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

2022 中期報告
INTERIM REPORT

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"	Changzhou Rich Hospital Co., Ltd. (常州瑞慈醫院有限公司) (formerly known as Changzhou Rich Obstetrics & Gynecology Hospital Co., Ltd. (常州瑞慈婦產醫院有限公司)), a company incorporated under the laws of the PRC with limited liability on July 12, 2016 and an indirectly non-wholly-owned subsidiary of the Company prior to the completion of the disposal in June 2022
"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 wholly 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 NHC'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, a 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
"Hainan Xinmu"	Hainan Xinmu Medical Management Co., Ltd. (海南新睦醫療管理有限公司), a company incorporated under the laws of the PRC with limited liability on March 25, 2022 and is majority-owned by Hainan Qinmu Medical Management Co., Ltd. (海南沁睦醫療管理有限公司), which is in turn wholly owned by Hainan New Frontier United Family Healthcare Management Co., Ltd. (海南新風和睦家醫療管理有限公司), a subsidiary of United Family Healthcare Limited (和睦家醫療有限公司)
"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 Hemodialysis Centre"	Nantong Rich Hemodialysis Centre 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
"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
"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

"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, 2022
"Rici Ruijing"	Shanghai Rici Ruijing Clinic Co., Ltd. (上海瑞慈瑞靜門診部有限公司), a company incorporated under the laws of the PRC with limited liability on March 11, 2022 and an indirectly wholly-owned subsidiary of the Company prior to the completion of the disposal contemplated under the equity transfer agreement entered into on August 18, 2022 by and between, among others, Shanghai Ruikui and Hainan Xinmu
"Rici Shuixian"	Shanghai Shuixian Obstetrics & Gynecology Hospital Co. Ltd. (上海瑞慈水仙婦兒醫院有限公司), a company incorporated in the PRC with limited liability on October 17, 2016 and an indirectly non-wholly-owned subsidiary of the Company prior to the completion of the disposal contemplated under the equity transfer agreement entered into on August 18, 2022 by and between, among others, Shanghai Ruikui and Hainan Xinmu
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Ruikui"	Shanghai Ruikui Health Consulting Co., Ltd. (上海瑞魁健康諮詢有限公司), a company incorporated under the laws of the PRC with limited liability on August 25, 2014, an indirectly wholly-owned subsidiary of the Company and the direct holding company of Rici Shuixian
"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"	Wuxi Rich Obstetrics & Gynecology Hospital Co., Ltd. (無錫瑞慈婦產醫院有限公司), a company incorporated under the laws of the PRC with limited liability on December 28, 2016 and an indirectly wholly-owned subsidiary of the Company
"%"	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

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)*
Mr. Jiang Peixing
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

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

20/F, Building 1
Donghang Binjiang Centre
No. 277 Longlan Road
Xuhui District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2413A, 24/F.
Tower One, Lippo Centre
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
1 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Services (Cayman) Limited
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

Moving into 2022, the repeated COVID-19 outbreaks severely hit the medical service industry in China. However, healthcare service, representing people's basic need for security, is featured with obviously rigid demand. After the easing of the pandemic, the pent-up market demand is expected to be unleashed. In the meantime, leading medical institutions could not only recover quickly from the pandemic, but also seize market share from competitors via industry integration to further grow bigger and stronger.

For the hospital industry, especially in the Yangtze River Delta region, the first half of 2022 was a special period when the pandemic had severe effects on the daily operations of many hospitals. However, despite of such tough conditions, private hospitals demonstrated their resilience and tenacity on the daily operations. According to the official website of the NHC, in the first four months of 2022, the total number of patient visits in China reached approximately 1,290 million, representing a year-on-year increase of 1.2%, of which approximately 1,090 million and approximately 210 million visits took place in public and private hospitals, representing a year-on-year increase of 0.5% and 5.5%, respectively.

For the medical examination industry, during the Reporting Period, due to the sporadic coronavirus outbreaks across the country, especially in Shanghai where the pandemic was severe in terms of breadth and depth, medical examination centres suspended operation or faced increased cleaning and disinfection burden and diminished admission capability, leading to a decreased number of visits. However, as the medical examination industry was in the off-season in the first half of the year traditionally, the market demand for medical examination services is expected to be unleashed after the easing of the pandemic.

With respect to OGP industry, the pandemic stimulated demand for high-end OGP services. It is expected that the market demand for high-end OGP products still has room for growth.

General Hospital Business

Nantong Rich Hospital is the only high-level general hospital in Nantong Economic and Technological Development Area. It is currently a Class III Grade B general hospital, a designated hospital for medical insurance reimbursement and a National Standardized Medical Residency Training Coordination Base (國家住院醫師規範化培訓協同基地).

In February 2022, Nantong Rich Hospital, Medical College of Fudan University (復旦大學醫學院) and Nantong Economic and Technological Development Zone entered into a strategic cooperation agreement, pursuant to which, the parties agreed to establish a first-class regional medical centre based at Nantong Rich Hospital. During the Reporting Period, Nantong Rich Hospital and Fudan University Shanghai Cancer Centre (復旦大學附屬腫瘤醫院) jointly established the medical consortium, called "Fudan University Shanghai Cancer Centre — Nantong Rich Hospital" for tumor prevention and treatment. In addition, Nantong Rich Hospital cooperated with Zhongshan Hospital Affiliated to Fudan University (復旦大學附屬中山醫院) to establish the "Zhongshan Hospital Affiliated to Fudan University — Nantong Rich Hospital Medical Technology Collaboration Centre". Furthermore, both parties will enter into a cooperation agreement in the second half of the year to comprehensively and jointly promote the cultivation of professionals and talents. Meanwhile, during the Reporting Period, Nantong Rich Hospital made continued efforts in accelerating the construction of the new inpatient complex building and the XMEDIC obstetrics & gynecology building. The construction of the XMEDIC obstetrics & gynecology building was completed in August 2022 while the construction of the new inpatient complex building is still ongoing, and both will officially commence operation at the end of year. In addition to expanding its business presence, Nantong Rich Hospital attached importance to the training of medical talents and the improvement of service quality. As of June 30, 2022, the hospital had 1,096 employees (as of June 30, 2021: 991), comprising 328 doctors (as of June 30, 2021: 303), 115 medical technicians (as of June 30, 2021: 117), and 511 nurses (corresponding period in 2021: 445). Currently, the hospital has one Construction Project for National Key Clinical Specialty (pediatric surgery) (國家臨床重點專科建設項目(小兒外科)), six Municipal Key Clinical Specialties (市級臨床重點專科) (including pediatrics, cardiothoracic surgery, cardiovascular medicine, general surgery, neurology, and anesthesiology), and one Municipal Key Specialty (市級重點學科) (pediatrics internal medicine). During the Reporting Period, Nantong Rich Hospital, together with major private hospitals in the province, initiated the establishment of Jiangsu Social Medical Institutions Association (江蘇省社會辦醫療機構協會), for which it was elected as the vice president entity. In addition, Nantong Rich Hospital was awarded one third prize of Nantong New Technology Introduction Award (南通市新技術引進獎), granted two guided subjects from Nantong Science and Technology Bureau (南通市科技局) (publication completed) and gained the approval for one project regarding provincial innovation research subject about hospital management in 2021.

In the first half of 2022, although the repeated COVID-19 outbreaks in Nantong affected Nantong Rich Hospital to some extent, Nantong Rich Hospital took strict prevention and control measures against the pandemic and actively cooperated with the government in this regard. As a regional central hospital, Nantong Rich Hospital played a leading role in the prevention and control of the pandemic. In addition to the function of pandemic prevention and control as a sentinel hospital, Nantong Rich Hospital dispatched medical staff to support the makeshift hospital in Pudong, Shanghai, collect samples for nucleic acid testing sites in the city, and provide assistance at nucleic acid bases in Tianjin and Lianyungang. Medical teams were sent to four centralized quarantine sites to provide medical support, community vaccination and vaccination services in makeshift hospitals. It also undertook various anti-pandemic tasks in the area, including regional nucleic acid sample collection and nucleic acid testing, and epidemiological investigation at highway intersections. According to the unified arrangement, one of the two nucleic acid testing bases in Nantong Economic and Technological Development Area was established in the hospital. During the Reporting Period, Nantong Rich Hospital provided services for 355,847 outpatient visits (corresponding period in 2021: 228,790), representing a year-on-year increase of 55.5%. Due to the pandemic, the number of outpatient visits excluding those for nucleic acid testing and the number of inpatient visits in the hospital decreased as compared with the corresponding period of the previous year. During the Reporting Period, excluding outpatient visits for nucleic acid testing, Nantong Rich Hospital provided services for 163,948 outpatient visits (corresponding period in 2021: 192,261) and 12,189 inpatient visits (corresponding period in 2021: 15,136), representing a year-on-year decrease of 14.7% and 19.5%, respectively.

