of a total of 700,000 Shares were granted to an associate (as defined under the Listing Rules) of a Director and the acceptance letter has been signed. Details of such options granted to the associate of a Director are set out as follows:

Director's Associate	Position	Number of options granted
Mr. Mei Ye[(1)]	Deputy General Manager of Medical Examination Business Department	700,000
Total		700,000

Note:

(1) Mr. Mei Ye is an associate of Dr. Mei.

Details of the options granted under the Share Option Scheme and those remained outstanding as at June 30, 2021 are as follows:

		Number of Options					
Name of option holder	Date of Grant	Outstanding as at January 1, 2021	Exercised during the Report Period	Cancelled during the Report Period	Lapsed during the Report Period	Outstanding as at June 30, 2021	Exercise Price
Associate of Director							
Mr. Mei Ye[(1)]	November 24, 2017	700,000	–	–	–	700,000	HK$2.42
Other Employees	November 24, 2017	63,660,000	–	–	–	63,660,000	HK$2.42
Total		64,360,000	–	–	–	64,360,000	

Note:

(1) Mr. Mei Ye is an associate of Dr. Mei.

20% of the options granted will be exercisable from the date falling on the 3rd anniversary of the date of grant of such options; 20% of the options granted will be exercisable from the date falling on the 4th anniversary of the date of grant of such options; 20% of the options granted will be exercisable from the date falling on the 5th anniversary of the date of grant of such options; and the remaining 40% of the options granted will be exercisable from the date falling on the 6th anniversary of the date of grant of such options.

Details of the impact of the options granted under the Share Option Scheme on the consolidated financial statements since the date of grant of such options and the subsequent financial periods are set out under Note 18 to the interim condensed consolidated financial statements in this interim report.

A summary of the terms of the Share Option Scheme has been set out in the section headed “F. Share Option Scheme” in Appendix IV to the Prospectus.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF RICI HEALTHCARE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 29 to 72, which comprises the interim condensed consolidated balance sheet of Rici Healthcare Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2021 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 August 2021

Interim Condensed Consolidated Balance Sheet

As at 30 June 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
ASSETS			
Non-current assets			
Property and equipment	7	**1,370,597**	1,242,707
Right-of-use assets	8	**1,295,742**	1,357,374
Intangible assets	9	**11,776**	11,078
Investments accounted for using equity method	10	**8,083**	7,900
Financial assets at fair value through profit or loss		**4,500**	4,500
Deposits for long-term leases	11	**41,673**	39,589
Deferred tax assets	12	**244,240**	235,022
Prepayments	16	**91,811**	105,270
		3,068,422	3,003,440
Current assets			
Inventories		**47,731**	43,712
Trade receivables	13	**288,864**	282,653
Other receivables	14	**33,601**	33,159
Prepayments	16	**20,052**	28,152
Amounts due from related parties	33	**6,613**	5,872
Cash and cash equivalents	15	**478,925**	561,819
Restricted cash	15	**210,276**	252,187
		1,086,062	1,207,554
Total assets		**4,154,484**	4,210,994

Interim Condensed Consolidated Balance Sheet

As at 30 June 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	**520,196**	546,279
Lease liabilities	22	**1,213,169**	1,257,170
Other financial liabilities	20	**137,387**	129,879
Deferred income	21	**64,082**	—
		1,934,834	1,933,328
Current liabilities			
Borrowings	19	**763,387**	738,913
Lease liabilities	22	**278,589**	266,784
Contract liabilities	23	**311,615**	292,690
Trade and other payables	24	**531,681**	599,848
Amounts due to related parties	33	**284**	134
Income tax payables		**25,467**	23,237
Deferred income	21	**5,605**	23,620
		1,916,628	1,945,226
Total liabilities		**3,851,462**	3,878,554
Net Assets		**303,022**	332,440
EQUITY			
Share capital	17	**1,065**	1,065
Reserves	18	**521,449**	504,744
Equity attributable to owners of the Company		**522,514**	505,809
Non-controlling interests		**(219,492)**	(173,369)
Total equity		**303,022**	332,440
Total equity and liabilities		**4,154,484**	4,210,994

The notes on pages 35 to 72 are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Note	Unaudited	Unaudited
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
Revenue	25	**999,533**	583,260
Cost of sales	27	**(726,927)**	(541,293)
Gross profit		**272,606**	41,967
Distribution costs and selling expenses	27	**(88,452)**	(70,256)
Administrative expenses	27	**(112,568)**	(135,892)
Net impairment (losses)/reversals on financial assets	27	**(4,305)**	3,237
Other income	26	**10,453**	9,400
Other losses		**(1,186)**	(2,555)
Operating profit/(loss)		**76,548**	(154,099)
Finance costs	28	**(83,680)**	(82,183)
Finance income	28	**2,559**	10,811
Finance costs — net		**(81,121)**	(71,372)
Share of results of investments accounted for using equity method	10	**183**	195
Loss before income tax		**(4,390)**	(225,276)
Income tax expense	29	**(25,668)**	(24,937)
Loss for the period		**(30,058)**	(250,213)
Profit/(loss) is attributable to:			
Owners of the Company		**10,460**	(164,097)
Non-controlling interests		**(40,518)**	(86,116)
		(30,058)	(250,213)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company			
— Basic and diluted	30	**RMB0.01**	RMB(0.10)

The notes on pages 35 to 72 are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited	Unaudited
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Loss for the period	**(30,058)**	(250,213)
Other comprehensive income or loss	**—**	—
Total comprehensive loss for the period	**(30,058)**	(250,213)
Total comprehensive profit/(loss) for the period is attributable to:		
Owners of the Company	**10,460**	(164,097)
Non-controlling interests	**(40,518)**	(86,116)
	(30,058)	(250,213)

