
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 the largest medical group specialized in medical imaging in China in 2022, and 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 practicing radiologists, average daily screening volume and fees paid by patients, according to Frost & Sullivan. We are also the only operator and manager of a medical imaging platform that provides comprehensive 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 empowerment solutions and Rimag cloud services, according to the same source.

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, 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.

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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. We have established and operated a medical imaging center network in China in response to the Chinese government’s hierarchical diagnosis and treatment initiative, which aims to address the uneven distribution of medical resources and promote the extension of high-quality medical resources to primary healthcare systems. Covering 16 provinces, autonomous regions and municipalities and spanning first- and second-tier cities to 54 county-level divisions, our medical imaging center network consisted of 86 imaging centers, including: (i) 7 flagship imaging centers; (ii) 24 regional collaborative imaging centers; (iii) 42 specialized medical consortium imaging centers; and (iv) 13 operational management imaging centers, as of December 31, 2022.

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 RMB2.3 billion in 2022, at a CAGR of 30.2%, despite the impact of the COVID-19 pandemic during the Track Record Period, and is expected to reach RMB18.9 billion in 2030, growing at a CAGR of 30.1% from 2022 to 2030.

Since our inception in 2014, we have been proactively following the Chinese government’s goals of establishing a hierarchical diagnosis and treatment system, promoting the extension of quality medical resources to the primary healthcare system and balancing the distribution of such resources. In line with favorable policies and industry trends, we took a visionary approach by exploring innovative servicing models for imaging centers. In particular, we uphold the concept of “clinically targeted imaging services,” and have equipped ourselves with advanced imaging equipment, attracted a quality professional team, and established a standard operating procedure (“SOP”) system and a personnel training system, in our imaging center network. 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.

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

- ***Imaging Center Services.*** We operate our own medical imaging centers and provide various types of imaging examination and diagnostic services, among other things, and offer operational management services to medical imaging centers of our partners.
- ***Imaging Empowerment Solutions.*** We commenced the provision of imaging empowerment solutions to customers in 2019. Our imaging empowerment solutions 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 empowerment solutions to maximize the utility value of imaging equipment.
- ***Rimag Cloud Services.*** To support our growing imaging center services business, we have developed our Rimag cloud platform to internally fuel our business development, 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 experienced significant growth in revenue and gross profit during the Track Record Period. Our total revenue increased by 18.1% from RMB501.5 million in 2020 to RMB592.0 million in 2021 and further by 32.5% to RMB784.4 million in 2022, representing a CAGR of 25.1% from 2020 to 2022. Our gross profit increased by 11.7% from RMB156.9 million in 2020 to RMB175.2 million in 2021, and further by 35.3% to RMB237.0 million in 2022, representing a CAGR of 22.9% from 2020 to 2022.

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We set out below an overview of our major business lines:

Introduction of business lines	Commercial rationale
<p><i>I. Imaging Center Services</i></p> <p><i>A. Flagship Imaging Centers</i></p> <p>We usually set up imaging centers as independent legal entities with Medical Institution Practice Licenses in places where medical institutions are concentrated in first- and second-tier cities or provincial capitals/municipalities of China. These imaging centers have advanced imaging equipment, outstanding professional teams, and a pleasant medical environment. They serve as exemplary centers for showcasing our medical services, expert competence, academic research, and corporate brand in the relevant regions and across the nation.</p> <p><i>B. Regional Collaborative Imaging Centers</i></p> <p>Our regional collaborative imaging centers are mainly located in the third-tier cities or below of China. Relying on one or more public/private medical institutions in the relevant regions, we build imaging centers as independent legal entities with Medical Institution Practice Licenses and in accordance with the Basic Standards for Medical Imaging Diagnostic Centers (Trial) issued by the NHFPC in 2016. These imaging centers integrate professional imaging resources within the relevant regions through distributed placement of imaging equipment, multi-site practice or recruitment of practitioners, so as to realize the sharing of data, equipment and professionals. Medical institutions in such regions can purchase medical imaging examination and diagnostic services, among other things, from these imaging centers.</p> <p><i>C. Specialized Medical Consortium Imaging Centers</i></p> <p>We form specialty imaging medical consortiums consisting of our medical imaging centers with practicing licenses of medical institutions and one or more medical institutions, as approved by local governments. Within such medical consortiums, we provide medical institutions with equipment deployment, infrastructure renovation, and comprehensive medical imaging operational management services, including professional skill improvement, operational management consulting, and informatization construction, among other things.</p> <p><i>D. Operational Management Imaging Centers</i></p> <p>We provide comprehensive operational management services to one or more medical institutions, including professional skill improvement, operational management consulting, and informatization construction, among other things, through our medical imaging service companies or imaging centers with practicing licenses of medical institutions. Such imaging centers are not involved with equipment deployment or infrastructure renovation services.</p>	<p>Our imaging center service business model is designed to help medical institutions of different levels address the various pain points they face:</p> <ul style="list-style-type: none"> • for large hospitals at the provincial level, which usually have limited extensibility to tackle patient overcrowding and space for additional equipment, we provide them with fast and high-quality imaging examination and diagnostic services as a supplement, or even provide a differentiating service leveraging the imaging resources in our flagship imaging centers. For small and medium-sized hospitals and check-up institutions that lack imaging equipment, as well as healthcare consumers with medical imaging needs, we provide comprehensive imaging services. We believe such an arrangement enables us to take advantage of the different market demands for imaging services, as driven by the varied needs from patients and other healthcare consumers with relatively higher household purchasing power; • for city- and county-level hospitals facing pain points of lack of imaging equipment and deficient professional capabilities, we establish regional collaborative imaging centers equipped with advanced imaging equipment via in-depth cooperation with medical institutions in the region. The establishment of such imaging centers is expected to improve the capacity to offer professional imaging services in such regions, thereby allowing medical institutions in such regions to enjoy better quality medical imaging services while reducing relevant costs; • for city- and county-level medical institutions facing pain points such as the inability to purchase imaging equipment and lack of skilled talents, we jointly establish specialized medical consortium imaging centers, to facilitate the development of primary healthcare and better allocation of medical resources; and • for city- and county-level medical institutions with sufficient imaging equipment but lacking qualified radiologists, radiologic technologists and nurses, or professional operational management capabilities, we provide comprehensive services targeted at improvement of professional capabilities and operational management.

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Introduction of business lines

II. Imaging Empowerment Solutions

We offer our imaging empowerment solutions to hospital customers that are in need of imaging equipment. We assist them in selecting and procuring imaging equipment that suits their development needs, while offering accompanying empowerment solutions to maximize the utilization value of the imaging equipment, to ensure they can properly and effectively use the procured imaging equipment. Our imaging empowerment solutions mainly encompass equipment selection and configuration, infrastructure renovation, training services, repair and maintenance and Rimag cloud platform services.

III. Rimag Cloud Services

We offer information services throughout the whole process of medical imaging based on our Rimag cloud platform, which mainly include medical imaging workflow modules (such as remote consultation and diagnostic report management system, cloud storage and cloud film services, cloud radiology information system (RIS) services, cloud Picture Archive and Communication System (PACS) services, and integrated AI platform) and operational management modules (such as refined operational management system and quality control system). We authorize medical institutions to use the Rimag cloud services, and offer subsequent services, including operational maintenance and data analysis. Medical institutions can also purchase one or more modular services as needed.

Commercial rationale

Our industry-leading position in operating and managing imaging centers in China has given us an advantage in accumulating professional proficiency and enhancing our operation management capabilities. We transform such capabilities into modular solutions, and offer them to help other medical institutions enhance their professional capabilities in equipment utilization. As we serve more customers, we have gradually developed the foregoing standardized solutions that are scalable and which can be customized to empower medical institutions.

The customers of our imaging empowerment solutions can also be converted into customers of our operational management imaging center business through additional customer development.