Leveraging the medical resources of Nantong Rich Hospital, the Group established Rich Meidi Elderly Care Centre. As at June 30, 2022, Rich Meidi Elderly Care Centre served 102 elderly people (as at June 30, 2021: 105) with an occupancy rate of 96.2% (as at June 30, 2021: 99.1%). Nantong Rich Hemodialysis Centre deregistered as a practice institution in August 2021 and was converted into a hemodialysis room of Nantong Rich Hospital. Its organisational structure and business revenue were consolidated into Nantong Rich Hospital.

Medical Examination Business

The revenue of the medical examination business accounted for the largest portion of the Group's total revenue. During the Reporting Period, our medical examination chain segment continued to pursue the dual-brand strategy by promoting our mid-to-high-end brand "Rici Medical Examination" and the high-end brand "XMEDIC International Medical Examination". XMEDIC and Kameda Medical Centre in Japan leveraged on their respective strength to formally reach in-depth strategic cooperation, pursuant to which, a full suite of premium and precise medical examination service offerings of Kameda Medical Centre has been introduced into mainland China, first launched in Shanghai, Nanjing and Nantong. XMEDIC maintained its robust growth, gained compliment from and established positive reputation among the high-end customer groups in the Yangtze River Delta region. Despite of the impacts of pandemic, the "Rici Medical Examination" will keep implementing the strategy targeted at key markets, with steady focus on the two major markets of Shanghai and Jiangsu, and explore the markets of the Great Bay Area and other first-tier, emerging first-tier and second-tier cities.

As at June 30, 2022, the Group had 70 medical examination centres in China (as at June 30, 2021: 63), representing a year-on-year growth of 11.1%, among which 57 centres were in operation in the Reporting Period (corresponding period in 2021: 57). The Group's medical examination centres have presence in 29 cities, which are mainly first-tier, emerging first-tier and second-tier cities.

The pandemic situation in Shanghai has caused a serious negative impact on the medical examination business with its strategic focus on the Yangtze River Delta region. From March to June 2022 in particular, our centres in Shanghai were unable to operate normally according to local anti-pandemic policies, and were completely closed down from April to May. Centres in other regions were also affected to varying degrees, leading to a decrease in the number of visits. During the Reporting Period, the total number of customer visits under the medical examination business was 975,109 (corresponding period in 2021: 1,185,452), representing a year-on-year decrease of 17.7%. Corporate customers were the main targets of the Group's medical examination services, accounting for approximately 65.4%. During the Reporting Period, the numbers of corporate and individual customers were 637,477 and 337,632 (corresponding period in 2021: 845,429 and 340,043), representing a year-on-year decrease of 24.6% and 0.7%, respectively. The average spending per capita fell to RMB500.5 (corresponding period in 2021: RMB515.3), representing a year-on-year decrease of 2.9%.

Specialty Hospital Business

As at June 30, 2022, there were two OGP specialty hospitals under this segment, which are located respectively in Shanghai and Wuxi. We disposed of Changzhou Rich on June 1, 2022. The remaining two hospitals are aimed at mainly providing OGP services for high-net-worth individuals, supported by medical-graded maternity care centres which are rare in the market.

Rici Shuixian was rated as an AAA hospital in social credit by Chinese Non-government Medical Institutions Association (中國非公立醫療機構協會) during the Reporting Period. Wuxi Rich focused on the principal business of obstetrics, striving to optimize customers' medical experience and improve service quality. Rici Shuixian served 15,153 outpatients (corresponding period in 2021: 11,241) and 272 inpatients (corresponding period in 2021: 156) during the Reporting Period, representing a year-on-year increase of 34.8% and 74.4%, respectively. Its maternity care centre served 102 inpatients (corresponding period in 2021: 95), representing a year-on-year growth of 7.4%. Wuxi Rich served 5,366 outpatients (corresponding period in 2021: 4,074) and 218 inpatients (corresponding period in 2021: 133) during the Reporting Period, representing a year-on-year increase of 31.7% and 63.9%, respectively.

On August 18, 2022, the Group, Hainan Xinmu and several guarantors entered into an equity transfer agreement to dispose of the entire equity interest held by the Group in Rici Shuixian (representing 60% of the total issued share capital of Rici Shuixian prior to the transaction). Please refer to the section headed "Subsequent Events" for more details.

Prospects

Nantong Rich Hospital will continue to be positioned to be a talent and technology-based platform within the Group in the future. On one hand, it will continue to foster and provide high-caliber talents in the fields of medical technology and medical service management for the medical examination chain sector. On the other hand, its own research and medical capabilities will be used to continuously provide professional and technical support for the development of medical examination chain sector. Nantong Rich Hospital has a long-term goal of becoming a high-tech and well-famed general hospital in the region, and further endorsing the professional medical quality for Rich brand. With the full support of the local government in the development zone and leveraging on the broader strategic cooperation with Fudan, Nantong Rich Hospital will make vigorous efforts in the introduction of talents and the construction of key disciplines including oncology, cardiology, gynecology and pediatrics, so as to develop a first-class regional medical centre, featuring an integration of medical service with the medical education and academic research, the treatment with the care and recovery, and the basic medical service with the special medical care. Under the broader cooperation arrangement, the Group and Kameda Medical Centre will establish a friendly cooperative partnership to make full use of their respective medical strength, and jointly enhance the influence of their medical brands worldwide by means of bilateral visits and exchanges, medical business cooperation, and academic research on management. With the preliminary focus on special medical care for key specialty departments, a remote consultation centre for special diseases will be established, and more efforts will be made in offline medical business cooperation, promotion of advanced technologies, academic exchanges, talent training, scientific research cooperation and international referral etc. at an appropriate time as far as the pandemic policies are concerned.

The private medical examination industry has undergone a relatively fierce exogenous expansion over these years, and is turning into a model of endogenous growth. Although the medical examination industry in China has been developing for years, the current coverage of medical examination in China is still relatively lower and the average unit price for medical examination users still has more room for growth, as compared to the developed markets such as Japan. Against this backdrop, the Group's medical examination chain segment will continue to implement the dual-brand strategy with the mid-to-high-end brand "Rich Medical Examination" and the high-end brand "XMEDIC International Medical Examination" to meet the demand of Chinese consumers for more accurate and personalised medical examination services. For high-end medical examinations, "XMEDIC" has entered into a strategic cooperation agreement with Kameda Medical Centre, which has a history of 370 years and is ranked in third place in terms of comprehensive strength in Japan. In accordance with the agreement, a full suite of premium and precise medical examination service offerings, in strict alignment with Japanese-style precise medical examination service system and in combination with the rich experience of the sophisticated medical team consisting of multiple experts, will be introduced from Japan to mainland China, thus providing users with premium and precise medical examination service products.

The Group thinks highly of the development of OGP specialty hospitals in the Yangtze River Delta region, whereas we will be more focused on general hospital business and medical examination business in the future.

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
	2022 RMB'000	2021 RMB'000	
General Hospital Business	**322,260**[1]	339,965[1]	–5.2%
Medical Examination Business	**488,439**	610,836	–20.0%
Specialty Hospital Business	**71,095**	58,540	+21.4%
Inter-segment	**(6,161)**	(9,808)	–37.2%
Total	**875,633**	999,533	–12.4%

Note:

(1) Included the revenue from hemodialysis business.

Our revenue decreased by 12.4% from RMB999.5 million for the six months ended June 30, 2021 to RMB875.6 million for the Reporting Period. This is largely because our medical examination centres across China were unable to resume normal operations due to the pandemic in the Reporting Period.

Revenue from the general hospital business for the Reporting Period amounted to RMB316.1 million, representing a decrease of 4.3% from RMB330.2 million for the corresponding period in 2021, excluding inter-segment revenue of RMB6.2 million and RMB9.8 million for the six months ended June 30, 2022 and 2021, respectively. The number of inpatient visits decreased by 2,947, the revenue per inpatient increased by 16.6% and the inpatient revenue decreased by RMB15.6 million. Meanwhile, the number of outpatient visits increased by 127,057, revenue per outpatient decreased by 34.3%, and outpatient revenue increased by 1.5 million, mainly due to the facts that the number of outpatient visits for COVID-19 nucleic acid tests increased significantly during the Reporting Period compared with the corresponding period in 2021, whereas the unit price of nucleic acid tests decreased significantly compared with the corresponding period in 2021.