The notes on pages 35 to 72 are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to Owners of the Company				
	Share capital RMB'000	Reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)					
Balance at 31 December 2020	**1,065**	**504,744**	**505,809**	**(173,369)**	**332,440**
Comprehensive profit/(loss)					
Profit/(loss) for the period	**—**	**10,460**	**10,460**	**(40,518)**	**(30,058)**
Total comprehensive income/(loss)	**—**	**10,460**	**10,460**	**(40,518)**	**(30,058)**
Changes in ownership interests in subsidiaries without change of control	**—**	**(2,293)**	**(2,293)**	**(5,605)**	**(7,898)**
Share option scheme	**—**	**8,538**	**8,538**	**—**	**8,538**
Balance at 30 June 2021	**1,065**	**521,449**	**522,514**	**(219,492)**	**303,022**
(Unaudited)					
Balance at 31 December 2019	1,065	643,170	644,235	(81,299)	562,936
Comprehensive loss					
Loss for the period	—	(164,097)	(164,097)	(86,116)	(250,213)
Total comprehensive loss	—	(164,097)	(164,097)	(86,116)	(250,213)
Share option scheme	—	12,273	12,273	—	12,273
Balance at 30 June 2020	1,065	491,346	492,411	(167,415)	324,996

The notes on pages 35 to 72 are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June 2021 RMB'000	Unaudited 2020 RMB'000
Cash flow from operating activities			
Cash generated from operations		**194,926**	177,784
Interest paid		**(69,790)**	(74,886)
Income tax paid		**(32,656)**	(27,584)
Net cash generated from operating activities		**92,480**	75,314
Cash flow from investing activities			
Purchases of property and equipment		**(131,635)**	(281,849)
Purchases of intangible assets		**(160)**	(43)
Proceeds from disposal of property and equipment		**1**	1
Interest received		**2,191**	5,044
Net cash used in investing activities		**(129,603)**	(276,847)
Cash flows from financing activities			
Loans from non-controlling interests of subsidiaries		**22,020**	17,150
Proceeds from bank borrowings	19	**422,000**	574,550
Repayments of bank borrowings	19	**(446,330)**	(373,500)
Proceeds from other borrowings	19	**50,000**	40,270
Repayments of other borrowings	19	**(27,279)**	(16,140)
Principal elements of lease payments		**(104,148)**	(49,935)
Restricted bank deposits	15(b)	**41,911**	90,210
Net cash (used in)/generated from financing activities		**(41,826)**	282,605
Net (decrease)/increase in cash and cash equivalents		**(78,949)**	81,072
Cash and cash equivalents at beginning of the period		**561,819**	329,551
Exchange (losses)/gain on cash and cash equivalents		**(3,945)**	6,054
Cash and cash equivalents at end of the period		**478,925**	416,677

The notes on pages 35 to 72 are an integral part of these interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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, specialty 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.

The interim condensed consolidated financial statements is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated, and were approved and authorised for issue by the board of directors (the "**Board**") of the Company on 31 August 2021.

2 Basis of preparation

This interim condensed consolidated financial statements for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 "Interim Financial Reporting", and does not include all the notes of the type normally included in an annual financial statements. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and together with any public announcements made by the Company.

(a) Going concern

As at 30 June 2021, the Group's current liabilities exceeded its current assets by RMB830,566,000. Contract liabilities and deferred income included in current liabilities of the Group as at 30 June 2021 amounting to RMB317,220,000 is 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 uncommitted credit facilities provided by banks in the PRC. Based on the Group's past experience and good credit standing, the directors are confident on 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, if necessary. The directors therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the interim condensed consolidated financial information.

3 Accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those of the annual financial statements of the Group for the year ended 31 December 2020, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards, as set out below.

(a) New and amended standards adopted by the Group

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — Regarding interest rate benchmark reform — Phase 2
- 2021 Amendments to IFRS16 — Regarding COVID-19 Related Rent Concessions beyond 30 June 2021

The adoption of the above new amendments starting from 1 January 2021 did not give rise to significant impact on the Group's results of operations and financial position for the six months ended 30 June 2021.

3 Accounting policies (continued)

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standard and amendments of HKFRSs have been published but are not mandatory for the financial year beginning 1 January 2021 and have not been early adopted by the Group. Those which are more relevant to the Group's current operations are as below:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Regarding disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Regarding definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Regarding deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HK Interpretation 5 (2020)	Regarding Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1	Regarding classification of liabilities as current or non-current	Originally 1 January 2022, but extended to 1 January 2023 by the HKICPA
Amendments to HKAS 16	Regarding property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37	Regarding onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022
Amendments to HKFRS 3	Regarding reference to the conceptual framework	1 January 2022
HKFRS 17	Insurance contracts	Originally 1 January 2021, but extended to 1 January 2023 by the HKICPA
Amendments to HKFRS 10 and HKAS 28	Regarding sale or contribution of assets between an investor and its associate or joint venture	To be determined

These new standard and amendments described above are either currently not relevant to the Group or not expected to have material impact on the Group's interim condensed consolidated financial statements when they become effective.

4 Estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2020.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management policies since year end.

5.2 Foreign exchange risk

The Group is engaged in the provision of general hospital services, specialty hospital services and medical examination services in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits from the Company's initial public offering, which are denominated in Hong Kong Dollar ("**HKD**"), and the bank deposits denominated in United States Dollar ("**USD**").

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 30 June 2021, if RMB had weakened/strengthened by 5% against the HKD with all other variables held constant, post-tax profit for the period would have been RMB151,000 (31 December 2020: RMB128,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash in bank.

At 30 June 2021, if RMB had weakened/strengthened by 5% against USD with all other variables held constant, post-tax profit for the period would have been RMB17,409,000 (31 December 2020: RMB14,295,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash in bank.

5 Financial risk management and financial instruments (continued)

5.3 Credit risk

The Group's credit risk arises from cash and cash equivalents, trade receivables and other receivables, amounts due from related parties and deposits for long-term leases. The credit risk of hospital segment is from the recoverability of trade receivables and other receivables. The credit risk of medical examination segment is from the length of the overdue period of trade receivables and other receivables by corporate customers. The objective of the Group's 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 established policies in place to ensure that the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers and volume of sales. Management makes periodic assessment on the recoverability of trade receivables and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

5.4 Liquidity risk

Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions and issuing debt instruments and capital injection from shareholders, as necessary.