Based on our understanding of the medical imaging services industry and rich knowledge and deep insights into the pain points of the entire service process, we have developed the Rimag cloud platform to solve the major pain points of the various participants of the healthcare system:

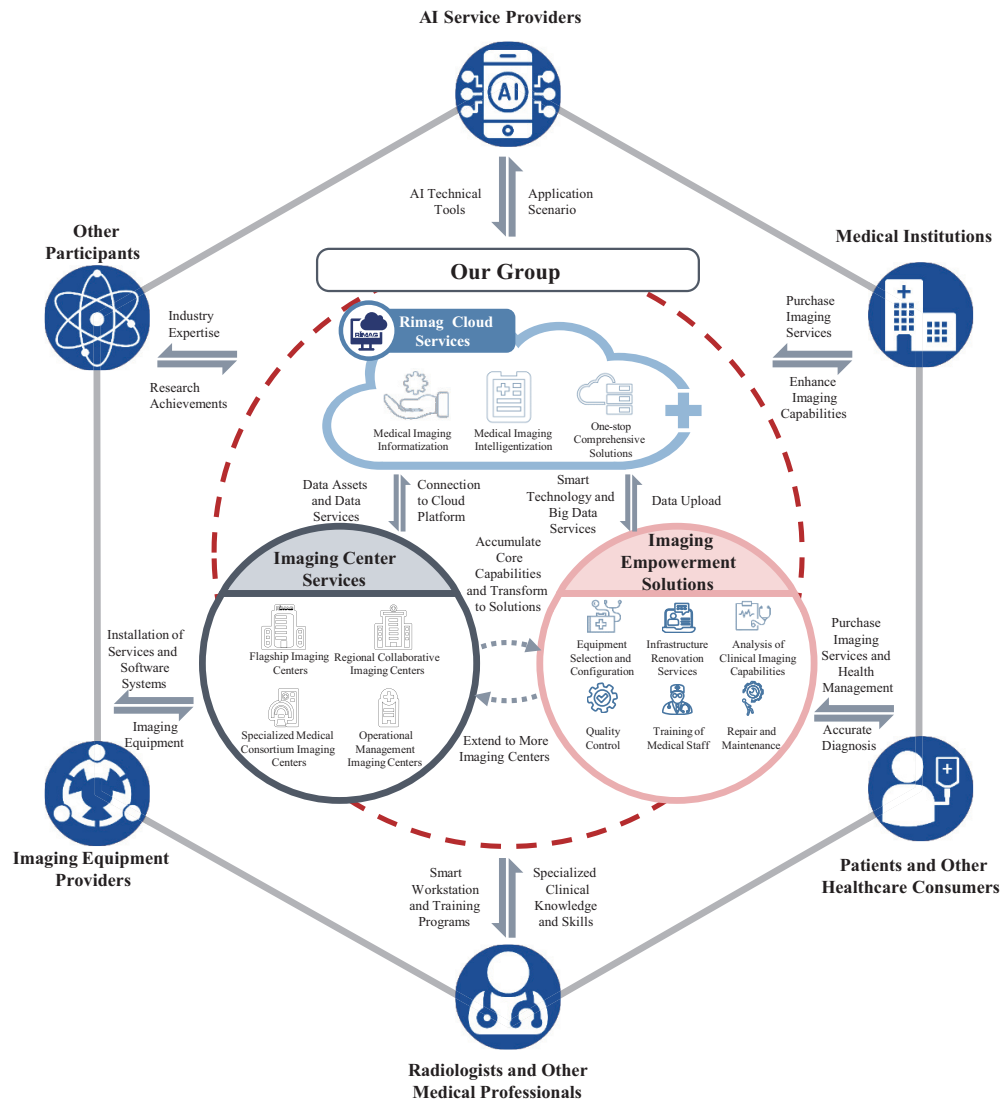
- for patients: how to obtain imaging diagnostic reports conveniently and obtain further report interpretation from experts;
- for clinicians: how to effectively select suitable medical imaging examinations for the purpose of diagnosis and treatment of diseases;
- for radiologic technologists: how to make the best use of imaging equipment and promptly complete scanning with assured quality;
- for radiologists: how to address heavy workload, reduce misdiagnosis and missed diagnosis, and improve usage experience for employing imaging AI tools; and
- for hospital managers: how to reasonably delegate and calculate workload, and more conveniently conduct performance appraisals, quality control, manage payment of medical fees and promote specialty-based development.