Revenue from the medical examination business for the Reporting Period amounted to RMB488.4 million, representing a decline of 20.0% from approximately RMB610.8 million for the corresponding period in 2021. This is mainly because our medical examination centres across China were unable to resume normal operations due to the pandemic in the Reporting Period.

Revenue from the specialty hospital business for the Reporting Period amounted to RMB71.1 million (corresponding period in 2021: RMB58.5 million). For the Reporting Period, the revenue recorded by our specialty hospitals generated from outpatient visits and inpatient visits were RMB30.1 million and RMB41.0 million, respectively.

Cost of Sales

Cost of sales primarily consists of pharmaceuticals and medical consumables costs, staff costs and depreciation and amortisation 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
	2022	2021	**change**
	RMB'000	RMB'000	
General Hospital Business	**247,062**[(1)]	248,624[(1)]	–0.6%
Medical Examination Business	**397,972**	387,359	+2.7%
Specialty Hospital Business	**104,443**	100,752	+3.7%
Inter-segment	**(6,161)**	(9,808)	–37.2%
Total	**743,316**	726,927	+2.3%

Note:

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

Our cost of sales increased by 2.3% from RMB726.9 million for the six months ended June 30, 2021 to RMB743.3 million for the Reporting Period.

Cost of sales of the general hospital business during the Reporting Period amounted to RMB247.1 million, representing a decrease of 0.6% from RMB248.6 million during the corresponding period in 2021. The decrease was primarily due to a decrease in the pharmaceutical costs caused by the decline in revenue in the Reporting Period.

Cost of sales of the medical examination business during the Reporting Period was RMB398.0 million, representing an increase of 2.7% from RMB387.4 million during the corresponding period of 2021. The slight increase on the cost of sales of the medical examination business was primarily due to the facts that whereas medical consumables costs and outsourcing testing expenses of the medical examination business went down along with the business scale, the fixed labour costs increased as a result of the recruitment of a number of new medical examiners, nurses and other employees in the context of the positive business operations status of the Group in the second half of 2021 and the opening of new medical examination centres, and the increase on the contribution base for social security and housing provident fund in July 2021.

Cost of sales of the specialty hospitals business amounted to RMB104.4 million during the Reporting Period, representing an increase of 3.7% from RMB100.8 million during the corresponding period in 2021. This is largely because a growth in revenue led to a rise in the pharmaceutical costs and medical consumables costs.

Gross Profit

Our gross profit decreased from RMB272.6 million for the six months ended June 30, 2021 to RMB132.3 million for the Reporting Period. Gross profit margin decreased by 12.2 percentage points from 27.3% for the six months ended June 30, 2021 to 15.1% for the Reporting Period. As revenue from the medical examination business decreased significantly during the Reporting Period due to the pandemic while the fixed costs remained largely stable, gross profit margin went down.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses amounted to RMB131.6 million during the Reporting Period, as compared to RMB88.5 million for the corresponding period in 2021. The growth was mainly due to an increase in labour costs because of the recruitment of a number of new salespersons in the context of the positive business operations status of the Group in the second half of 2021 and opening of new medical examination centres, and the increase on the contribution base for social security and housing provident fund in July 2021.

Administrative Expenses

Our administrative expenses amounted to RMB109.9 million during the Reporting Period, representing a decrease of 2.4% from RMB112.6 million during the corresponding period in 2021.

Other Income

Our other income, which mainly comprised government subsidies, rental income and a gain on disposal of a subsidiary, amounted to RMB7.6 million during the Reporting Period (corresponding period in 2021: RMB10.5 million).

Other Losses

Our other losses during the Reporting Period amounted to RMB1.9 million, as compared to other losses of RMB1.2 million for the corresponding period in 2021. Other losses mainly represented losses on disposal of property and equipment and other miscellaneous losses.

Finance Costs — Net

Our net finance costs amounted to RMB62.3 million during the Reporting Period, as compared to the net finance costs of RMB81.1 million for the corresponding period in 2021. The exchange gains amounted to RMB7.8 million during the Reporting Period, representing an increase of RMB11.7 million from the exchange losses of RMB3.9 million for the corresponding period in 2021.

Share of Results of Investments Accounted for Using Equity Method

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 2021: RMB0.2 million) in its consolidated results, mainly due to (i) a share of profit of investments accounted for using equity method of RMB0.4 million of Nantong Rich Meidi Elderly Care Centre Co., Ltd, a subsidiary of a joint venture of the Group, whose business operation has been stable since its establishment in the second half of 2014; and (ii) a share of loss of investments accounted for using equity method of RMB0.2 million of Neijiang Rich Ruichuan Clinic Co., Ltd., an associate of the Group primarily engaged in providing medical examination services.

Income Tax Expense

For the Reporting Period, income tax expense amounted to RMB2.0 million (corresponding period in 2021: income tax expense of RMB25.7 million). The decrease in income tax expense was mainly due to a decline in revenue during the Reporting Period.

Loss for the Period

For the foregoing reasons, we recorded a net loss of RMB168.6 million during the Reporting Period (corresponding period in 2021: a net loss of RMB30.1 million). The increase in net loss is mainly due to a decrease of 12.4% in revenue for the Reporting Period as compared to revenue for the corresponding period in 2021.

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 amortisation 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,	
	2022	2021
	RMB'000	RMB'000
Calculation of adjusted EBITDA		
Loss for the period	**(168,553)**	(30,058)
Adjustments to the following items:		
Income tax expense	**2,017**	25,668
Finance costs — net	**62,315**	81,121
Depreciation and amortisation	**199,427**	189,420
Pre-opening expenses and EBITDA loss of soft-opening (1)	**7,909**	1,936
Share option expenses	**5,568**	8,538
Adjusted EBITDA	**108,683**	276,625
Adjusted EBITDA margin (2)	**12.4%**	27.7%

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 centres; and (b) the EBITDA loss incurred during the period when the newly opened medical examination centres commenced their operations.

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

The adjusted EBITDA amounted to RMB108.7 million during the Reporting Period, representing a decrease of 60.7% from RMB276.6 million for the corresponding period in 2021, mainly due to the increase in losses caused by the pandemic.

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, 2022, the property and equipment of the Group amounted to RMB1,463.8 million, representing a decrease of RMB35.2 million as compared to RMB1,499.0 million as at December 31, 2021.

Trade Receivables

As at June 30, 2022, the trade receivables of the Group amounted to RMB209.3 million, representing a decrease of RMB137.0 million as compared to RMB346.3 million as at December 31, 2021. The decrease is mainly due to seasonal fluctuations in the balance of trade receivables as the medical examination industry is in the peak season at the end of a year but in the off-season in the first half of a year, and partly due to a further decrease in revenue because of the pandemic during the Reporting Period.

Net Current Liabilities

As at June 30, 2022, the Group's current liabilities exceeded its current assets by RMB847.7 million (as at December 31, 2021: RMB588.4 million). The increase in the Group's net current liabilities were mainly due to a decrease in monetary funds as at the end of the Reporting Period, which were used in the second-phase expansion project of Nantong Rich Hospital and the purchase of medical equipment, and due to the decrease in trade receivables as a result of the decline in revenue during the Reporting Period.

Liquidity and Capital Resources

As at June 30, 2022, the Group had cash and cash equivalents of RMB560.9 million (as at December 31, 2021: RMB771.3 million), with available unused bank facilities of RMB138.2 million (as at December 31, 2021: RMB281.2 million). As at June 30, 2022, the Group had outstanding borrowings of RMB1,127.9 million (as at December 31, 2021: RMB1,248.9 million), with non-current portion of long-term borrowings of RMB348.5 million (as at December 31, 2021: RMB474.7 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 minimize 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

In June 2022, the Group disposed all of its equity interest in Changzhou Rich (representing 57.92% of the total issued share capital of Changzhou Rich) to Jinxin Holdings Group Co., Ltd., a then minority shareholder of Changzhou Rich, at the consideration of RMB27,110,000. Upon completion of this transaction, the Group no longer has control over Changzhou Rich, and recognised a decrease in non-controlling interests of RMB19,147,000 and a gain of RMB757,000.