5 Financial risk management and financial instruments (continued)

5.4 Liquidity risk (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 30 June 2021					
Borrowings, including interest	**815,941**	**147,230**	**374,313**	**65,175**	**1,402,659**
Lease liabilities	**264,091**	**261,028**	**664,009**	**756,575**	**1,945,703**
Amounts due to related parties	**284**	**—**	**—**	**—**	**284**
Other financial liabilities	**—**	**—**	**182,470**	**—**	**182,470**
Trade and other payables	**531,681**	**—**	**—**	**—**	**531,681**
	1,611,997	**408,258**	**1,220,792**	**821,750**	**4,062,797**
As at 31 December 2020					
Borrowings, including interest	787,414	133,030	363,532	132,170	1,416,146
Lease liabilities	282,361	258,407	669,131	815,774	2,025,673
Amounts due to related parties	134	—	—	—	134
Other financial liabilities	—	—	182,470	—	182,470
Trade and other payables	599,848	—	—	—	599,848
	1,669,757	391,437	1,215,133	947,944	4,224,271

The interest on borrowings is calculated based on borrowings held as at 30 June 2021 and 31 December 2020, respectively. Floating-rate interests are estimated using the current interest rate as at 30 June 2021 and 31 December 2020, respectively.

5 Financial risk management and financial instruments (continued)

5.5 Fair value estimation

5.5.1 Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

At 30 June 2021 and 31 December 2020	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
Unlisted equity securities	—	—	4,500	4,500

As at 30 June 2021, the fair value of financial assets at fair value through profit or loss is approximately equal to their carrying amount. There's no change in level 3 instruments for the six months ended 30 June 2021.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

5 Financial risk management and financial instruments (continued)

5.5 Fair value estimation (continued)

5.5.2 Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Fair value of trade receivables, other receivables, trade and other payables, borrowings, lease liabilities and other financial liabilities approximates to their carrying amount.

6 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, interest income, interest expenses, other finance costs and income tax expense.

The amounts provided to management with respect to total assets and total liabilities are measured consistent with that of the financial information. These assets are allocated based on the operations of segments. Certain assets and liabilities related to some subsidiaries 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 three 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 located 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 hemodialysis services provided by Nantong Rich Hemodialysis Center Co., Ltd.

(b) Medical examination centers

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

6 Segment information (continued)

(c) Specialty hospitals

The business of this segment is in Shanghai and Jiangsu Province. Revenue from this segment is derived from specialty hospital services and maternal and child nursing services.

The following table presents revenue and profit information regarding the Group's operation segments for the six months ended 30 June 2021 and 2020, and the segment assets and liabilities as at 30 June 2021 and 31 December 2020.

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 statement of profit or loss.

	General Hospital RMB'000	Medical Examination Centers RMB'000	Specialty Hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
For the six months ended 30 June 2021 (unaudited)						
Revenue	339,965	610,836	58,540	–	(9,808)	999,533
Segment profit/(loss)	87,988	151,163	(54,997)	–	–	184,154
Administrative expenses						(112,568)
Net impairment losses on financial assets						(4,305)
Interest income						2,559
Interest expenses						(79,735)
Net exchange losses						(3,945)
Total loss before income tax						(4,390)
Income tax expense						(25,668)
Loss for the period						(30,058)
Other information						
Additions to property and equipment, right-of-use assets and intangible assets	132,369	155,793	1,819	–	–	289,981
Depreciation and amortization	13,012	139,803	36,605	–	–	189,420

	General Hospital RMB'000	Medical Examination Centers RMB'000	Specialty Hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
As at 30 June 2021 (unaudited)						
Segment assets	1,541,331	2,866,974	758,054	861,012	(1,872,887)	4,154,484
Segment liabilities	946,326	2,756,675	961,542	278,693	(1,091,774)	3,851,462

6 Segment information (continued)

	General Hospital RMB'000	Medical Examination Centers RMB'000	Specialty Hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
For the six months ended 30 June 2020 (unaudited)						
Revenue	258,860	290,142	40,708	–	(6,450)	583,260
Segment profit/(loss)	73,787	(49,081)	(52,995)	–	–	(28,289)
Administrative expenses						(135,892)
Net impairment reversals on financial assets						3,237
Interest income						4,757
Interest expenses						(82,183)
Net exchange gains						6,054
Total loss before income tax						(225,276)
Income tax expense						(24,937)
Loss for the period						(250,213)
Other information						
Additions to property and equipment, right-of-use assets and intangible assets	74,386	51,880	6,316	–	–	132,582
Depreciation and amortization	11,180	136,033	34,672	–	–	181,885

	General hospital RMB'000	Medical examination centres RMB'000	Specialty hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
As at 31 December 2020						
Segment assets	1,489,219	2,936,255	748,039	828,211	(1,790,730)	4,210,994
Segment liabilities	936,505	2,884,753	884,553	241,204	(1,068,461)	3,878,554