Our Ecosystem and Its Participants

We have created a vibrant and integrated one-stop ecosystem centered around our imaging center services, image empowerment solutions and Rimag cloud services. Our ecosystem connects, and provides value to, the different participants in such ecosystem, 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.

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The following diagram illustrates the interaction among the participants within our ecosystem:



See “Business — Our Ecosystem and Its Participants” in this document for further details.

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Our Business Model

We generated revenue primarily from: (i) imaging center services; (ii) imaging empowerment solutions; and (iii) Rimag cloud services during the Track Record Period. The following table sets forth a breakdown of our revenue by business line for the years indicated:





	Year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Imaging center services	339,469	67.7	442,312	74.7	497,743	63.4
Imaging empowerment solutions . .	150,222	30.0	139,252	23.5	269,589	34.4
Rimag cloud services	11,779	2.3	10,449	1.8	17,112	2.2
Total.	501,470	100.0	592,013	100.0	784,444	100.0

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.

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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 in our network:

	 Flagship Imaging Centers	 Regional Collaborative Imaging Centers	 Specialized Medical Consortium Imaging Centers	 Operational Management Imaging Centers
Geographical focus	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 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

For details on pricing and payment, see “Business — Pricing and Payment — Imaging Center Services.”

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As of December 31, 2022, we established and managed a network of 86 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,		
	2020	2021	2022
Flagship imaging centers	6	8	7
Regional collaborative imaging centers	22	25	24
Specialized medical consortium imaging centers	38	38	42
Operational management imaging centers	3	7	13
Total	69	78	86

Our revenue generated from the imaging center services was RMB339.5 million, RMB442.3 million and RMB497.7 million, respectively, in 2020, 2021 and 2022, growing at a CAGR of 21.1%, despite the impact of the COVID-19 pandemic during the Track Record Period. 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,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Flagship imaging centers	44,989	13.3	103,037	23.3	102,968	20.7
Regional collaborative imaging centers	211,704	62.3	249,792	56.5	270,326	54.3
Specialized medical consortium imaging centers	71,238	21.0	76,715	17.3	89,300	17.9
Operational management imaging centers	11,538	3.4	12,768	2.9	35,149	7.1
Total	339,469	100.0	442,312	100.0	497,743	100.0

See “Business — Imaging Center Services” for further details.

Imaging Empowerment Solutions

We commenced the provision of imaging empowerment solutions to customers in 2019. Our imaging empowerment solutions mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series

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of accompanying modular empowerment 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 empowerment solutions are centered around imaging equipment. During the Track Record Period, we provided imaging empowerment solutions to medical institution customers either directly or through intermediaries. See “Business — Sales and Marketing — Image Empowerment Solutions” for further details. During the Track Record Period, our imaging empowerment solutions served over 80 medical institutions.

Our imaging empowerment solutions 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 Empowerment Solutions” for further details.

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 research and development in a modular manner. As of the Latest Practicable Date, we had obtained 86 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” for further details.

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Medical Professionals

Our medical professionals mainly comprise radiologists, radiologic technologists and nurses. There are generally two types of medical professionals at our own imaging centers (namely, the flagship imaging centers and regional collaborative imaging centers): (i) medical professionals who are registered with us as the primary workplace; and (ii) medical professionals who are practicing at our own imaging centers through multi-site practice. The table below sets forth a breakdown of our medical professionals as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	<i>Primary⁽¹⁾</i>	<i>Multi-site⁽²⁾</i>	<i>Primary⁽¹⁾</i>	<i>Multi-site⁽²⁾</i>	<i>Primary⁽¹⁾</i>	<i>Multi-site⁽²⁾</i>
Radiologists	58	108	109	183	223	206
Radiologic technologists	101	–	138	–	181	–
Nurses	69	–	94	–	134	–
Total.	228	108	341	183	538	206

(1) Refers to medical professionals who are registered with us as the primary workplace.

(2) Refers to medical professionals who are practicing at our own imaging centers through multi-site practice.