Please refer to the Company's announcement dated June 1, 2022 in connection with such transaction for more details.

In June 2022, the Group acquired the 23.43% and 2.14% equity interest in Wuxi Rich from Jinxin Holdings Group Co., Ltd. and Shanghai Yuandi Financial Holdings Equity Investment Fund Management Co., Ltd., both of which were then minority shareholders of the hospital, at considerations of RMB24,860,000 and RMB4,500,000, respectively. Upon completion of the transaction, Wuxi Rich became an indirectly wholly-owned subsidiary of the Company.

Please refer to the Company's announcement dated June 1, 2022 in connection with such transaction for more details.

Capital Expenditure and Commitments

For the Reporting Period, the Group incurred capital expenditures of RMB273.7 million (corresponding period in 2021: RMB290.0 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 centres; and (iii) the lease of business premises for new medical examination centres.

As at June 30, 2022, the Group had a total capital commitment of RMB65.3 million (as at December 31, 2021: RMB101.3 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, 2022, the Group had total bank and other borrowings of RMB1,127.9 million (as at December 31, 2021: RMB1,248.9 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, 2022 (as at December 31, 2021: Nil).

Financial Instruments

The Group did not have any financial instruments as at June 30, 2022 (as at December 31, 2021: Nil).

Gearing Ratio

As at June 30, 2022, on the basis of net debt divided by total capital, the Group's gearing ratio was 82.9% (as at December 31, 2021: 77.1%). The increase in gearing ratio was mainly due to a decline in monetary funds during the Reporting Period, which were used in the second-phase expansion project of Nantong Rich Hospital and the purchase of medical equipment, and partly due to a decrease in total assets resulting from a decline in owner's equity caused by losses during the Reporting Period.

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, 2022, borrowings of RMB834,900,000 were with floating interest rates (as at December 31, 2021: RMB865,923,000). 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 initial public offering 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 RMB3,827.2 million as at June 30, 2022 (as at December 31, 2021: RMB3,985.5 million).

Pledge of Assets

As at June 30, 2022, the Group had assets with a total carrying amount of RMB223,630,000 (as at December 31, 2021: assets of RMB265,682,000) and restricted deposits with an amount of RMB167,500,000 (as at December 31, 2021: restricted deposits of RMB115,500,000 and USD10,250,000, equivalent to RMB65,351,000) pledged for the Group's borrowings.

Besides, the Group had 22.06% equity interest in Nantong Rich Hospital (as at December 31, 2021: 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 7,944 employees as of June 30, 2022, as compared to 7,706 employees as of December 31, 2021. 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 fully utilised in accordance with the Group's development strategies, market conditions and intended use of such proceeds, which was disclosed in the Company's announcement dated June 15, 2021. Details are set out in the following table:

	Net amount available as at December 31, 2021 RMB'000	Actual amount utilised during the Reporting Period RMB'000	Unutilised amount as at June 30, 2022 RMB'000
Second-phase Expansion Project of Nantong Rich Hospital	5,859	5,859	0
Total	5,859	5,859	0

Supplementary Information

INTERIM DIVIDEND

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

SUBSEQUENT EVENTS

(1) Major transaction in relation to the disposals of subsidiaries

On August 18, 2022, Shanghai Ruikui, Hainan Xinmu and several guarantors entered into an equity transfer agreement, pursuant to which Shanghai Ruikui agreed to sell and Hainan Xinmu agreed to purchase (i) the equity interest in Rici Shuixian held by Shanghai Ruikui, representing 60% of the total equity interest in Rici Shuixian, and (ii) the entire equity interest in Rici Ruijing, at a total consideration of RMB287.0 million, subject to adjustments with a mark-up not expected to exceed RMB12.0 million.

Upon completion, Shanghai Ruikui will cease to have any equity interest in Rici Shuixian and Rici Ruijing, and thus Rici Shuixian and Rici Ruijing will cease to be the subsidiaries of the Company and the financial results of Rici Shuixian and Rici Ruijing will no longer be consolidated into the consolidated financial statements of the Group.

Please refer to the Company's announcement dated August 18, 2022 in connection with such transaction for more details.

(2) Discloseable transaction in relation to subscription of shares in Unicorn II Holdings Limited

On August 18, 2022, the Company, Unicorn II Holdings Limited and New Frontier Public Holding Ltd. entered into a share subscription agreement, pursuant to which the Company agreed to subscribe for the shares of Unicorn II Holdings Limited at a total consideration of approximately RMB180.0 million. Upon completion, Unicorn II Holdings Limited will issue and allot the shares to the Company and the Company will hold minority interest in Unicorn II Holdings Limited.

Please refer to the Company's announcement dated August 18, 2022 in connection with such transaction for more details.

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 provisions C.1.8 and C.2.1 of the CG Code.

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

Pursuant to code provision C.2.1 of the CG Code, the responsibility between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and the chief executive officer and Dr. Fang 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 announcement and has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim 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

There is no change in information on the Directors since the date of the annual report 2021 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, 2022, 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%
Dr. Fang[3]	Long position	Interest of spouse	872,550,000 (L)	54.87%

(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, 2022. 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.

\+ 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, 2022.

(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, 2022, 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, 2022, 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, 2022, 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	Beneficial owner	872,550,000 (L)	54.87%
Renaissance Healthcare Holdings Limited ("**Baring Investor**")	Beneficial owner	268,286,800 (L)	16.87%
The Baring Asia Private Equity Fund V, L.P.[2]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Baring Private Equity Asia GP V, L.P.[2]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Baring Private Equity Asia GP V Limited[2]	Interest of a controlled corporation	268,286,800 (L)	16.87%
Jean Eric Salata[2]	Interest of a controlled corporation	268,286,800 (L)	16.87%
BPEA EQT Holdings AB [2]	Interest of a controlled corporation	268,286,800 (L)	16.87%
EQT AB [2]	Interest of a controlled corporation	268,286,800 (L)	16.87%

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) 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.

On March 16, 2022, EQT AB entered into a securities purchase and merger agreement with Baring Private Equity Asia to acquire, inter alia, 100% of Baring Private Equity Asia GP V Limited. BPEA EQT Holdings AB (which is 100% controlled by EQT AB) and EQT AB, as the intended new shareholders of Baring Private Equity Asia GP V Limited, are deemed to be interested in the Shares held by Baring Investor, subject to the satisfaction of the conditions contained in the agreement.

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, EQT Holdings AB, EQT AB 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, 2022.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2022, 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:

Name of option holder	Outstanding as at January 1, 2022	Number of Options Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022	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, 2022, 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, 2022 are as follows:

		Number of Options					
Name of option holder	Date of Grant	Outstanding as at January 1, 2022	Exercised during the Report Period	Cancelled during the Report Period	Lapsed during the Report Period	Outstanding as at June 30, 2022	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 30 to 74, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 30 August 2022

Interim Condensed Consolidated Balance Sheet

As at 30 June 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment	7	**1,463,756**	1,498,990
Right-of-use assets	8	**1,249,661**	1,275,275
Intangible assets	9	**7,619**	10,871
Investments accounted for using equity method	10	**8,865**	8,703
Financial assets at fair value through profit or loss		**1,500**	1,500
Deposits for long-term leases	11	**46,775**	44,324
Deferred tax assets	12	**226,318**	213,488
Prepayments	16	**52,908**	41,310
		3,057,402	3,094,461
Current assets			
Inventories		**52,599**	50,994
Trade receivables	13	**209,291**	346,319
Other receivables	14	**87,819**	48,876
Prepayments	16	**33,645**	37,525
Amounts due from related parties	34	**6,635**	5,909
Cash and cash equivalents	15	**560,945**	771,264
Restricted cash	15	**167,500**	180,851
		1,118,434	1,441,738
Total assets		**4,175,836**	4,536,199
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	**1,065**	1,065
Reserves	18	**537,095**	676,435
		538,160	677,500
Non-controlling interests		**(111,008)**	(90,074)
Total equity		**427,152**	587,426

As at 30 June 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	**348,539**	474,721
Lease liabilities	22	**1,187,280**	1,204,422
Other financial liabilities	20	**153,873**	145,464
Deferred income	21	**92,813**	94,076
		1,782,505	1,918,683
Current liabilities			
Borrowings	19	**779,360**	774,202
Lease liabilities	22	**320,837**	289,952
Contract liabilities	23	**428,485**	405,294
Trade and other payables	24	**424,958**	500,729
Amounts due to related parties	34	**133**	134
Income tax payables		**6,801**	54,174
Deferred income	21	**5,605**	5,605
		1,966,179	2,030,090
Total liabilities		**3,748,684**	3,948,773
Total equity and liabilities		**4,175,836**	4,536,199