7 Property and equipment

	Buildings RMB'000	Medical equipments RMB'000	General equipments RMB'000	Leasehold improvements RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
As at 31 December 2020							
Cost	278,728	574,532	92,142	807,751	10,890	304,728	2,068,771
Accumulated depreciation	(73,545)	(320,793)	(61,507)	(345,596)	(6,547)	–	(807,988)
Impairment (b)	–	–	–	(18,076)	–	–	(18,076)
Net book amount	205,183	253,739	30,635	444,079	4,343	304,728	1,242,707
Six months ended 30 June 2021							
Opening net book amount	205,183	253,739	30,635	444,079	4,343	304,728	1,242,707
Additions	–	–	2,296	472	–	180,929	183,697
Transfers	–	55,135	–	6,721	–	(30,468)	31,388
Decrease	(80)	(20)	(14)	(3,638)	–	–	(3,752)
Depreciation	(4,163)	(37,605)	(5,993)	(35,310)	(372)	–	(83,443)
Closing net book amount	200,940	271,249	26,924	412,324	3,971	455,189	1,370,597
As at 30 June 2021							
Cost	278,649	638,937	94,339	813,236	10,840	455,189	2,291,190
Accumulated depreciation	(77,709)	(367,688)	(67,415)	(382,836)	(6,869)	–	(902,517)
Impairment (b)	–	–	–	(18,076)	–	–	(18,076)
Net book amount	200,940	271,249	26,924	412,324	3,971	455,189	1,370,597
As at 31 December 2019							
Cost	255,415	532,180	85,532	744,628	11,710	197,080	1,826,545
Accumulated depreciation	(66,852)	(264,890)	(51,078)	(276,830)	(6,427)	–	(666,077)
Net book amount	188,563	267,290	34,454	467,798	5,283	197,080	1,160,468
Six months ended 30 June 2020							
Opening net book amount	188,563	267,290	34,454	467,798	5,283	197,080	1,160,468
Additions	–	–	5,280	–	3	107,593	112,876
Transfers	–	12,264	–	27,964	–	(40,540)	(312)
Decrease	–	(947)	(113)	–	–	(4,216)	(5,276)
Depreciation	(3,345)	(28,998)	(5,998)	(38,258)	(374)	–	(76,973)
Impairment (b)	–	–	–	(15,123)	–	–	(15,123)
Closing net book amount	185,218	249,609	33,623	442,381	4,912	259,917	1,175,660
As at 30 June 2020							
Cost	255,415	537,422	90,295	772,591	11,713	259,917	1,927,353
Accumulated depreciation	(70,197)	(287,813)	(56,672)	(315,087)	(6,801)	–	(736,570)
Impairment (b)	–	–	–	(15,123)	–	–	(15,123)
Net book amount	185,218	249,609	33,623	442,381	4,912	259,917	1,175,660

(a) As at 30 June 2021, buildings with a total carrying amount of RMB70,280,000 (31 December 2020: RMB71,804,000) were pledged for the Group's borrowings (Note 19).

7 Property and equipment (continued)

(b) Management is required to perform impairment review if a potential impairment is indicated. For the purpose of performing the recoverability assessment on the property and equipment and right-of-use assets for these medical examination centres and specialty hospitals, as these assets do not generate cash flow independently, management identified each of medical examination centre and specialty hospital as a Cash Generating Unit ("**CGU**"). The recoverable amount of the underlying CGU was determined based on the value-in-use ("**VIU**") calculations.

The calculations use cash flow projections based on financial budgets approved by management covering the following remaining term with a post-tax discount rate of 15% as at 30 June 2021 (31 December 2020: 15%). Other key assumptions for the VIU calculations included but not limited to revenue growth rate, profit margins, etc., which are determined based on the CGUs' past performance and management's expectations for the market development.

For the six months ended 30 June 2021, there was no impairment loss recognised(For the six months ended 30 June 2020: RMB15,123,000).

8 Right-of-use assets

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Properties	**1,269,578**	1,291,328
Equipment	**23,116**	62,948
Land use rights	**3,048**	3,098
	1,295,742	1,357,374

8 Right-of-use assets (continued)

	Properties RMB'000	Equipment RMB'000	Land use rights RMB'000	Total RMB'000
As at 31 December 2020				
Cost	**1,654,809**	**78,624**	**4,698**	**1,738,131**
Accumulated depreciation	**(363,481)**	**(15,676)**	**(1,600)**	**(380,757)**
Net book amount	**1,291,328**	**62,948**	**3,098**	**1,357,374**
Six months ended 30 June 2021				
Opening net book amount	**1,291,328**	**62,948**	**3,098**	**1,357,374**
Transfer to property and equipment	**—**	**(35,726)**	**—**	**(35,726)**
Additions	**106,124**	**—**	**—**	**106,124**
Revaluation	**(15,256)**	**—**	**—**	**(15,256)**
Disposal	**(14,597)**	**—**	**—**	**(14,597)**
Depreciation	**(98,021)**	**(4,106)**	**(50)**	**(102,177)**
Closing net book amount	**1,269,578**	**23,116**	**3,048**	**1,295,742**
As at 30 June 2021				
Cost	**1,701,683**	**32,445**	**4,697**	**1,738,825**
Accumulated depreciation	**(432,105)**	**(9,329)**	**(1,649)**	**(443,083)**
Net book amount	**1,269,578**	**23,116**	**3,048**	**1,295,742**
As at 31 December 2019				
Cost	1,672,915	78,538	4,698	1,756,151
Accumulated depreciation	(193,745)	(6,135)	(1,500)	(201,380)
Net book amount	1,479,170	72,403	3,198	1,554,771
Six months ended 30 June 2020				
Opening net book amount	1,479,170	72,403	3,198	1,554,771
Additions	16,759	—	—	16,759
Revaluation	2,904	—	—	2,904
Disposal	(9,084)	—	—	(9,084)
Depreciation	(98,597)	(3,867)	(50)	(102,514)
Closing net book amount	1,391,152	68,536	3,148	1,462,836
As at 30 June 2020				
Cost	1,665,927	78,538	4,698	1,749,163
Accumulated depreciation	(274,775)	(10,002)	(1,550)	(286,327)
Net book amount	1,391,152	68,536	3,148	1,462,836

9 Intangible assets

	Computer software RMB'000	Goodwill RMB'000	Total RMB'000
As at 31 December 2020			
Cost	**32,360**	**7,447**	**39,807**
Accumulated amortization	**(21,282)**	**—**	**(21,282)**
Impairment	**—**	**(7,447)**	**(7,447)**
Net book amount	**11,078**	**—**	**11,078**
Six months ended 30 June 2021			
Opening net book amount	**11,078**	**—**	**11,078**
Additions	**160**	**—**	**160**
Transfer from construction in progress	**4,338**	**—**	**4,338**
Amortization	**(3,800)**	**—**	**(3,800)**
Closing net book amount	**11,776**	**—**	**11,776**
As at 30 June 2021			
Cost	**36,858**	**7,447**	**44,305**
Accumulated amortization	**(25,082)**	**—**	**(25,082)**
Impairment	**—**	**(7,447)**	**(7,447)**
Net book amount	**11,776**	**—**	**11,776**
As at 31 December 2019			
Cost	30,176	7,447	37,623
Accumulated amortization	(16,157)	—	(16,157)
Impairment	—	(7,447)	(7,447)
Net book amount	14,019	—	14,019
Six months ended 30 June 2020			
Opening net book amount	14,019	—	14,019
Additions	43	—	43
Transfer from construction in progress	312	—	312
Amortization	(2,398)	—	(2,398)
Closing net book amount	11,976	—	11,976
As at 30 June 2020			
Cost	30,531	7,447	37,978
Accumulated amortization	(18,555)	—	(18,555)
Impairment	—	(7,447)	(7,447)
Net book amount	11,976	—	11,976