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. According to the latest information on the NHC official website as of the Latest Practicable Date, there were only 155 third-party medical imaging center licenses in effect in the PRC. Among all PRC third-party medical imaging center operators, we 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” for further details.

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;

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- 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 innovative 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 research and development investment; and
- Visionary and highly experienced management team and strong shareholder support.

See “Business — Our Strengths” for further details.

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 ecosystem 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 imaging center network and enrich the offerings of our empowerment services to strengthen our industry-leading position;
- Continually invest in research and development to reinforce our Rimag cloud service capabilities and further support the rapid and effective business expansion of our medical imaging centers and empowerment 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 ecosystem.

See “Business — Our Strengths” for further details.

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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 empowerment solutions.	Public and private medical institutions, and intermediaries
Rimag cloud services	Public and private medical institutions, and healthcare companies

In 2020, 2021 and 2022, our five largest customers accounted for 22.8%, 22.4% and 25.2% of our total revenue, respectively. During the same years, our largest customer contributed 7.4%, 6.5% and 9.0% of our total revenue, respectively. See “Business — Our Customers” for further details.

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 empowerment solutions.	Imaging equipment providers
Rimag cloud services	Software and data storage service suppliers

In 2020, 2021 and 2022, our five largest suppliers accounted for 46.6%, 41.4% and 48.7% of our total purchases, respectively. During the same years, our largest supplier contributed 26.2%, 17.3% and 28.4% of our total purchases, respectively. See “Business — Our Suppliers” for further details.

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Competition

Our primary competitors consist of operators of third-party medical imaging centers and companies engaged in research and development 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.”

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.

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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,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Revenue	501,470	592,013	784,444
Cost of sales	(344,575)	(416,825)	(547,494)
Gross profit	156,895	175,188	236,950
Selling expense	(32,064)	(75,950)	(48,725)
Administrative expenses	(117,757)	(389,750)	(144,712)
Research and development expenses	(8,451)	(11,869)	(11,483)
Net impairment losses on financial assets	(3,425)	(10,886)	(3,517)
Other income	1,759	7,065	7,139
Other gains — net	10,968	8,343	3,297
Operating profit/(loss)	7,925	(297,859)	38,949
Finance income	429	1,039	4,730
Finance costs	(120,968)	(62,170)	(37,338)
Finance costs — net	(120,539)	(61,131)	(32,608)
Share of profit/(loss) of investments accounted for using the equity method	1,888	(3,670)	(5,406)
(Loss)/profit before income tax	(110,726)	(362,660)	935
Income tax expense	(9,469)	(19,300)	(15,993)
Loss for the year	(120,195)	(381,960)	(15,058)
(Loss)/profit for the year attributable to:			
Owners of the Company	(101,557)	(360,731)	364
Non-controlling interests	(18,638)	(21,229)	(15,422)
	(120,195)	(381,960)	(15,058)
Non-IFRS Measures:			
EBITDA	58,219	(162,664)	203,126
Adjusted EBITDA	140,293	148,475	212,730
Adjusted net loss	(38,121)	(70,821)	(5,454)
Adjusted net (loss)/profit attributable to owners of the Company	(19,483)	(49,592)	9,968

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Non-IFRS Measures

To supplement our consolidated statement of profit or loss which are presented in accordance with IFRS, we also use EBITDA, adjusted EBITDA, adjusted net loss and adjusted net profit/loss attributable to owners of the Company as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from year to year by eliminating potential impacts of items that we do not consider to be indicative of our operating performance.

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, adjusted EBITDA, adjusted net loss and adjusted net profit/loss attributable to owners of the Company may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool and, as such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of comprehensive income or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

There are two components to the adjusted EBITDA metric: (1) EBITDA, 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, which include items which are non-recurring or extraordinary, including share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the [REDACTED].