The notes on pages 36 to 74 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 2022

	Note	Unaudited Six months ended 30 June 2022 RMB'000	Unaudited 2021 RMB'000
Revenue	25	**875,633**	999,533
Cost of sales	27	**(743,316)**	(726,927)
Gross profit		**132,317**	272,606
Distribution costs and selling expenses	27	**(131,626)**	(88,452)
Administrative expenses	27	**(109,923)**	(112,568)
Net impairment losses on financial assets	27	**(781)**	(4,305)
Other income	26	**7,575**	10,453
Other losses		**(1,945)**	(1,186)
Operating (loss)/profit		**(104,383)**	76,548
Finance costs	28	**(74,354)**	(83,680)
Finance income	28	**12,039**	2,559
Finance costs — net		**(62,315)**	(81,121)
Share of results of investments accounted for using equity method	10	**162**	183
Loss before income tax		**(166,536)**	(4,390)
Income tax expense	29	**(2,017)**	(25,668)
Loss for the period		**(168,553)**	(30,058)
(Loss)/profit is attributable to:			
Owners of the Company		**(117,854)**	10,460
Non-controlling interests		**(50,699)**	(40,518)
		(168,553)	(30,058)
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
— Basic and diluted	30	**RMB(0.07)**	RMB0.01

The notes on pages 36 to 74 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 2022

	Unaudited	Unaudited
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Loss for the period	**(168,553)**	(30,058)
Other comprehensive income or loss	**–**	–
Total comprehensive loss for the period	**(168,553)**	(30,058)
Total comprehensive (loss)/profit for the period is attributable to:		
Owners of the Company	**(117,854)**	10,460
Non-controlling interests	**(50,699)**	(40,518)
	(168,553)	(30,058)

The notes on pages 36 to 74 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 2022

	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 2021	**1,065**	**676,435**	**677,500**	**(90,074)**	**587,426**
Comprehensive loss					
Loss for the period	**—**	**(117,854)**	**(117,854)**	**(50,699)**	**(168,553)**
Total comprehensive loss	**—**	**(117,854)**	**(117,854)**	**(50,699)**	**(168,553)**
Changes in ownership interests in subsidiaries without change of control	**—**	**(27,054)**	**(27,054)**	**(2,306)**	**(29,360)**
Capital contributions by non-controlling interests of a subsidiary	**—**	**—**	**—**	**51,218**	**51,218**
Share option scheme	**—**	**5,568**	**5,568**	**—**	**5,568**
Disposal of a subsidiary	**—**	**—**	**—**	**(19,147)**	**(19,147)**
Balance at 30 June 2022	**1,065**	**537,095**	**538,160**	**(111,008)**	**427,152**
(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

The notes on pages 36 to 74 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 2022

	Note	Unaudited Six months ended 30 June 2022 RMB'000	Unaudited 2021 RMB'000
Cash flow from operating activities			
Cash generated from operations		**189,254**	194,926
Interest paid		**(66,781)**	(69,790)
Income tax paid		**(62,220)**	(32,656)
Net cash generated from operating activities		**60,253**	92,480
Cash flow from investing activities			
Purchases of property and equipment		**(144,727)**	(131,635)
Purchases of intangible assets		**(6)**	(160)
Temporary funding provided to non-controlling interests of a subsidiary		**(37,000)**	—
Proceeds from disposal of property and equipment		**—**	1
Proceeds from sale of a subsidiary		**23,855**	—
Interest received		**3,259**	2,191
Net cash used in investing activities		**(154,619)**	(129,603)
Cash flows from financing activities			
Loans from non-controlling interests of subsidiaries		**14,570**	22,020
Capital contributions from non-controlling interests of a subsidiary		**36,648**	—
Proceeds from bank borrowings	19	**278,000**	422,000
Acquisition of non-controlling interest in subsidiaries without change of control	18	**(29,360)**	—
Repayments of bank borrowings	19	**(349,581)**	(446,330)
Proceeds from other borrowings	19	**—**	50,000
Repayments of other borrowings	19	**(32,690)**	(27,279)
Principal elements of lease payments		**(54,697)**	(104,148)
Restricted bank deposits	15(b)	**13,351**	41,911
Net cash used in financing activities		**(123,759)**	(41,826)
Net decrease in cash and cash equivalents		**(218,125)**	(78,949)
Cash and cash equivalents at beginning of the period		**771,264**	561,819
Exchange gain/(losses) on cash and cash equivalents		**7,806**	(3,945)
Cash and cash equivalents at end of the period		**560,945**	478,925

The notes on pages 36 to 74 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 2022

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 information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated, and was approved and authorised for issue by the board of directors (the "**Board**") of the Company on 30 August 2022.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2022 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 information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, 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 2022, the Group's current liabilities exceeded its current assets by RMB847,745,000. Contract liabilities and deferred income included in current liabilities of the Group as at 30 June 2022 amounting to RMB434,090,000 are not expected to create cash outflow for the Group. The Group meets its day-to-day working capital requirements depending on cash flows generated from operating activities, bank borrowings and 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 information are consistent with those of the annual financial statements of the Group for the year ended 31 December 2021, 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 HKAS 16 — Regarding property, plant and equipment: proceeds before intended use
- Amendments to HKAS 37 — Regarding onerous contracts — cost of fulfilling a contract
- Amendments to HKFRS 3 — Regarding reference to the conceptual framework
- Annual Improvements to HKFRS Standards 2018–2020
- Amendments to AG5 Merger accounting for common control combinations

The adoption of the above new amendments starting from 1 January 2022 did not give rise to significant impact on the Group's results of operations and financial position for the six months ended 30 June 2022.

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 2022 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	Applied when an entity applies "Classification of Liabilities as Current or Non-current — Amendments to HKAS 1"
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
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 information when they become effective.

4 Estimates

The preparation of interim condensed consolidated financial information 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 2021.

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 information 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 2021.

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**") and EURO.

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 2022, 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 RMB114,000 (31 December 2021: RMB109,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash in bank.

At 30 June 2022, if RMB had weakened/strengthened by 5% against USD with all other variables held constant, post-tax profit for the period would have been RMB6,054,000 (31 December 2021: RMB7,773,000) 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 2022					
Borrowings, including interest	**817,776**	**103,848**	**285,446**	**—**	**1,207,070**
Lease liabilities	**285,525**	**277,300**	**681,048**	**768,674**	**2,012,547**
Amounts due to related parties	**133**	**—**	**—**	**—**	**133**
Other financial liabilities	**—**	**182,470**	**—**	**—**	**182,470**
Trade and other payables	**424,958**	**—**	**—**	**—**	**424,958**
	1,528,392	**563,618**	**966,494**	**768,674**	**3,827,178**
As at 31 December 2021					
Borrowings, including interest	824,556	177,540	363,940	—	1,366,036
Lease liabilities	273,377	269,596	673,433	719,737	1,936,143
Amounts due to related parties	134	—	—	—	134
Other financial liabilities	—	182,470	—	—	182,470
Trade and other payables	500,729	—	—	—	500,729
	1,598,796	629,606	1,037,373	719,737	3,985,512

The interest on borrowings is calculated based on borrowings held as at 30 June 2022 and 31 December 2021, respectively. Floating-rate interests are estimated using the current interest rate as at 30 June 2022 and 31 December 2021, 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 2022 and 31 December 2021 on a recurring basis:

At 30 June 2022 and 31 December 2021	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Financial assets at fair value through profit or loss				
Unlisted equity securities	—	—	1,500	1,500

As at 30 June 2022, 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 2022.

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 Centre Co., Ltd.

(b) Medical examination centres

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 2022 and 2021, and the segment assets and liabilities as at 30 June 2022 and 31 December 2021.