10 Investments accounted for using equity method

	Unaudited	Unaudited
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Opening balance	**7,900**	7,125
Share of results	**183**	195
Ending balance	**8,083**	7,320

The particulars of the joint venture and associate of the Group during the periods, which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	Equity interests held As at 30 June 2021	As at 31 December 2020	Principal activities
Shanghai Rich Meidi Management Consulting Co., Ltd.	29 October 2013, Shanghai, the PRC	RMB15,000,000	**60%**	60%	Joint Venture
Neijiang Rich Ruichuan Clinic Co., Ltd.	29 March 2017, Sichuan, the PRC	RMB12,610,000	**20%**	20%	Associate

11 Deposits for long-term leases

The Group paid deposits for leases of certain medical examination centers and specialty hospitals, which are due over 1 year from balance sheet date and are recoverable at the end of the lease term.

12 Deferred tax assets

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
The balance comprises temporary differences attributable to:		
Tax losses	**173,763**	167,553
Right-of-use assets and lease liabilities	**39,253**	36,188
	213,016	203,741
Others		
Share option scheme	**22,786**	20,684
Deferred income	**1,401**	3,950
Loss allowances for financial assets	**3,713**	3,323
Impairment of property and equipment	**548**	548
Others	**2,776**	2,776
	31,224	31,281
Total deferred tax assets	**244,240**	235,022

12 Deferred tax assets (continued)

Movements in deferred income tax assets for both six months ended 30 June 2021 and 2020, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

	Tax losses carried forward RMB'000	Right-of-use assets and lease liabilities RMB'000	Share option scheme RMB'000	Deferred income RMB'000	Assets impairment RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2020	**167,553**	**36,188**	**20,684**	**3,950**	**3,871**	**2,776**	**235,022**
Credited/(debited) to condensed consolidated statement of profit or loss	**6,210**	**3,065**	**2,102**	**(2,549)**	**390**	**–**	**9,218**
As at 30 June 2021	**173,763**	**39,253**	**22,786**	**1,401**	**4,261**	**2,776**	**244,240**
As at 31 December 2019	133,265	23,079	16,424	1,401	2,819	2,776	179,764
(Debited)/credited to condensed consolidated statement of profit or loss	(15,878)	2,394	3,030	–	(146)	–	(10,600)
As at 30 June 2020	117,387	25,473	19,454	1,401	2,673	2,776	169,164

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB83,383,000 (31 December 2020: RMB82,411,000) in respect of tax losses amounting to RMB333,530,000 (31 December 2020: RMB329,646,000) as at 30 June 2021. All these tax losses will expire within five years.

13 Trade receivables

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade receivables	**304,861**	297,014
Less: Loss allowance	**(15,997)**	(14,361)
	288,864	282,653

13 Trade receivables (continued)

As at 30 June 2021 and 31 December 2020, the fair value of trade receivables approximated to their carrying amount.

The aging analysis of trade receivables based on the date the relevant service was rendered is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade receivables		
— Up to 6 months	**243,158**	274,740
— 6 months to 1 year	**53,370**	10,350
— 1 to 2 years	**3,359**	7,703
— 2 to 3 years	**2,477**	1,191
— Over 3 years	**2,497**	3,030
	304,861	297,014

Movements of loss allowance for trade receivables are as follows:

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At the beginning of the period	**14,361**	18,150
Increase/(decrease) in loss allowance	**2,555**	(3,237)
Receivables written off as uncollectible	**(919)**	(2,639)
At the end of the period	**15,997**	12,274

14 Other receivables

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Deposits	**13,106**	13,041
Advances to staff	**6,977**	5,990
Interest receivable	**1,211**	843
Others	**14,174**	13,402
	35,468	33,276
Less: Loss allowance	**(1,867)**	(117)
	33,601	33,159

As at 30 June 2021 and 31 December 2020, the fair value of other receivables approximated to their carrying amount.

15 Cash and bank balances

(a) Cash and cash equivalents

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Cash at bank and on hand		
— Denominated in RMB	**337,997**	429,393
— Denominated in USD	**137,899**	129,021
— Denominated in HKD	**3,029**	3,405
	478,925	561,819

(b) Restricted cash

As at 30 June 2021, fixed deposits of USD32,550,000 (31 December 2020: USD38,650,000) were pledged at banks for the Group's borrowings of RMB190,000,000 (31 December 2020: RMB220,000,000) (Note 19).

16 Prepayments

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Non-current:		
Prepayments for property and equipment	**91,811**	105,270
Current:		
Prepayments for consumables	**7,441**	7,424
Prepayment for equity transaction with non-controlling interests of subsidiaries	**—**	8,833
Others	**12,611**	11,895
	20,052	28,152
Total prepayments	**111,863**	133,422

17 Share capital

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000
As at 30 June 2021 and 31 December 2020	1,590,324,000	1,065

18 Reserves

	Share premium RMB'000	Merger and capital reserves RMB'000 (c)	Statutory reserves and other reserves RMB'000 (a)	Share option scheme RMB'000 (b)	Accumulated losses RMB'000	Total RMB'000
As at 31 December 2020	**715,292**	**(279,409)**	**195,832**	**82,863**	**(209,834)**	**504,744**
Profit for the period	**–**	**–**	**–**	**–**	**10,460**	**10,460**
Change in ownership interest in subsidiaries without loss of control	**–**	**(2,293)**	**–**	**–**	**–**	**(2,293)**
Share option scheme	**–**	**–**	**–**	**8,538**	**–**	**8,538**
As at 30 June 2021	**715,292**	**(281,702)**	**195,832**	**91,401**	**(199,374)**	**521,449**
As at 31 December 2019	715,292	(131,508)	190,207	65,512	(196,333)	643,170
Loss for the period	–	–	–	–	(164,097)	(164,097)
Share option scheme	–	–	–	12,273	–	12,273
As at 30 June 2020	715,292	(131,508)	190,207	77,785	(360,430)	491,346

(a) Statutory reserves and other reserves included the retained earnings of Nantong Rich Hospital as at 30 June 2014 amounted to RMB138,950,000 when Nantong Rich Hospital ceased to be a "not-for-profit medical organization". It is non-distributable and shall be used for the hospital's future development according to the requirements of local authorities.

