
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the risks in investing in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

Overview

We are a leading medical group specialized in medical imaging in China. According to Frost & Sullivan, the PRC third-party medical imaging center market is still at the ramp-up stage with a relatively late start in comparison with that in developed countries, and it accounted for approximately 1.1% of the PRC medical imaging service market in 2023. In 2023, we ranked first among all PRC third-party medical imaging center operators in terms of the number of medical imaging centers in the network, number of units of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients; and in terms of revenue generated from imaging center services in 2023, we ranked second among all PRC third-party medical imaging center operators, according to Frost & Sullivan. See “Industry Overview — Competitive Landscape.” We mainly compete in the PRC third-party medical imaging center market, a fast-growing segment whose market size grew at a CAGR of 29.0% from 2018 to 2023 and is expected to grow with a CAGR of 33.5% from 2023 to 2026, far exceeding that of 12.9% and 14.3% of the PRC medical imaging service market during the same periods, respectively. We are also the only operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China, as the other four players among top five players (in terms of fees paid by patients) in the PRC third-party medical imaging center market do not concurrently provide solutions and services comparable to our imaging solution services and Rimag Cloud services, according to the same source.

We generate revenue mainly through the following medical imaging services and solutions:

- ***Imaging Center Services.*** We offer imaging examination and diagnostic services to patients and other healthcare consumers via our flagship imaging centers, such as MRI, CT, PET, X-ray, ultrasound, mammography. In addition, we provide medical institutions with services such as medical imaging service, equipment selection and configuration, infrastructure renovation services and operational management services based on their

SUMMARY

needs through our regional collaborative imaging centers, specialized medical consortium imaging centers and operational management imaging centers, and charge the medical institutions a service fee based on the content of the services provided.

- Imaging Solution Services.** We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We are entitled to receive payment based on the medical imaging equipment and/or our modular services and solutions for factors including the market prices of imaging equipment we help select for customers, the content and number of service modules chosen by our customers, our costs in providing the relevant solutions and length of service term.
- Rimag Cloud Services.** We have continually invested in and developed our Rimag Cloud platform to bolster the development of our imaging center services business, informatization management and data-driven operations. In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry. We authorize customers to use our Rimag Cloud platform or some of its modules, and provide follow-up data storage, data analysis and other services and we charge customers service fees based on storage volume and number of usage instances, or fixed annual fees, among other things. Customers can also choose one-time purchases of software according to their resources and capacity, and we charge customers a one-time fee per software sale.

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousand, except for percentages)</i>						
Imaging center services	442,312	74.7	497,743	63.4	638,074	68.7
Imaging solution services	139,252	23.5	269,589	34.4	278,372	30.0
Rimag Cloud services	10,449	1.8	17,112	2.2	12,468	1.3
Total	592,013	100.0	784,444	100.0	928,914	100.0

SUMMARY

During the Track Record Period, we have generated the majority of our revenue from provision of imaging center services. We have taken an approach to establish and operate a medical imaging center network and explore servicing models under the hierarchical diagnosis and treatment system in China with the aim to promote the extension of quality medical resources to the primary healthcare system and balance the distribution of such resources in line with favorable policies and industry trends since our inception in 2014. See “— Competitive Landscape.” Covering 17 provinces, autonomous regions and municipalities and spanning first- and second-tier cities to 59 county-level divisions, our medical imaging center network consisted of 97 imaging centers, including: (i) nine flagship imaging centers; (ii) 24 regional collaborative imaging centers; (iii) 50 specialized medical consortium imaging centers; and (iv) 14 operational management imaging centers as of December 31, 2023. We uphold the concept of “clinically targeted imaging services” throughout the establishment, management and operation of our medical imaging center network with advanced imaging equipment, quality professional team, standard operating procedure (“SOP”) system and personnel training system to ensure quality and consistent delivery of services.

Through operating imaging centers owned by us and providing operational management services to other imaging centers, we have accumulated and maintained solid service capabilities in medical imaging. After rapid business expansion, we have realized the scale advantage in operating imaging centers and established a leading position in the PRC third-party medical imaging center industry. Benefiting from the increasing demand from patients for medical imaging examination and diagnosis and favorable government policies, the PRC third-party medical imaging center market has been steadily developing in recent years and is expected to further expand. According to Frost & Sullivan, the size of this market by revenue grew from RMB0.8 billion in 2018 to RMB2.9 billion in 2023, at a CAGR of 29.0%, despite the impact of the COVID-19 pandemic during the Track Record Period and is expected to reach RMB18.6 billion in 2030, growing at a CAGR of 30.7% from 2023 to 2030. We believe we are well positioned to capture the market potentials based on our leading position in the PRC third-party medical imaging center industry.