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 centres RMB'000	Specialty hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
For the six months ended 30 June 2022 (unaudited)						
Revenue	322,260	488,439	71,095	–	(6,161)	875,633
Timing of revenue recognition						
At a point in time	322,260	488,439	50,895	–	(6,161)	855,433
Over time	–	–	20,200	–	–	20,200
	322,260	488,439	71,095	–	(6,161)	875,633
Segment profit/(loss)	72,801	(22,765)	(49,345)	–	–	691
Administrative expenses						(109,923)
Net impairment losses on financial assets						(781)
Interest income						4,233
Interest expenses						(74,354)
Net exchange gains						7,806
Total loss before income tax						(166,536)
Income tax expense						(2,017)
Loss for the period						(168,553)
Other information						
Additions to property and equipment, right-of-use assets and intangible assets	70,836	201,258	1,593	–	–	273,687
Depreciation and amortisation	12,792	150,347	36,288	–	–	199,427

	General hospital RMB'000	Medical examination centres RMB'000	Specialty hospitals RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
As at 30 June 2022 (unaudited)						
Segment assets	1,595,526	3,061,171	678,423	857,953	(2,017,237)	4,175,836
Segment liabilities	953,081	2,818,354	802,878	274,051	(1,099,680)	3,748,684

6 Segment information (continued)

(c) Specialty hospitals (continued)

	General hospital RMB'000	Medical examination centres 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
Timing of revenue recognition						
At a point in time	339,965	610,836	36,399	–	(9,808)	977,392
Over time	–	–	22,141	–	–	22,141
	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 amortisation	13,012	139,803	36,605	–	–	189,420

	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 2021						
Segment assets	1,606,219	3,115,328	838,013	839,222	(1,862,583)	4,536,199
Segment liabilities	992,851	2,770,110	929,265	236,495	(979,948)	3,948,773

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 2021							
Cost	278,981	664,585	95,796	853,773	11,446	584,897	2,489,478
Accumulated depreciation	(81,867)	(387,825)	(72,513)	(422,910)	(7,297)	–	(972,412)
Impairment (b)	–	–	–	(18,076)	–	–	(18,076)
Net book amount	197,114	276,760	23,283	412,787	4,149	584,897	1,498,990
Six months ended 30 June 2022							
Opening net book amount	197,114	276,760	23,283	412,787	4,149	584,897	1,498,990
Additions	–	–	1,683	395	546	125,411	128,035
Transfers	–	21,919	–	5,665	–	(11,162)	16,422
Disposal of a subsidiary (Note 33)	–	(7,229)	(646)	(74,694)	(403)	(137)	(83,109)
Other disposal	–	(22)	(91)	(6,017)	–	–	(6,130)
Depreciation	(4,147)	(40,119)	(5,120)	(40,739)	(327)	–	(90,452)
Closing net book amount	192,967	251,309	19,109	297,397	3,965	699,009	1,463,756
As at 30 June 2022							
Cost	278,981	683,120	93,540	716,288	10,235	699,009	2,481,173
Accumulated depreciation	(86,014)	(431,811)	(74,431)	(400,815)	(6,270)	–	(999,341)
Impairment (b)	–	–	–	(18,076)	–	–	(18,076)
Net book amount	192,967	251,309	19,109	297,397	3,965	699,009	1,463,756
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
Other disposal	(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

(a) As at 30 June 2022, buildings with a total carrying amount of RMB151,561,000 (31 December 2021: RMB154,442,000) 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 2022 (31 December 2021: 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 2022, there was no impairment loss recognised (For the six months ended 30 June 2021: nil).

8 Right-of-use assets

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Properties	**1,244,011**	1,251,864
Equipment	**2,702**	20,413
Land use rights	**2,948**	2,998
	1,249,661	1,275,275

8 Right-of-use assets (continued)

	Properties RMB'000	Equipment RMB'000	Land use rights RMB'000	Total RMB'000
As at 31 December 2021				
Cost	**1,784,702**	**32,445**	**4,698**	**1,821,845**
Accumulated depreciation	**(532,838)**	**(12,032)**	**(1,700)**	**(546,570)**
Net book amount	**1,251,864**	**20,413**	**2,998**	**1,275,275**
Six months ended 30 June 2022				
Opening net book amount	**1,251,864**	**20,413**	**2,998**	**1,275,275**
Transfer to property and equipment	**—**	**(16,674)**	**—**	**(16,674)**
Additions	**145,646**	**—**	**—**	**145,646**
Revaluation	**912**	**—**	**—**	**912**
Disposal of a subsidiary (Note 33)	**(48,203)**	**—**	**—**	**(48,203)**
Other disposal	**(553)**	**—**	**—**	**(553)**
Depreciation	**(105,655)**	**(1,037)**	**(50)**	**(106,742)**
Closing net book amount	**1,244,011**	**2,702**	**2,948**	**1,249,661**
As at 30 June 2022				
Cost	**1,836,613**	**3,945**	**4,697**	**1,845,255**
Accumulated depreciation	**(592,602)**	**(1,243)**	**(1,749)**	**(595,594)**
Net book amount	**1,244,011**	**2,702**	**2,948**	**1,249,661**
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)
Other 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

(a) As at 30 June 2022, land with a total carrying amount of RMB2,948,000 (31 December 2021: RMB2,998,000) were pledged for the Group's borrowings (Note 19).

9 Intangible assets

	Computer software RMB'000	Goodwill RMB'000	Total RMB'000
As at 31 December 2021			
Cost	**38,617**	**7,447**	**46,064**
Accumulated amortisation	**(27,746)**	**—**	**(27,746)**
Impairment	**—**	**(7,447)**	**(7,447)**
Net book amount	**10,871**	**—**	**10,871**
Six months ended 30 June 2022			
Opening net book amount	**10,871**	**—**	**10,871**
Additions	**6**	**—**	**6**
Transfer from construction in progress	**252**	**—**	**252**
Disposal of a subsidiary (Note 33)	**(1,277)**	**—**	**(1,277)**
Amortisation	**(2,233)**	**—**	**(2,233)**
Closing net book amount	**7,619**	**—**	**7,619**
As at 30 June 2022			
Cost	**35,975**	**7,447**	**43,422**
Accumulated amortisation	**(28,356)**	**—**	**(28,356)**
Impairment	**—**	**(7,447)**	**(7,447)**
Net book amount	**7,619**	**—**	**7,619**
As at 31 December 2020			
Cost	32,360	7,447	39,807
Accumulated amortisation	(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
Amortisation	(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 amortisation	(25,082)	—	(25,082)
Impairment	—	(7,447)	(7,447)
Net book amount	11,776	—	11,776

10 Investments accounted for using equity method

	Unaudited	Unaudited
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Opening balance	**8,703**	7,900
Share of results	**162**	183
Ending balance	**8,865**	8,083

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 2022	As at 31 December 2021	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	RMB14,313,000	**20%**	20%	Associate

11 Deposits for long-term leases

The Group paid deposits for leases of certain medical examination centres 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 2022 RMB'000	Audited As at 31 December 2021 RMB'000
The balance comprises temporary differences attributable to:		
Tax losses	**148,771**	138,572
Right-of-use assets and lease liabilities	**43,305**	41,592
	192,076	180,164
Others		
Share option scheme	**26,208**	24,834
Loss allowances for financial assets	**3,213**	3,059
Deferred income	**1,401**	1,401
Impairment of property and equipment	**987**	1,597
Others	**2,433**	2,433
	34,242	33,324
Total deferred tax assets	**226,318**	213,488

12 Deferred tax assets (continued)

Movements in deferred income tax assets for both six months ended 30 June 2022 and 2021, 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 2021	**138,572**	**41,592**	**24,834**	**1,401**	**4,656**	**2,433**	**213,488**
Credited/(debited) to condensed consolidated statement of profit or loss	**10,199**	**1,713**	**1,374**	**—**	**(456)**	**—**	**12,830**
As at 30 June 2022	**148,771**	**43,305**	**26,208**	**1,401**	**4,200**	**2,433**	**226,318**
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

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB93,754,000 (31 December 2021: RMB98,710,000) in respect of tax losses amounting to RMB375,198,000 (31 December 2021: RMB394,840,000) as at 30 June 2022. All these tax losses will expire within five years.