(b) Share option scheme

The Group approved and launched a share option scheme on 19 September 2016. Pursuant to the share option scheme, two directors and one employee were granted the share options to subscribe for up to 47,710,500 shares of the Company. The share options will vest in four tranches at the third, the fourth, the fifth and the sixth anniversaries of the offer date and will only become exercisable from the respective vesting dates up to the tenth anniversary of the offer date. The subscription price payable upon the exercise of any share option is fixed at HKD1.60.

As at 30 June 2021, 47,710,500 outstanding options have not yet been vested, among which 40,554,000 options were not exercisable. These options with an exercise price of HKD1.60 per share upon vesting will be expired on 19 September 2026.

18 Reserves (continued)

(b) Share option scheme (continued)

Another share option scheme was conditionally approved and adopted pursuant to a resolution of the shareholders of the Company passed on 19 September 2016. On and subject to the terms of the share option scheme, the Board shall be entitled at any time within ten years after 19 September 2016 to offer to grant to any non-executive director or independent non-executive director of the Company or any eligible employees of the Company as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an option to subscribe for such number of shares as the Board may determine at the subscription price. One director and ten employees were granted the share options to subscribe for up to 79,517,500 shares of the Company on 24 November 2017. The share options will vest in four tranches at the third, the fourth, the fifth and the sixth anniversaries of the offer date and will only become exercisable from the respective vesting dates up to the tenth anniversary of the offer date. The subscription price payable upon the exercise of the share options is fixed at HKD2.42.

As at 30 June 2021, 64,360,000 outstanding options have not yet been vested, among which 51,488,000 options were not exercisable. These options with an exercise price of HKD2.42 per share upon vesting will be expired on 24 November 2027.

(c) In April 2021, the Group acquired 7% equity interests in several medical examinations at a total consideration of RMB7,898,000. The Group recognised a decrease in non-controlling interests of RMB5,605,000 and a decrease in equity attributable to owners of the Company of RMB2,293,000.

19 Borrowings

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Non-current:		
Bank borrowings-secured and/or guaranteed (a)	**514,777**	526,557
Other borrowings-secured and guaranteed (b)	**115,806**	93,085
	630,583	619,642
Less: Current portion of non-current borrowings	**(110,387)**	(73,363)
	520,196	546,279
Current:		
Bank borrowings-secured and/or guaranteed (c)	**653,000**	665,550
Add: Current portion of non-current borrowings	**110,387**	73,363
	763,387	738,913
Total borrowings	**1,283,583**	1,285,192

As at 30 June 2021, the Group's borrowings were repayable as follows:

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Bank borrowings	701,200	80,897	321,680	64,000	1,167,777
Other borrowings	62,187	39,037	14,582	—	115,806
	763,387	119,934	336,262	64,000	1,283,583

(a) As at 30 June 2021, non-current bank borrowings include:

(i) RMB5,667,000 borrowings secured by buildings with net book value of RMB34,936,000; and

(ii) RMB99,360,000 borrowings secured by revenue collection rights of Changzhou Rich Hospital Co., Ltd., a subsidiary of the Group, and guaranteed by related parties, Dr. Fang Yixin ("**Dr. Fang**") and Dr. Mei Hong ("**Dr. Mei**").

19 Borrowings (continued)

(b) Other borrowings are secured by the Group's equipment with net book value of RMB106,749,000 and are also guaranteed by the Company's subsidiaries for each other.

(c) As at 30 June 2021, short term bank borrowings include:

(i) RMB140,000,000 borrowings secured by buildings with net book value of RMB70,280,000; and

(ii) RMB190,000,000 borrowings secured by USD32,550,000 fixed deposits (Note 15(b)).

All the short-term and long-term borrowings are guaranteed by the Company's subsidiaries for each other.

As at 30 June 2021, all the borrowings were denominated in RMB and their fair value approximated to their carrying amount.

As at 30 June 2021, borrowings of RMB890,583,000 were with floating interest rates.

Movements in borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2021	
As at 31 December 2020	**1,285,192**
Proceeds of bank borrowings	**422,000**
Proceeds of other borrowings	**50,000**
Repayments of bank borrowings	**(446,330)**
Repayments of other borrowings	**(27,279)**
Closing amount as at 30 June 2021	**1,283,583**
Six months ended 30 June 2020	
As at 31 December 2019	922,762
Proceeds of bank borrowings	574,550
Proceeds of other borrowings	40,270
Repayments of bank borrowings	(373,500)
Repayments of other borrowings	(16,140)
Closing amount as at 30 June 2020	1,147,942

20 Other financial liabilities

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Redemption liability to non-controlling interests		
— Principal	**100,000**	100,000
— Interest	**37,387**	29,879
	137,387	129,879

On 31 August 2018, the Group signed an investment agreement ("**Investment Agreement**") with Everbright (Haimen) Senior Healthcare Investment Fund (Limited Partnership) ("**Everbright (Haimen)**"), pursuant to which Everbright (Haimen) would contribute RMB100,000,000 in cash to Nantong Rich Hospital, a wholly owned subsidiary of the Group. Everbright (Haimen) was also granted a put option which will expire on 31 December 2023. Upon completion of such investment, Everbright (Haimen) would have 4.41% equity interest of Nantong Rich Hospital.