Our Business Network and Its Participants

We have created integrated one-stop business network centered around our imaging center services, imaging solution services and Rimag Cloud services. Our business network connects, and provides value to, the different participants in such business network, including medical institutions, patients and other healthcare consumers, radiologists and other medical professionals, imaging equipment providers, AI service providers and other participants such as universities. For a diagram that illustrates the interaction among the participants within our business network, see “Business — Our Business Network and Its Participants” in this document for further details.

SUMMARY

Our Business Model

We generated revenue primarily from: (i) imaging center services; (ii) imaging solution services; and (iii) Rimag Cloud services during the Track Record Period.

Imaging Center Services

Our imaging center services include: (i) imaging examination and diagnostic services offered at our own imaging centers, among other things; and (ii) operational management services offered to imaging centers of our business partners.

SUMMARY

We provide the foregoing services through four types of imaging centers, namely: (i) flagship imaging centers; (ii) regional collaborative imaging centers; (iii) specialized medical consortium imaging centers; and (iv) operational management imaging centers. The following table sets forth a comparison of the four types of imaging centers:

	 Flagship Imaging Centers	 Regional Collaborative Imaging Centers	 Specialized Medical Consortium Imaging Centers	 Operational Management Imaging Centers
Geographical focus	Primarily first- and second-tier cities	Primarily third-tier cities or below and county-level divisions	Third-tier cities or below, county-level divisions or below	Third-tier cities or below, county-level divisions or below
Holder of the Medical Institution Practice License	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Medical Liability	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Owner	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Medical professionals	Medical professionals hired by our Group	Medical professionals hired by our Group	Employees of medical institutions we serve	Employees of medical institutions we serve
Major type of direct customers	Individuals	Medical institutions	Medical institutions	Medical institutions
Investment in / deployment of equipment	Yes	Yes	Yes	No
Major type of services provided	Imaging examination and diagnosis services	Imaging examination and diagnosis services	Equipment deployment and infrastructure renovation, and operational management services	Operational management services
Nature of income	Service fees paid by patients or other consumers	Service fees paid by medical institutions with reference to fees paid by patients	Service fees paid by medical institutions for equipment deployment and operational management services	Service fees paid by medical institutions for operational management services
Cost splitting between our Group and medical institution customers (if any)	Our Group	Mainly our Group (primarily on center establishment, equipment furnishment and medical professionals employed)	Mainly medical institutions (primarily on center establishment and medical professionals employed) Shared by our Group (primarily on equipment furnishment for equipment deployment)	Mainly medical institutions (primarily on center establishment, equipment furnishment and medical professionals employed)

SUMMARY

For a more detailed overview of our major business lines, see “Business — Overview.” For details on pricing and payment, see “Business — Pricing and Payment — Imaging Center Services.”

As of December 31, 2023, we established and managed 97 imaging centers across China. The following table sets forth the number of imaging centers by type as of the dates indicated:

	As of December 31,		
	2021	2022	2023
Flagship imaging centers	8	7	9
Regional collaborative imaging centers	25	24	24
Specialized medical consortium imaging centers	38	42	50
Operational management imaging centers	7	13	14
Total	78	86	97

Our revenue generated from the imaging center services was RMB442.3 million, RMB497.7 million and RMB638.1 million, respectively, in 2021, 2022 and 2023 growing at a CAGR of 20.1% from 2021 to 2023, despite the impact of the COVID-19 pandemic in the same years. The following table sets forth a breakdown of our revenue from imaging center services by type of imaging centers for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousand, except for percentages)</i>						
Flagship imaging centers	103,037	23.3	102,968	20.7	133,454	20.9
Regional collaborative imaging centers	249,792	56.5	270,326	54.3	355,379	55.7
Specialized medical consortium imaging centers	76,715	17.3	89,300	17.9	109,638	17.2
Operational management imaging centers	12,768	2.9	35,149	7.1	39,603	6.2
Total	442,312	100.0	497,743	100.0	638,074	100.0

SUMMARY

The following table sets forth the key operating data of our different types of imaging centers for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Flagship imaging centers			
Revenue of flagship imaging centers			
<i>(RMB in thousand)</i>	103,037	102,968	133,454
Volume of examinations <i>(in thousand)</i>	163.4	190.8	248.8
Average revenue per examination <i>(RMB)</i>	630.6	539.7	536.4
Regional collaborative imaging centers			
Revenue of regional collaborative imaging centers			
<i>(RMB in thousand)</i>	249,792	270,326	355,379
Volume of examinations <i>(in thousand)</i>	3,364.6	3,425.5	4,224.8
Average revenue per examination <i>(RMB)</i>	74.2	78.9	84.1
Specialized medical consortium imaging centers			
Revenue of specialized medical consortium imaging centers			
<i>(RMB in thousand)</i>	76,715	89,300	109,638
Number of examinations <i>(in thousand)</i>	685.3	842.0	1,024.2
Average revenue per examination <i>(RMB)</i>	111.9	106.1	107.0

Note:

- (1) Such operating metrics are not available for our operational management imaging centers.