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

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
(Loss)/profit before income tax	(110,726)	(362,660)	935
Add: Finance costs (excluding interest expenses of financial instruments issued to investors)	42,324	47,990	37,338
Add: Depreciation of property, plant and equipment	103,882	125,780	139,758
Add: Depreciation of right-of-use assets	22,554	25,790	26,808
Add: Amortization of intangible assets	614	1,475	3,017
Less: Finance income.	(429)	(1,039)	(4,730)
EBITDA	58,219	(162,664)	203,126
Add: Share-based payments expenses	3,430	291,117 ⁽¹⁾	3,215
Add: Interest expenses of financial instruments issued to investors	78,644	14,180	–
Add: [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA	140,293	148,475	212,730

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- (1) The significant increase in the share-based payments expenses was mainly due to (i) the 2021 Share Incentive Scheme we adopted in 2021, and (ii) the share-based payments expenses paid to strategic investors. See note 26 to the Accountant’s Report in Appendix I to this document.

We define adjusted net loss (non-IFRS measures) as loss for the year adjusted for items which are non-recurring or extraordinary, including share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the [REDACTED]. The following table reconciles our adjusted net loss (non-IFRS measures) to the most directly comparable financial measure in accordance with IFRS, our loss for the year, for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Loss for the year	(120,195)	(381,960)	(15,058)
Add: Share-based payments expenses	3,430	291,117 ⁽¹⁾	3,215
Add: Interest expenses of financial instruments issued to investors	78,644	14,180	–
Add: [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss	(38,121)	(70,821)	(5,454)

- (1) The significant increase in the share-based payments expenses was mainly due to (i) the 2021 Share Incentive Scheme we adopted in 2021, and (ii) the share-based payments expenses paid to strategic investors. See note 26 to the Accountant’s Report in Appendix I to this document.

Meanwhile, we define adjusted net profit/loss attributable to owners of the Company (non-IFRS measures) as profit/loss for the year attributable to owners of the Company adjusted for items which are non-recurring or extraordinary, including share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the [REDACTED]. The following table reconciles our adjusted net profit/loss attributable to owners of the Company (non-IFRS measures) to the most directly comparable financial measure in accordance with IFRS, our profit/loss for the year attributable to owners of the Company, for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
(Loss)/profit for the year attributable to owners of the Company	(101,557)	(360,731)	364
Add: Share-based payments expenses	3,430	291,117 ⁽¹⁾	3,215
Add: Interest expenses of financial instruments issued to investors	78,644	14,180	–
Add: [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss)/profit attributable to owners of the Company	(19,483)	(49,592)	9,968

SUMMARY

- (i) The significant increase in the share-based payments expenses was mainly due to (i) the 2021 Share Incentive Scheme we adopted in 2021, and (ii) the share-based payments expenses paid to strategic investors. See note 26 to the Accountant’s Report in Appendix I to this document.

In particular, the share-based payments expenses are expenses arising from equity-settled share-based payments transactions such as share incentive plans and share-based payments to strategic investors. The amount of such expenses may not directly correlate with the underlying performance of our business operations and is also affected by non-operating factors that are not closely or directly related to our business activities, such as timing of grants of new stock-based awards, vesting period and staff turnover rate. Determining the fair value of the stock-based awards involves a high degree of judgment and the expenses recorded may not bear strong resemblance to the actual value realized upon the future exercise or termination of the related stock-based awards. Furthermore, historical occurrence of such share-based payments expenses is not indicative of future occurrence as it may not necessarily take place every year. As such, we do not consider such item to be indicative of our ongoing core operating performance.

For details of the interest expenses of financial instruments issued to investors, see “Financial Information — Critical Accounting Policies, Judgments and Estimates — Financial Instruments Issued to Investors.”

Description of Certain Components of Our Consolidated Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Total non-current assets	1,221,892	1,207,980	1,256,179
Total current assets	392,220	847,752	733,239
Total assets	1,614,112	2,055,732	1,989,418
Total non-current liabilities	1,523,628	384,856	276,083
Total current liabilities	390,944	367,621	397,096
Total liabilities	1,914,572	752,477	673,179
Net current assets ⁽¹⁾	1,276	480,131	336,143

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

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

SUMMARY

expenditures, and (ii) an increase in borrowings, mainly as a result of an increase in the balances of bank loans and financial leases 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 current assets of RMB480.1 million as of December 31, 2021 compared to net current assets of RMB1.3 million as of December 31, 2020, primarily due to an increase in cash and cash equivalents, as we received approximately RMB626 million from the Series D financing in 2021.