The option enables Everbright (Haimen) to request the Group to repurchase all of the Everbright (Haimen)'s equity interest in Nantong Rich Hospital if Nantong Rich Hospital fails to achieve a net profit of no less than RMB100,000,000 for the year ending 31 December 2022 or occurrence of any material adverse event as specified in the Investment Agreement, including but not limited to those would have material adverse effect to the ownership, assets and operations of Nantong Rich Hospital. The repurchase price is at aggregation of the amount equivalent to the capital contribution made by Everbright (Haimen) in the Nantong Rich Hospital and accumulated annual returns calculated on an annual compound investment return rate of 12% less the cumulative dividend paid to Everbright (Haimen) up to repurchase.

The execution of option right is secured by 22.06% equity interest of Nantong Rich Hospital held by the Group. Dr. Fang and Dr. Mei undertook to jointly and severally responsible for the repurchase.

The above arrangement represents an obligation for the Group to purchase its own equity instruments for cash or another financial asset, that is recognised as a financial liability at present value of the redemption amount.

21 Deferred income

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
At the beginning of the period	**23,620**	13,423
Additions (a)	**47,306**	10,811
Transfer to statement of profit or loss	**(1,239)**	(614)
At the end of the period	**69,687**	23,620

(a) In February 2021, Nantong Rich hospital received special government grants of RMB44,306,000 for Nantong Rich Hospital Expansion II project from Nantong Finance Bureau. In April 2021, Shanghai Rich Medical Investment Group Co., Ltd. received special government grants of RMB3,000,000 for construction of medical examination platform from Shanghai Qingpu Development and Reform Commission.

These government grants are asset related and hence deferred and recognised in profit or loss on a systemic basis over the useful lives of the assets.

22 Lease liabilities

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Present value of the minimum lease payments:		
Within 1 year	**278,589**	266,784
After 1 year but within 2 years	**235,829**	228,313
After 2 years but within 5 years	**530,264**	525,785
After 5 years	**447,076**	503,072
	1,491,758	1,523,954

23 Contract liabilities

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Sales of medical examination cards	**227,148**	191,742
Advances from medical examination customers	**69,324**	86,558
Advances from hospital patients	**15,143**	14,390
	311,615	292,690

The contract liabilities represent prepayments received from patients and customers and will be recognised in profit or loss when services are rendered to the relevant patients and customers.

The amount of revenue recognised for the period ended 30 June 2021 that was included in the contract liabilities as at 31 December 2020 was RMB96,943,000.

24 Trade and other payables

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade payables due to third parties (b)	**185,817**	163,397
Loans from non-controlling interests of subsidiaries (a)	**119,452**	94,258
Payables for purchase of property and equipment	**75,051**	83,834
Staff salaries and welfare payables	**67,145**	131,634
Deposits payable	**22,940**	20,414
Accrued taxes other than income tax	**4,284**	10,943
Accrued professional service fees	**2,622**	2,430
Interest payables	**1,519**	2,256
Accrued advertising expenses	**1,099**	1,924
Others	**51,752**	88,758
	531,681	599,848

(a) Balance represents loans from non-controlling interests of subsidiaries, which are unsecured. As at 30 June 2021 and 31 December 2020, loans from non-controlling interests of subsidiaries bore interest rate at 8% per annum.

24 Trade and other payables (continued)

(b) The aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Trade payables		
— Up to 3 months	**104,020**	114,533
— 3 to 6 months	**46,362**	25,678
— 6 months to 1 year	**18,188**	5,952
— 1 to 2 years	**3,836**	5,078
— 2 to 3 years	**3,483**	2,702
— Over 3 years	**9,928**	9,454
	185,817	163,397

The trade and other payables are usually paid within 60 days of recognition. As at 30 June 2021 and 31 December 2020, the fair value of all trade and other payables approximated to their carrying amount.

25 Revenue

Revenue of the Group consists of the following:

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
General Hospital		
Outpatient pharmaceutical revenue	**31,243**	21,990
Outpatient service revenue	**41,429**	29,960
Inpatient pharmaceutical revenue	**136,024**	111,866
Inpatient service revenue	**121,461**	88,594
Medical Examination Centers		
Examination service revenue	**610,542**	289,913
Management service revenue and others	**294**	229
Specialty Hospitals		
Outpatient pharmaceutical revenue	**5,187**	1,106
Outpatient service revenue	**17,469**	10,120
Inpatient pharmaceutical revenue	**490**	398
Inpatient service revenue	**35,394**	29,084
	999,533	583,260

26 Other income

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Government grants	**2,049**	1,910
Rental income	**680**	654
Others	**7,724**	6,836
	10,453	9,400

27 Expenses by nature

	Unaudited Six months ended 30 June 2021 RMB'000	2020 RMB'000
Employee benefits expenses	**401,163**	334,412
Depreciation and amortization	**189,420**	181,885
Pharmaceutical costs	**112,783**	78,854
Medical consumables costs	**65,017**	44,150
Outsourcing testing expenses	**59,223**	30,592
Utility expenses	**33,684**	29,609
Office expenses	**19,815**	11,049
Advertising expenses	**11,541**	2,008
Professional service charges	**8,896**	9,627
Maintenance expenses	**6,920**	3,574
Net impairment losses/(reversals) on receivables	**4,305**	(3,237)
Entertainment expenses	**3,682**	3,091
Travel expenses	**2,823**	1,606
Stamp duty and other taxes	**1,856**	1,691
Short-term or low-value operating lease rentals	**1,742**	2,089
Auditor's remuneration	**472**	664
Revaluation of lease contract	**(2,642)**	—
COVID-19-related rent concessions	**—**	(15,572)
Impairment losses on property and equipment	**—**	15,123
Other expenses	**11,552**	12,989
	932,252	744,204

28 Finance costs — net

	Unaudited Six months ended 30 June 2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**48,319**	52,139
Interest on borrowings	**39,192**	32,190
Interest on other financial liabilities	**7,508**	6,739
	95,019	91,068
Amount capitalised	**(15,284)**	(8,885)
	79,735	82,183
Net exchange losses	**3,945**	—
Finance costs	**83,680**	82,183
Interest income	**(2,559)**	(4,757)
Net exchange gains	**—**	(6,054)
Finance income	**(2,559)**	(10,811)
Finance costs — net	**81,121**	71,372