See “Business — Imaging Center Services.”

As of December 31, 2023, our imaging center network consisted of nine flagship imaging centers, 24 regional collaborative imaging centers, 50 specialized medical consortium imaging centers and 14 operational management imaging centers, of which 5, 24, 43 and 12 had achieved initial breakeven and nil, 11, 27 and 9 had achieved cash investment payback, respectively.

SUMMARY

The table below sets forth the number and the average initial breakeven period of our imaging centers which had achieved initial breakeven as of December 31, 2023 by type:

	Number	Average Initial Breakeven Period (months)
Flagship imaging centers.	5	16.2
Regional collaborative imaging centers	24	4.9
Specialized medical consortium imaging centers	43	2.1
Operational management imaging centers.	12	2.7

The table below sets forth the number and the average cash investment payback period of our imaging centers which had achieved cash investment payback as of December 31, 2023 by type:

	Number	Average Cash Investment Payback Period (months)
Flagship imaging centers.	—	—
Regional collaborative imaging centers	11	47.5
Specialized medical consortium imaging centers	27	39.1
Operational management imaging centers.	9	3.8

See “Business — Imaging Center Services — Initial breakeven period and cash investment payback period of our imaging centers.”

Imaging Solution Services

We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We create personalized and one-stop solutions based on customers’ needs to ensure that they use imaging equipment correctly and effectively, thereby improving their medical skills and capabilities to serve patients. We strive to promote the idea that “maximizing the utility value of equipment is far more important than buying high-priced equipment.” Customers can choose one or more service modules according to their own needs. We receive fees from customers based on the type and content of products and services provided. Our imaging solution services are centered around imaging equipment. During the Track Record Period, we provided imaging solution services to medical institution customers

SUMMARY

either directly or through intermediaries. See “Business — Sales and Marketing — Imaging Solution Services.” During the Track Record Period, our imaging solution services served over 80 medical institutions.

Our imaging solution services primarily include: (i) equipment selection and configuration; (ii) infrastructure renovation services; (iii) training services; (iv) repair and maintenance services; and (v) Rimag Cloud platform-related services. See “Business — Imaging Solution Services.”

We generally offer our service modules, primarily including: equipment selection and configuration services, infrastructure renovation services, and training services, as equipment-centered one-stop solution packages to our customers during the Track Record Period. Customers are also able to purchase separate service modules, such as repair and maintenance services, from us. In 2021, 2022 and 2023, we have entered into 22, 40 and 21 contracts of such equipment-centered one-stop solution packages, respectively.

The table below sets forth the contract sum range and total amount of contract sum from such equipment-centered one-stop solution packages during the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in million)	
Contract sum range⁽¹⁾	1.1-68.5	0.5-46.5	0.9-23.9
Total contract sum⁽¹⁾	242.3	361.3	155.5

Note:

- (1) The above information on contract sum (i) does not take into consideration contracts we have entered into for repair and maintenance services, which are usually provided independently from sales of equipment; and (ii) was based on dates of related contracts we entered into during the Track Record Period, which differs from the revenue generated by equipment-centered one-stop solution packages as we recognize revenue when transferring control of services or equipment to customers based on our accounting policies.

Rimag Cloud Services

In order to promote the sharing of resources and capabilities among the imaging centers we operate, based on our understanding of and insight into the medical imaging business, we have built a Rimag Cloud platform that supports the operation of our chain of imaging centers. The platform is designed with reference to the whole process and features step-by-step R&D in a

SUMMARY

modular manner. As of the Latest Practicable Date, we had obtained 88 software copyright certificates and two medical device registration certificates relating to the Rimag Cloud platform, and applied for four invention patents under review.

In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry, to satisfy the strong demand for digital and intelligent information transformation. Our customers, mainly medical institutions of all levels, can choose our overall platform products and services, or one or several module products and services, according to their needs.

Our Rimag Cloud services help medical institutions reduce labor costs, standardize workflow procedures, and realize data-driven management, thereby improving the service capabilities of these medical institutions and the medical experience of their patients. Our Rimag Cloud platform is composed of various modules. The modules of our commercialized Rimag Cloud platform mainly include: (i) medical imaging workflow modules; and (ii) operational management modules. See “Business — Rimag Cloud Services.”

Medical Professionals

Our medical professionals mainly comprise radiologists, radiologic technologists and nurses. There are generally two types of registrations by medical professionals at our own imaging centers (namely, the flagship imaging centers and regional collaborative imaging centers): (i) registrations by medical professionals who are registered with us as the primary workplace; and (ii) registrations by medical professionals who are registered at our own imaging centers through multi-site practice. As of December 31, 2021, 2022 and 2023, we had 341, 538 and 527 registrations by medical professionals who are registered with us as the primary workplace, respectively, and 183, 206 and 266 registrations by medical professionals who are registered at our own imaging centers through multi-site practice at flagship imaging centers and regional collaborative imaging centers, respectively. See “Business — Medical Professionals.”