13 Trade receivables

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade receivables	**222,984**	359,616
Less: loss allowance	**(13,693)**	(13,297)
	209,291	346,319

13 Trade receivables (continued)

As at 30 June 2022 and 31 December 2021, the fair value of trade receivables of the Group 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 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade receivables		
— Up to 6 months	**193,156**	340,296
— 6 months to 1 year	**16,138**	11,258
— 1 to 2 years	**9,498**	4,423
— 2 to 3 years	**1,259**	977
— Over 3 years	**2,933**	2,662
	222,984	359,616

Movements of loss allowance for trade receivables are as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	**13,297**	14,361
Increase in loss allowance	**781**	2,555
Receivables written off as uncollectible	**(385)**	(919)
At the end of the period	**13,693**	15,997

14 Other receivables

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Loans to non-controlling interests of subsidiaries	53,000	16,000
Deposits	13,370	13,095
Advances to staff	6,655	6,049
Interest receivable	4,649	1,772
Prepaid value-added tax recoverable and refundable	4,088	4,667
Note receivable	400	400
Others	7,413	8,649
	89,575	50,632
Less: loss allowance	(1,756)	(1,756)
	87,819	48,876

As at 30 June 2022 and 31 December 2021, 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 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Cash at bank and on hand		
— Denominated in RMB	396,451	626,408
— Denominated in USD	161,441	141,940
— Denominated in HKD	3,053	2,916
	560,945	771,264

(b) Restricted cash

As at 30 June 2022, fixed deposits of RMB167,500,000 (31 December 2021: RMB115,500,000 and USD10,250,000, equivalent to RMB65,351,000) were pledged at banks for the Group's borrowings of RMB160,000,000 (31 December 2021: RMB170,000,000) (Note 19).

16 Prepayments

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Non-current:		
Prepayments for property and equipment	**52,908**	41,310
Current:		
Prepayments for consumables	**8,172**	10,662
Others	**25,473**	26,863
	33,645	37,525
Total prepayments	**86,553**	78,835

17 Share capital

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000
As at 30 June 2022 and 31 December 2021	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 2021	**715,292**	**(306,132)**	**209,219**	**99,724**	**(41,668)**	**676,435**
Loss for the period	**–**	**–**	**–**	**–**	**(117,854)**	**(117,854)**
Change in ownership interest in subsidiaries without change of control	**–**	**(27,054)**	**–**	**–**	**–**	**(27,054)**
Share option scheme	**–**	**–**	**–**	**5,568**	**–**	**5,568**
As at 30 June 2022	**715,292**	**(333,186)**	**209,219**	**105,292**	**(159,522)**	**537,095**
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 change 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

(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 organisation". 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 2022, 47,710,500 outstanding options were not exercisable, among which 33,397,350 options have not yet been vested. 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 2022, 64,360,000 outstanding options were not exercisable, among which 38,616,000 options have not yet been vested. These options with an exercise price of HKD2.42 per share upon vesting will be expired on 24 November 2027.

(c) In March 2022, the Group transferred the receivables to Shanghai Shuixian Obstetrics, Gynecology & Pediatric Hospital Co., Ltd. ("**Rici Shuixian**") of RMB11,207,000 to capital contribution without changing the equity structure. The Group recognised an increase in non-controlling interests of RMB4,483,000 and a decrease in equity attributable to owners of the Company of RMB4,483,000.

In March and May 2022, the Group transferred the receivables to Changzhou Rich Obstetrics & Gynecology Hospital Co., Ltd. ("**Changzhou Rich**") of RMB14,630,000 to capital contribution without changing the equity structure. The Group recognised an increase in non-controlling interests of RMB6,156,000 and a decrease in equity attributable to owners of the Company of RMB6,156,000.

In March 2022, the Group transferred the receivables to Wuxi Rich Obstetrics & Gynecology Hospital Co., Ltd. ("**Wuxi Rich**") of RMB7,381,000 to capital contribution. In May 2022, the Group injected capital of RMB1,422,000 by cash to Wuxi Rich. The equity interests of the Group had no change upon such transactions. The Group recognised an increase in non-controlling interests of RMB1,934,000 and a decrease in equity attributable to owners of the Company of RMB1,934,000.

In May 2022, the Group and Jinxin Holdings Group Co., Ltd disproportionately increased the registered capital of Changzhou Rich and Wuxi Rich. The Group recognised an increase in non-controlling interests of RMB1,561,000 and a decrease in equity attributable to owners of the Company of RMB1,561,000 based on the difference between the capital contribution of the minority shareholder and the increased non-controlling interests.

In June 2022, the Group acquired 25.57% equity interests in Wuxi Rich at a total consideration of RMB29,360,000. The Group recognised a decrease in non-controlling interests of RMB16,440,000 and a decrease in equity attributable to owners of the Company of RMB12,920,000.

19 Borrowings

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Non-current:		
Bank borrowings-secured and/or guaranteed (a)	**387,916**	501,497
Other borrowings-secured and guaranteed (b)	**50,483**	99,926
Less: Current portion of non-current borrowings	**(89,860)**	(126,702)
	348,539	474,721
Current:		
Bank borrowings-secured and/or guaranteed (c)	**689,500**	647,500
Add: Current portion of non-current borrowings	**89,860**	126,702
	779,360	774,202
Total borrowings	**1,127,899**	1,248,923

As at 30 June 2022, 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	741,416	72,000	264,000	—	1,077,416
Other borrowings	37,944	12,539	—	—	50,483
	779,360	84,539	264,000	—	1,127,899

(a) As at 30 June 2022, non-current bank borrowings include:

(i) RMB1,667,000 borrowings secured by the Group's buildings with net book value of RMB33,613,000 (Note 7).

(b) Other borrowings are secured by the Group's equipment with net book value of RMB69,121,000 and are also guaranteed by the Company's subsidiaries for each other.

19 Borrowings (continued)

(c) As at 30 June 2022, short-term bank borrowings include:

(i) RMB160,000,000 borrowings secured by RMB167,500,000 fixed deposits of the Group (Note 15(b));

(ii) RMB120,000,000 borrowings secured by the Group's buildings with net book value of RMB33,620,000 (Note 7);

(iii) RMB20,000,000 borrowings secured by the Group's buildings with net book value of RMB33,613,000 (Note 7); and

(iv) RMB113,000,000 borrowings secured by the Group's land with net book value of RMB2,948,000 (Note 8) and buildings with net book value of RMB84,328,000 (Note 7).

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

As at 30 June 2022, all the borrowings were denominated in RMB and their fair value approximated to their carrying amount.

As at 30 June 2022, borrowings of RMB834,900,000 were with floating interest rates.

Movements in borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2022	
As at 31 December 2021	**1,248,923**
Proceeds of bank borrowings	**278,000**
Repayments of bank borrowings	**(349,581)**
Repayments of other borrowings	**(32,690)**
Disposal of a subsidiary (Note 33)	**(16,753)**
Closing amount as at 30 June 2022	**1,127,899**
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

20 Other financial liabilities

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Redemption liability to non-controlling interests		
— Principal	**100,000**	100,000
— Interest	**53,873**	45,464
	153,873	145,464

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 2022 RMB'000	Audited As at 31 December 2021 RMB'000
At the beginning of the period	**99,681**	23,620
Additions	**—**	78,581
Transfer to statement of profit or loss	**(1,263)**	(2,520)
At the end of the period	**98,418**	99,681

22 Lease liabilities

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Present value of the minimum lease payments:		
Within 1 year	**320,837**	289,952
After 1 year but within 2 years	**232,961**	242,742
After 2 years but within 5 years	**503,233**	534,478
After 5 years	**451,086**	427,202
	1,508,117	1,494,374

23 Contract liabilities

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Sales of medical examination cards	**344,950**	309,476
Advances from medical examination customers	**63,620**	91,248
Advances from hospital patients	**19,915**	4,570
	428,485	405,294

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 2022 that was included in the contract liabilities as at 31 December 2021 was RMB102,457,000.

24 Trade and other payables

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade payables due to third parties (a)	**190,424**	189,173
Payables for purchase of property and equipment	**87,375**	92,469
Staff salaries and welfare payables	**81,363**	101,527
Deposits payable	**15,299**	22,833
Accrued taxes other than income tax	**4,262**	10,558
Accrued advertising expenses	**1,061**	1,116
Interest payables	**739**	1,576
Accrued professional service fees	**472**	2,280
Others	**43,963**	79,197
	424,958	500,729

24 Trade and other payables (continued)

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade payables		
— Up to 3 months	**118,245**	113,696
— 3 to 6 months	**39,127**	40,788
— 6 months to 1 year	**11,251**	13,614
— 1 to 2 years	**7,737**	8,019
— 2 to 3 years	**1,509**	1,289
— Over 3 years	**12,555**	11,767
	190,424	189,173

The trade and other payables are usually paid within 60 days of recognition. As at 30 June 2022 and 31 December 2021, 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	
	2022	2021
	RMB'000	RMB'000
General Hospital		
Outpatient pharmaceutical revenue	**32,772**	31,243
Outpatient service revenue	**41,455**	41,429
Inpatient pharmaceutical revenue	**126,845**	136,024
Inpatient service revenue	**115,027**	121,461
Medical Examination Centres		
Examination service revenue	**487,882**	610,542
Management service revenue and others	**557**	294
Specialty Hospitals		
Outpatient pharmaceutical revenue	**9,610**	5,187
Outpatient service revenue	**20,443**	17,469
Inpatient pharmaceutical revenue	**613**	490
Inpatient service revenue	**40,429**	35,394
	875,633	999,533