29 Income tax expense

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

	Unaudited Six months ended 30 June 2021 RMB'000	2020 RMB'000
Current income tax		
— Current period	**35,094**	14,630
— Adjustments for current tax of prior years	**(208)**	(293)
Deferred income tax (Note 12)	**(9,218)**	10,600
Income tax expense	**25,668**	24,937

29 Income tax expense (continued)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Unaudited Six months ended 30 June 2021 RMB'000	 2020 RMB'000
Loss before income tax	**(4,390)**	(225,276)
Tax calculated at the applicable income tax rate (25%)	**(1,097)**	(56,319)
Tax effect of:		
Tax loss expired	**—**	1,834
Income not subject to tax	**(205)**	(822)
Expenses not deductible for tax purpose	**5,548**	2,525
Utilization/recognition of tax losses and temporary differences not recognised as deferred tax assets in prior years	**(1,812)**	(1,678)
Temporary differences not recognised as deferred tax assets	**605**	11,448
Tax losses not recognised as deferred tax assets	**23,156**	68,242
Different tax rate of a subsidiary	**(319)**	—
Adjustment for prior years	**(208)**	(293)
Income tax expense	**25,668**	24,937

The corporate income tax rate applicable to the Group's subsidiaries located in mainland China is 25%.

The Company is registered in the Cayman Islands, and hence is not subject to corporate income tax. Two subsidiaries in the Group registered in the British Virgin Islands are not subject to corporate income tax.

No provision for Hong Kong profits tax has been made as the Group does not have assessable profits subject to Hong Kong profits tax during the six months ended 30 June 2021 and 2020.

The PRC corporate income tax law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2021 will not be distributed in the foreseeable future.

30 Earnings/(loss) per share

(a) Basic

Basic earnings/loss per share is calculated by dividing the net profit/loss attributable to the owners of Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020, respectively.

	Unaudited Six months ended 30 June 2021	 2020
Net profit/(loss) attributable to owners of the Company (RMB'000)	**10,460**	(164,097)
Weighted average number of ordinary shares in issue	**1,590,324,000**	1,590,324,000
Basic earnings/(loss) per share (RMB)	**0.01**	(0.10)

(b) Diluted

Diluted earnings/loss per share is calculated by adjusting 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 six months ended 30 June 2021 and 2020, 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.

31 Contingencies

As at 30 June 2021, the Group had three ongoing medical disputes arising from the operation of Nantong Rich Hospital and several disputes arising from medical examination centers which have not been settled. The Group has assessed the individual cases and taken into account of the expenses incurred and recorded, the Group believes the financial exposure in relation to the ongoing disputes shall not be material and thus no additional provision was made in this respect.

32 Commitments

(a) Capital commitments

Capital expenditure contracted for but not yet incurred at each balance sheet date, is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Authorized and contracted for:		
Nantong Rich Hospital Expansion II	**74,421**	63,802
Leasehold improvement	**3,140**	3,050
System upgrade expenditure	**2,880**	7,881
	80,441	74,733

33 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate controlling shareholders of the Group are Dr. Fang and Dr. Mei.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2021 and 2020 and balances arising from related party transactions as at 30 June 2021 and 31 December 2020.

(a) Name and relationship with related parties

Name of related party	Relationship with the Group
Dr. Fang (方宜新)	Controlling shareholder
Dr. Mei (梅紅)	Controlling shareholder
Mr. Fang Haoze (方浩澤)	Close family member of Dr. Fang and Dr. Mei
Nantong Rich Real Estate Development Co., Ltd. (南通瑞慈房地產開發有限公司)	Controlled by Dr. Fang
Nantong Rich Meidi Elderly Care Center (南通瑞慈美邸護理院有限公司) ("**Nantong Meidi**")	Subsidiary of the joint venture
Jiangsu Tayoi biological technology co., Ltd. (江蘇東洋之花生物科技股份有限公司) ("**Jiangsu Tayoi**")	Controlled by Dr. Fang

(b) Saved as elsewhere disclosed in this financial information, the following transactions were carried out with related parties:

(i) Expenses paid on behalf of related parties by the Group

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Nantong Meidi	**318**	286
Nantong Rich Real Estate Development Co., Ltd.	**18**	13
	336	299

33 Related party transactions (continued)

(b) Saved as elsewhere disclosed in this financial information, the following transactions were carried out with related parties: (continued)

(ii) Purchase of goods and services

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Mr. Fang Haoze	**150**	150

(iii) Services provided to related parties

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Nantong Meidi	**500**	500

(iv) Guarantee provided by related parties for borrowings of the Group

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Dr. Fang and Dr. Mei	**99,360**	107,640

33 Related party transactions (continued)

(b) Saved as elsewhere disclosed in this financial information, the following transactions were carried out with related parties: (continued)

(v) Guarantee provided by related parties for financial liabilities of the Group

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Dr. Fang and Dr. Mei	**137,387**	129,879

(c) Key management compensation

Key management includes executive directors and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	Unaudited Six months ended 30 June 2021 RMB'000	 2020 RMB'000
Share option scheme	**2,604**	3,101
Salaries and other short-term employee benefits	**1,535**	1,019
Pension	**115**	44
	4,254	4,164

33 Related party transactions (continued)

(d) Balances with related parties

(i) Amounts due from related parties

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Nantong Meidi	**6,445**	5,722
Mr. Fang Haoze	**150**	150
Nantong Rich Real Estate Development Co., Ltd.	**18**	—
	6,613	5,872
Less: Loss allowance	**—**	—
	6,613	5,872

The amounts due from related parties are mainly for lending money to related parties, expenses paid on behalf of related parties or services provided by the Group, which were unsecured and non-interest bearing.

(ii) Amounts due to related parties

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Mr. Fang Haoze	**150**	—
Jiangsu Tayoi	**134**	134
	284	134

34 Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (2020: nil).

瑞慈醫療服務控股有限公司
RICI HEALTHCARE HOLDINGS LIMITED

股份代號 Stock Code: 1526

於開曼群島註冊成立之有限公司 Incorporated in the Cayman Islands with limited liability