Third-Party Medical Imaging Center Licenses

As of the Latest Practicable Date, we had a total of 31 third-party medical imaging center licenses in effect in the PRC. One third-party medical imaging center license can include addresses of multiple third-party medical imaging centers, and can be utilized for operating such imaging centers, subject to regulatory approval based on reasonable business needs. As of the same date, several of our regional collaborative imaging centers shared third-party medical imaging licenses as approved by the relevant authorities. According to the latest information on the NHC official website as of the Latest Practicable Date, there were only 163 third-party medical imaging center licenses in effect in the PRC. Among all PRC third-party medical imaging center operators, we

SUMMARY

ranked first in terms of the number of third-party medical imaging center licenses in effect held as of the same date, according to Frost & Sullivan. See “Industry Overview — The PRC Third-party Medical Imaging Center Market — Competitive Landscape.”

Our Strengths

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

- China’s largest medical group specialized in medical imaging services, well-positioned in the rapidly evolving medical imaging industry in China to achieve fast growth;
- Efficient and standardized development and operational management systems that enable the rapid replication and expansion of imaging centers and revenue growth;
- Highly effective business model supported by our operational concept of “clinically targeted imaging services (影像服務臨床)” through maximizing the role and value of medical imaging in modern medical care;
- First-mover advantage in participating in setting industry standards for medical imaging services as well as technology and data service capabilities as a result of continual R&D investment; and
- Experienced management team and strong shareholder support.

See “Business — Our Strengths.”

Our Strategies

We are committed to becoming the most influential medical group specialized in imaging in China and even globally, and on this basis, featuring a medical imaging service platform most capable of implementing integration and coordinating an business network to meet the growing needs for medical imaging services from medical institutions and individuals. To achieve this, we plan to implement the following strategies:

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

SUMMARY

- Continually invest in R&D to reinforce our Rimag Cloud service capabilities and further support the rapid and effective business expansion of our medical imaging centers and imaging solution services;
- Strengthen Rimag Imaging Academy, build an effective long-term talent cultivation system, and continue to nurture and attract skilled medical imaging talents and managerial talents; and
- Enhance strategic cooperation with industry upstream and downstream stakeholders to continuously enhance our capabilities to integrate the medical imaging industry and coordinate an business network.

See “Business — Our Strengths.”

Our Customers and Suppliers

Our customers primarily include public and private medical institutions and healthcare companies. The following table sets forth our major types of customers by business line:

Business line	Major types of customers
Imaging center services	Public and private medical institutions, and individual customers
Imaging solution services	Public and private medical institutions, and intermediaries
Rimag Cloud services	Public and private medical institutions, and healthcare companies

For each year during the Track Record Period, our five largest customers accounted for 22.4%, 25.2% and 29.2% of our total revenue, respectively. Our largest customer contributed 6.5%, 9.0% and 8.8% of our total revenue, respectively, for each year during the Track Record Period. See “Business — Our Customers.”

The following table sets forth our major types of suppliers by business line:

Business line	Major types of suppliers
Imaging center services	Imaging equipment providers, and equipment import/export trading agents
Imaging solution services	Imaging equipment providers
Rimag Cloud services	Software and data storage service suppliers

SUMMARY

For each year during the Track Record Period, our five largest suppliers accounted for 41.4%, 48.7% and 53.0% of our total purchases, respectively. Our largest supplier contributed 17.3%, 28.4% and 27.1% of our total purchases, respectively, for each year during the Track Record Period. See “Business — Our Suppliers.”

Competitive Landscape

Medical imaging services are common and crucial methods and tools for clinicians to formulate a diagnosis, recommend treatment, and assess health status during physical check-ups. The efficacy and value of such services depend on a variety of factors throughout the process of medical imaging, including the performance of equipment, the proficiency of radiologic technologists, the diagnostic capabilities of radiologists, and the ability of clinicians to select accurate imaging examination procedures. Currently, in China, the role and value of medical imaging in the course of medical diagnosis and treatment have not been fully recognized, especially in the primary healthcare system. This is mainly due to the lack and uneven distribution of quality medical imaging resources (which are mainly concentrated in large public hospitals), insufficient service capabilities of imaging professionals at medical institutions of the primary healthcare system, and insufficient interaction between radiologists and clinicians.

Since 2013, the Chinese government has implemented a series of policies to encourage the development of third-party medical imaging centers through large-scale chain operation, especially through establishing third-party regional collaborative imaging centers in county-level divisions. Such initiatives have been introduced and implemented against the backdrop of the establishment of hierarchical diagnosis and treatment system to promote the extension of quality medical resources to the primary healthcare system and balancing the distribution of such resources. Such favorable policies have driven the growth of the third-party medical imaging center market in the PRC.