26 Other income

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Government grants	**2,558**	2,049
Rental income	**770**	680
Gain on disposal of a subsidiary (Note 33)	**757**	—
Others	**3,490**	7,724
	7,575	10,453

27 Expenses by nature

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Employee benefits expenses	**488,103**	401,163
Depreciation and amortisation	**199,427**	189,420
Pharmaceutical costs	**113,492**	112,783
Medical consumables costs	**58,055**	65,017
Outsourcing testing expenses	**40,467**	59,223
Utility expenses	**35,309**	33,684
Advertising expenses	**12,624**	11,541
Office expenses	**10,772**	19,815
Maintenance expenses	**4,726**	6,920
Short-term or low-value operating lease rentals	**4,680**	1,742
Professional service charges	**3,512**	8,896
Entertainment expenses	**3,254**	3,682
Stamp duty and other taxes	**1,588**	1,856
Travel expenses	**1,440**	2,823
Net impairment losses on receivables	**781**	4,305
Auditor's remuneration	**472**	472
Revaluation of lease contract	**(2,628)**	(2,642)
COVID-19-related rent concessions	**(2,764)**	—
Other expenses	**12,336**	11,552
	985,646	932,252

For the six months ended 30 June 2022

28 Finance costs — net

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on lease liabilities	**48,609**	48,319
Interest on borrowings	**27,662**	39,192
Interest on other financial liabilities	**8,409**	7,508
	84,680	95,019
Amount capitalised	**(10,326)**	(15,284)
	74,354	79,735
Net exchange losses	**—**	3,945
Finance costs	**74,354**	83,680
Interest income	**(4,233)**	(2,559)
Net exchange gains	**(7,806)**	—
Finance income	**(12,039)**	(2,559)
Finance costs — net	**62,315**	81,121

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	
	2022	2021
	RMB'000	RMB'000
Current income tax		
— Current period	**17,578**	35,094
— Adjustments for current tax of prior years	**(2,731)**	(208)
Deferred income tax (Note 12)	**(12,830)**	(9,218)
Income tax expense	**2,017**	25,668

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	
	2022	2021
	RMB'000	RMB'000
Loss before income tax	**(166,536)**	(4,390)
Tax calculated at the applicable income tax rate (25%)	**(41,634)**	(1,097)
Tax effect of:		
Tax loss expired	**46**	—
Income not subject to tax	**(102)**	(205)
Expenses not deductible for tax purpose	**554**	5,548
Utilisation/recognition of tax losses and temporary differences not recognised as deferred tax assets in prior years	**(306)**	(1,812)
Temporary differences not recognised as deferred tax assets	**1,527**	605
Tax losses not recognised as deferred tax assets	**44,663**	23,156
Different tax rates of a subsidiary	**—**	(319)
Adjustment for prior years	**(2,731)**	(208)
Income tax expense	**2,017**	25,668

The corporate income tax rate applicable to the Group's subsidiaries located in mainland China is 25%. During the six months ended 30 June 2022, the corporate income tax rate applicable to some of the subsidiaries in mainland China is 15%.

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 2022 and 2021.

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 2022 will not be distributed in the foreseeable future.

30 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to the owners of Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021, respectively.

	Unaudited Six months ended 30 June 2022	 2021
Net (loss)/profit attributable to owners of the Company (RMB'000)	**(117,854)**	10,460
Weighted average number of ordinary shares in issue	**1,590,324,000**	1,590,324,000
Basic (loss)/earnings per share (RMB)	**(0.07)**	0.01

(b) Diluted

Diluted (loss)/earnings 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 2022 and 2021, 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 2022, the Group had four ongoing medical disputes arising from the operation of Nantong Rich Hospital and several disputes arising from medical examination centres 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 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Authorised and contracted for:		
Nantong Rich Hospital Expansion II	**51,283**	97,129
Leasehold improvement	**11,272**	1,383
System upgrade expenditure	**2,760**	2,760
	65,315	101,272

33 Disposal of a Subsidiary

Changzhou Rich was the Group's subsidiary, of which 57.92% equity interest was held by the Group. In June 2022, the Group disposed all of the equity interests in Changzhou Rich to Jinxin Holdings Group Co., Ltd. at the consideration of RMB27,110,000. Upon such transaction, the Group ceased to have any equity interest in Changzhou Rich. The Group recognised a decrease in non-controlling interests of RMB19,147,000 and a gain on disposal of a subsidiary of RMB757,000 (Note 26).

33 Disposal of a Subsidiary (continued)

The carrying amounts of assets and liabilities of Changzhou Rich as at the date of sale were as follows:

	2022 RMB'000
Property and equipment	83,109
Right-of-use assets	48,203
Intangible assets	1,277
Inventories	2,445
Trade receivables	505
Other receivables	525
Prepayments	8,839
Cash and cash equivalents	3,255
Total assets	148,158
Borrowings	16,753
Lease liabilities	71,850
Contract liabilities	3,491
Trade and other payables	10,564
Total liabilities	102,658
Net assets disposed of	45,500
Non-controlling interests	19,147
Total cash consideration	27,110

34 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 2022 and 2021 and balances arising from related party transactions as at 30 June 2022 and 31 December 2021.

(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 Centre (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	
	2022	2021
	RMB'000	RMB'000
Nantong Meidi	**265**	318
Nantong Rich Real Estate Development Co., Ltd.	**20**	18
	285	336

34 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	
	2022	2021
	RMB'000	RMB'000
Mr. Fang Haoze	**150**	150

(iii) Services provided to related parties

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Nantong Meidi	**500**	500

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Dr. Fang and Dr. Mei	**–**	91,080

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Dr. Fang and Dr. Mei	**153,873**	145,464

34 Related party transactions (continued)

(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 2022 RMB'000	 2021 RMB'000
Share option scheme	**1,574**	2,604
Salaries and other short-term employee benefits	**1,475**	1,535
Pension	**125**	115
	3,174	4,254

(d) Balances with related parties

(i) Amounts due from related parties

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Nantong Meidi	**6,465**	5,722
Mr. Fang Haoze	**150**	150
Nantong Rich Real Estate Development Co., Ltd.	**20**	37
	6,635	5,909
Less: loss allowance	**—**	—
	6,635	5,909

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.

34 Related party transactions (continued)

(d) Balances with related parties (continued)

(ii) Amounts due to related parties

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Jiangsu Tayoi	**133**	134

35 Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: nil).

36 Events occurring after the reporting period

(a) Major transaction in relation to the disposals of subsidiaries

On 18 August 2022, Shanghai Ruikui Healthcare Consulting Co., Ltd. ("**Shanghai Ruikui**"), a direct wholly-owned subsidiary of the Company, Hainan Xinmu Medical Management Co., Ltd. (海南新睦醫療管理有限公司) ("**Hainan Xinmu**") and several guarantors entered into the equity transfer agreement, pursuant to which Shanghai Ruikui agreed to sell and Hainan Xinmu agreed to purchase (i) the equity interest in Rici Shuixian held by Shanghai Ruikui, representing 60% of the total equity interest in Rici Shuixian, and (ii) the entire equity interest in Rici Ruijing Clinic Co., Ltd. ("**Rici Ruijing**"), at a total consideration of RMB287.0 million, subject to adjustments with a mark-up not expected to exceed RMB12.0 million.

Upon completion, Shanghai Ruikui will cease to have any equity interest in Rici Shuixian and Rici Ruijing, and thus Rici Shuixian and Rici Ruijing will cease to be the subsidiaries of the Group and the financial results of Rici Shuixian and Rici Ruijing will no longer be consolidated into the consolidated financial statements of the Group.

(b) Discloseable transaction in relation to subscription of shares in Unicorn II Holdings Limited

On 18 August 2022, the Company, Unicorn II Holdings Limited and New Frontier Public Holding Ltd. entered into the Share Subscription Agreement, pursuant to which the Company agreed to subscribe for the Subscription Shares at a total consideration of approximately RMB180.0 million. Upon completion, Unicorn II Holdings Limited will issue and allot the Subscription Shares to the Company and the Company will hold minority interest in Unicorn II Holdings Limited.

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