Cash Flows

	Year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Cash generated from operations	74,674	28,008	206,598
Interest received	429	1,039	4,730
Income tax paid	(4,570)	(11,047)	(13,159)
Net cash generated from operating activities	70,533	18,000	198,169
Net cash used in investing activities	(216,269)	(151,033)	(251,536)
Net cash generated from/(used in) financing activities	298,016	452,921	(96,446)
Net increase/(decrease) in cash and cash equivalents	152,280	319,888	(149,813)
Cash and cash equivalents at the beginning of the year	17,839	170,119	490,007
Cash and cash equivalents at the end of the year	170,119	490,007	340,194

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

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Selected Financial Ratios

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

	Year ended December 31,		
	2020	2021	2022
		(%)	
Profitability ratios			
Gross profit margin ⁽¹⁾	31.3	29.6	30.2
Net loss margin ⁽²⁾	(24.0)	(64.5)	(1.9)
Non-IFRS measures			
Adjusted EBITDA margin ⁽³⁾	28.0	25.1	27.1
Adjusted net loss margin ⁽⁴⁾	(7.6)	(12.0)	(0.7)
	As of December 31,		
	2020	2021	2022
Liquidity ratios			
Current ratio ⁽⁵⁾ (times)	1.00	2.31	1.85
Quick ratio ⁽⁶⁾ (times)	0.99	2.29	1.83
Capital adequacy ratio			
Gearing ratio ⁽⁷⁾ (%)	–	29.3 ⁽⁸⁾	26.8

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net loss margin is calculated based on loss for the year divided by revenue and multiplied by 100%.

(3) Adjusted EBITDA margin, a non-IFRS measure, is calculated based on adjusted EBITDA 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 before income tax to EBITDA and adjusted EBITDA.

(4) Adjusted net loss margin, a non-IFRS measure, is calculated based on adjusted net loss 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 for the year to adjusted net loss.

(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%. Gearing ratio was not applicable to us in 2020 due to our negative equity position.

(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.

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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] Statistics

The statistics in the following table are based on the assumptions that [REDACTED] Shares are issued pursuant to the [REDACTED] and the [REDACTED] is not exercised:

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

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share as of December 31, 2022 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.

[REDACTED] Expenses

[REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED], of which approximately RMB[REDACTED] was charged to the consolidated statements of profit or loss in 2022 as administrative expenses and approximately RMB[REDACTED] was directly attributable to the issue of the Shares to the public and to be deducted from equity upon the [REDACTED]. We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED], of

SUMMARY

which approximately RMB[REDACTED] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[REDACTED] 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 2023.

Recent Development

We have achieved satisfactory operating and financial results in the first quarter of 2023. Among other things, we commenced services at one new specialized medical consortium imaging center, and terminated operations of one regional collaborative imaging center due to changes in our operational strategies, between January 1, 2023 and the Latest Practicable Date, and we were in preparation to open seven new imaging centers in Hunan, Shandong and Heilongjiang provinces and Shanghai as of the Latest Practicable Date. In addition, we have entered into a new service agreement in January 2023 for establishing one regional collaborative imaging center in Heilongjiang province, and obtained the Medical Institution Practice License (醫療機構執業許可證) in April 2023 for a flagship imaging center in Hunan province of which we have not yet commenced operations.

No Material Adverse Change

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, 2022 (being the date of our latest audited financial statements) and there has been no event since December 31, 2022 which would materially affect the information shown in the Accountant’s Report set out in Appendix I to this document.

Use of [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] expenses 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] 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], for expanding our imaging center network;

SUMMARY

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for continually attracting and retaining skilled medical imaging talents through contracting with imaging professionals and collaborating with universities to establish medical imaging training programs, in order to support our business growth and strengthen our operation and management capabilities;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for research and development of our imaging technology and platform capabilities, as well as continually recruiting skilled talents;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], 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], 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], as working capital and for general corporate uses.

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