Our primary competitors consist of operators of third-party medical imaging centers and companies engaged in R&D of medical imaging informatization. We predict that the following sectors in China, namely, the medical imaging industry, the medical imaging service market, the third-party medical imaging center market, the medical imaging equipment solutions market, and the medical cloud imaging service market, will continue to expand in response to technological advancements, increasing health awareness, changing industry standards, and shifting consumer preferences. Therefore, we must continuously innovate to remain competitive. For further details, see “Industry Overview.”

SUMMARY

Risk Factors

Our business operation involves certain risks and uncertainties, which are set out in “Risk Factors.” Please read that section in its entirety carefully before you decide to invest in our [REDACTED]. Some of the major risks we face include: (i) We may be unable to expand effectively, which may materially and adversely affect our business, financial condition, results of operations and prospects; (ii) Opening of new imaging centers could result in fluctuations in our short-term financial performance. Newly established imaging centers may not achieve normal operation as anticipated, which could adversely affect our business, financial condition, results of operations and prospects; (iii) As a provider of imaging center services, we have close business relationships with hospitals. If any such hospital decides to terminate or not to renew our business agreements, or we are unable to enter into business agreements with more hospitals, our business, financial condition and results of operations may be negatively impacted; (iv) We operate in a highly competitive market, and if we do not compete effectively, our business, results of operations, financial condition and prospects could be harmed; and (v) With the development of market conditions and technology, we may not develop and successfully market new and advanced commercially viable services, and we may not price our new services at a favorable level, any of which would materially and adversely affect our business, financial condition and results of operations.

Principal Components of Our Consolidated Statements of Profit and Loss

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousand)</i>		
Revenue	592,013	784,444	928,914
Cost of sales	(416,825)	(547,494)	(596,317)
Gross profit.	175,188	236,950	332,597
(Loss)/profit before income tax	(362,660)	935	43,381
(Loss)/profit for the year	(381,960)	(15,058)	36,574
Attributable to:			
Owners of the Company	(360,731)	364	44,415
Non-controlling interests	(21,229)	(15,422)	(7,841)

We experienced significant growth in revenue and gross profit during the Track Record Period. Our total revenue increased by 32.5% from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased by 18.4% to RMB928.9 million in 2023, representing a

SUMMARY

CAGR of 25.3% from 2021 to 2023. Our gross profit increased by 35.3% from RMB175.2 million in 2021 to RMB237.0 million in 2022 and further increased by 40.4% to RMB332.6 million in 2023, representing a CAGR of 37.8% from 2021 to 2023.

Notwithstanding that we recorded profit for the year of RMB36.6 million in 2023, we had loss for the year of RMB382.0 million and RMB15.1 million in 2021 and 2022, respectively, primarily due to (i) the negative impact of the COVID-19 pandemic, which had adversely impacted our business operations and financial conditions in 2021 and 2022, (ii) all of our flagship imaging centers opened from 2018 to 2021 being at ramp-up stage of development, incurring gross loss in 2021 and 2022, (iii) the substantial amount of share-based payment expenses and interest expenses of financial instruments issued to investors, both of which we recorded in 2021, and (iv) expenses in relation to the [REDACTED] occurred in the same years. See “Risk Factors — Risks Relating to Our Financial Position — We recorded net losses in 2021 and 2022 and we cannot ensure future profitability.” and “Business — Business Sustainability.”

	Year ended December 31,		
	2021	2022	2023
	(RMB in million)		
Non-IFRS Measures:			
EBITDA	(148,484)	203,126	252,940
Adjusted EBITDA	148,475	212,730	276,362
Adjusted net (loss)/profit	(70,821)	(5,454)	59,996

Non-IFRS Measures

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

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

SUMMARY

There are two components to the adjusted EBITDA (non-IFRS measure) metric: (1) EBITDA (non-IFRS measure), which we define as profit/loss before income tax plus finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, less finance income; and (2) adjustments to EBITDA (non-IFRS measure), which include items of share-based payments expenses and [REDACTED]. These reconciling items are non-cash items and do not result in cash outflow. In particular, we have derecognized financial instruments issued to investors in February 2021. We exclude [REDACTED], as they arose from activities relating to the proposed [REDACTED].

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

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousand)</i>		
(Loss)/profit before income tax	(362,660)	935	43,381
Add: Finance costs	62,170	37,338	24,791
Add: Depreciation of property, plant and equipment	125,780	139,758	151,545
Add: Depreciation of right-of-use assets	25,790	26,808	33,156
Add: Amortization of intangible assets	1,475	3,017	3,330
Less: Finance income	(1,039)	(4,730)	(3,263)
EBITDA (non-IFRS measure)	(148,484)	203,126	252,940
Add: Share-based payments expenses.	291,117	3,215	2,600
Add: [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]

SUMMARY

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

	Year ended December 31,		
	2021	2022	2023
		<i>(RMB in thousand)</i>	
(Loss)/profit for the year	(381,960)	(15,058)	36,574
Add: Share-based payments expenses	291,117	3,215	2,600
Add: Interest expenses of financial instruments issued to investors	14,180	–	–
Add: [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss)/profit (non-IFRS measure).	[REDACTED]	[REDACTED]	[REDACTED]

For details of the interest expenses of financial instruments issued to investors, see “Financial Information — Material accounting policy information, critical judgements and estimates — Financial Instruments Issued to Investors.”

SUMMARY

The following table sets forth our gross profit/loss in absolute amounts and as a percentage of revenue, or gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross profit/(loss)	Gross margin	Gross profit/(loss)	Gross margin	Gross profit/(loss)	Gross margin
<i>(RMB in thousand, except for percentages)</i>						
Imaging center services	148,337	33.5	189,270	38.0	287,558	45.1
— Flagship imaging centers	(3,366)	(3.3)	(9,716)	(9.4)	15,078	11.3
— Regional collaborative imaging centers	102,637	41.1	125,111	46.3	182,908	51.5
— Specialized medical consortium imaging centers	42,704	55.7	53,828	60.3	66,518	60.7
— Operational management imaging centers . .	6,362	49.8	20,047	57.0	23,054	58.2
Imaging solution services	22,726	16.3	38,459	14.3	42,338	15.2
Rimag Cloud services	4,125	39.5	9,221	53.9	2,701	21.7
Total	175,188	29.6	236,950	30.2	332,597	35.8

Our gross profit margin increased from 29.6% in 2021 to 30.2% in 2022, and further increased to 35.8% in 2023, primarily due to the increase in our revenue during the Track Record Period and the economies of scale we have achieved for imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development. See “Financial Information — Results of Operations.”

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousand, except for percentages)</i>						
Trading medical equipment	115,106	27.6	228,332	41.8	228,961	38.4
Raw materials	40,677	9.8	38,185	7.0	39,714	6.7
Employee benefit expenses ⁽¹⁾	63,919	15.3	63,634	11.6	72,812	12.2
Depreciation of property, plant and equipment .	124,314	29.8	138,273	25.3	148,776	24.9
Depreciation of right-of-use assets	20,109	4.8	19,680	3.6	25,445	4.3
Amortization of intangible assets	929	0.2	1,334	0.2	1,507	0.3
Repair and maintenance fees	30,289	7.3	38,378	7.0	53,821	9.0
Others	21,482	5.2	19,678	3.5	25,281	4.2
Total	416,825	100.0	547,494	100.0	596,317	100.0

SUMMARY

Note:

- (1) Employee benefit expenses under cost of sales include share-based payments expenses in relation to our medical professionals involved in our imaging center services, which were RMB1.0 thousand, RMB1.0 thousand and RMB1.0 thousand in 2021, 2022 and 2023, respectively.

Our cost of sales increased by 31.4% from RMB416.8 million in 2021 to RMB547.5 million in 2022 and further increased by 8.9% to RMB596.3 million in 2023. The increase was generally in line with our business growth, primarily due to (i) an increase in trading medical equipment in 2022, resulting from an increase in our purchase costs of imaging equipment, which was generally in line with our revenue growth and (ii) the continual increases in the repair and maintenance fees and depreciation of property, plant and equipment, mainly attributable to the additional fixed assets and equipment purchased for the new imaging centers opened in 2022 and 2023. The increase between 2021 and 2022 was also due to an increase in share-based payments expenses for our employees principally led by the 2021 Share Incentive Scheme. See “Financial Information — Results of Operations.”

Description of Certain Components of Our Consolidated Statements of Financial Position

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousand)</i>		
Total non-current assets	1,207,980	1,256,179	1,258,179
Total current assets	847,752	733,239	620,479
Total assets	2,055,732	1,989,418	1,878,658
Non-controlling interests	34,102	43,569	42,487
Total non-current liabilities	384,856	276,083	227,360
Total current liabilities	367,621	397,096	316,184
Total liabilities	752,477	673,179	543,544
Net current assets ⁽¹⁾	480,131	336,143	304,295
Net assets ⁽²⁾	1,303,255	1,316,239	1,335,114

Notes:

- (1) Net current assets equal total current assets less total current liabilities as of the dates indicated.
- (2) Net assets equal total assets less total liabilities as of the dates indicated.

We had net current assets of RMB304.3 million as of December 31, 2023 compared to net current assets of RMB336.1 million as of December 31, 2022, primarily due to (i) a decrease in cash and cash equivalents as we repaid some bank borrowings and borrowings to financial leasing companies, (ii) a decrease in prepayments, deposits and other receivables primarily as a result of

SUMMARY

the decrease in prepayment to suppliers, partially offset by (iii) an increase in trade receivables as a result of the increase in trade receivables due from third parties, (iv) a decrease in contract liabilities related to imaging solution services, (v) an decrease in borrowings as we repaid some bank borrowings and borrowings to financial leasing companies.

We had net current assets of RMB336.1 million as of December 31, 2022 compared to net current assets of RMB480.1 million as of December 31, 2021, primarily due to (i) a decrease in cash and cash equivalents, mainly due to an increase in repayment of debt and capital expenditures, and (ii) an increase in borrowings, mainly as a result of an increase in the balances of bank loans and borrowings from financial leasing companies to meet the needs of our business growth, partially offset by (iii) an increase in trade receivables generally in line with our business growth.

We had net assets of RMB1,335.1 million as of December 31, 2023 compared to net assets of RMB1,316.2 million as of December 31, 2022, primarily due to (i) profit for the year of RMB36.6 million, (ii) capital injection of RMB3.6 million from non-controlling interests, (iii) share-based payments for our employees of RMB2.6 million, partially offset by (iii) transactions with non-controlling interests of RMB39.7 million.

We had net assets of RMB1,316.2 million as of December 31, 2022 compared to net assets of RMB1,303.3 million as of December 31, 2021, primarily due to (i) the disposal of subsidiaries of RMB22.3 million, (ii) capital injection of RMB3.7 million, (iii) share-based payments expenses for our employees of RMB3.2 million, and partially offset by (iv) loss for the year of RMB15.1 million in 2022 and (v) dividend distribution of RMB1.2 million.

SUMMARY

Cash Flows

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousand)</i>		
Cash generated from operations	28,008	206,598	209,768
Interest received	1,039	4,730	2,897
Income tax paid	(11,047)	(13,159)	(11,230)
Net cash generated from operating activities	18,000	198,169	201,435
Net cash used in investing activities	(151,033)	(251,536)	(117,072)
Net cash generated from/(used in) financing activities	452,921	(96,446)	(235,722)
Net increase/(decrease) in cash and cash equivalents.	319,888	(149,813)	(151,359)
Cash and cash equivalents at the beginning of the year	170,119	490,007	340,194
Cash and cash equivalents at the end of the year. . .	<u>490,007</u>	<u>340,194</u>	<u>188,835</u>

See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

Selected Financial Ratios

The following table sets forth our key financial ratios for the years or as of the dates indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(%)</i>		
Profitability ratios			
Gross profit margin ⁽¹⁾	29.6	30.2	35.8
Net (loss)/profit margin ⁽²⁾	(64.5)	(1.9)	3.9
Non-IFRS measures.			
Adjusted EBITDA margin (non-IFRS measure) ⁽³⁾	25.1	27.1	29.8
Adjusted net (loss)/profit margin (non-IFRS measure) ⁽⁴⁾	(12.0)	(0.7)	6.5

SUMMARY

	As of December 31,		
	2021	2022	2023
Liquidity ratios			
Current ratio ⁽⁵⁾ (times)	2.31	1.85	1.96
Quick ratio ⁽⁶⁾ (times)	2.29	1.83	1.95
Capital adequacy ratio			
Gearing ratio ⁽⁷⁾ (%)	29.3 ⁽⁸⁾	26.8	15.7

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net (loss)/profit margin is calculated based on (loss)/profit for the year divided by revenue and multiplied by 100%.
- (3) Adjusted EBITDA margin (non-IFRS measure) is calculated based on adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures” for a reconciliation from our loss/(profit) before income tax to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure).
- (4) Adjusted net (loss)/profit margin (non-IFRS measure) is calculated based on adjusted net (loss)/profit (non-IFRS measure) divided by revenue and multiplied by 100%. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures” for a reconciliation from our (loss)/profit for the year to adjusted net (loss)/profit (non-IFRS measure).
- (5) Current ratio is calculated based on total current assets divided by total current liabilities.
- (6) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (7) Gearing ratio is calculated based on total borrowings divided by total equity and multiplied by 100%.
- (8) The higher gearing ratio in 2021 as compared to 2022 was mainly due to the lower outstanding borrowings as a result of our repayments in 2022.

Our Single Largest Shareholders

As of the Latest Practicable Date, Nanchang Rimag directly held approximately 17.4562% interest in our share capital. Mr. CHEN Zhaoyang (“**Mr. Chen**”), our chief executive officer and executive Director, serves as the sole general partner of Nanchang Rimag and therefore is also deemed to control such interest held by Nanchang Rimag in our Company. Accordingly, Mr. Chen and Nanchang Rimag were the Single Largest Shareholders of our Company as of the Latest Practicable Date. See “Directors, Supervisors, and Senior Management” of this document for more information on the biographical details of Mr. Chen.

SUMMARY

Immediately following the completion of the [REDACTED] and the Conversion of [REDACTED] Shares into H Shares, Mr. Chen and Nanchang Rimag will control an aggregate of approximately [REDACTED]% interest in our share capital. Accordingly, Mr. Chen and Nanchang Rimag will remain as our Single Largest Shareholder, and our Company will not have any controlling shareholder upon completion of the [REDACTED].

Our Pre-[REDACTED] Investors

We completed several rounds of Pre-[REDACTED] Investments since 2016. Our major Pre-[REDACTED] Investors include Beijing GS, Baishan Investment, CICC Yingrun, PICC Beijing, JD Yingzheng, and OrbiMed. See “History and Corporate Structure — Pre-[REDACTED] Investments.”

[REDACTED]

The statistics in the following table are based on the assumptions that [REDACTED] Shares are [REDACTED] pursuant to the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
Market capitalization of our Shares	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share.	HK\$[REDACTED] (RMB[REDACTED])	HK\$[REDACTED] (RMB[REDACTED])

Notes:

- (1) The calculation of market capitalization is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share as of December 31, 2023 is calculated after making the adjustments referred to in Appendix II to this document and on the basis that [REDACTED] Shares are expected to be in issue immediately upon completion of the [REDACTED].

For the calculation of the unaudited [REDACTED] adjusted consolidated net tangible assets per Share attributable to our Shareholders, see “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

SUMMARY

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED])), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED]) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] million, of which approximately RMB[REDACTED] million was charged to the consolidated statements of profit or loss as administrative expenses and approximately RMB[REDACTED] million was recorded as prepayment for [REDACTED] in the consolidated statements of financial position as of December 31, 2023 to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] of approximately RMB[REDACTED] million, of which approximately RMB[REDACTED] million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in the year ending December 31, 2024. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[REDACTED] million and other fees and expenses of approximately RMB[REDACTED] million. See “Financial Information — [REDACTED].”

Dividend Policy and Distributable Reserves

Our Company did not declare any dividend during the Track Record Period. The payment and amount of any future dividend depend on the availability of dividends received from our subsidiaries.

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval in our Shareholders’ meeting. We do not currently have any pre-determined dividend payout ratio. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

SUMMARY

As advised by our PRC Legal Advisor, we may pay dividends only out of our accumulated profit and is not permitted to distribute any profits until any losses from prior fiscal years have been offset and statutory reserves for the current year have been drawn. Therefore, we do not expect to be able to pay dividends in 2024 given our accumulated losses of RMB447.8 million as of December 31, 2023. See “Financial Information — Dividend Policy.” As of December 31, 2023, our Company did not have any distributable reserves available for distribution to our shareholders in view of our accumulated losses.

Recent Development

For the first two months ended February 29, 2024, we continued our ongoing expansion of our medical imaging center network with the opening of one specialized medical consortium imaging center and one operational management imaging center, respectively. We have entered into four contracts since January 1, 2024 and up to March 15, 2024 with medical institutions to set up new imaging centers. Additionally, we have entered into three contracts for our imaging solution services and two contracts for our Rimag Cloud services during the same period.

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2023 (being the date of our latest audited financial statements) and there has been no event since December 31, 2023 which would materially affect the information shown in the Accountant’s Report set out in Appendix I to this document.

Pursuant to the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), we have submitted a filing to the CSRC for application of [REDACTED] of the H Shares on the Stock Exchange and the [REDACTED] on May 15, 2023. The CSRC confirmed our completion of filing on January 8, 2024. No other approvals from the CSRC are required to be obtained for the [REDACTED] of the H Shares on the Stock Exchange.

SUMMARY

Use of [REDACTED]

After deducting the [REDACTED] and other estimated [REDACTED] payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for expanding our medical imaging center network;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for pursuing strategic cooperation and mergers and acquisitions in the medical imaging field and seeking strategic partnerships and investment opportunities along the medical imaging service industry chain;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for extending our business to overseas countries and regions which (i) are relatively lacking in medical resources, such as Southeast Asia, and (ii) have high per capita disposable income and great growth potential for medical imaging services, such as the Middle East; and
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, as working capital and for general corporate uses.

See “Future Plans and Use of [REDACTED].”

Application for [REDACTED] on the Stock Exchange

We have applied to the [REDACTED] committee of the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED] in, our H Shares to be [REDACTED] pursuant to the [REDACTED] and the H Shares to be converted from [REDACTED] Shares, on the basis that, among other things, we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue in 2023, being RMB928.9 million (equivalent to approximately HK\$1,023.3 million), which is over HK\$500 million, and (ii) our expected market capitalisation at the time of [REDACTED], which, based on the low end of the indicative [REDACTED], exceeds HK\$4 billion.