



Concord Healthcare Group Co., Ltd.* 美中嘉和醫學技術發展集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code: 2453

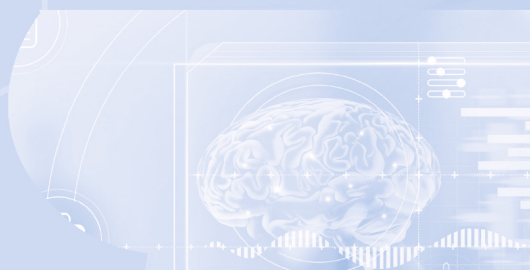


2024 INTERIM REPORT

* For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. YANG Jianyu (*Chairman*)
Ms. FU Xiao
Mr. CHANG Liang

Non-Executive Directors

Mr. WANG Lei
Mr. CHEN Hongzhang
Mr. SHI Botao (*redesignated from an executive Director to non-executed Director on August 29, 2024*)

Independent Non-Executive Directors

Ms. LI Xuemei
Mr. SUN Yansheng
Mr. NG Kwok Yin

SUPERVISORS

Mr. TENG Shengchun
Mr. YU Yue
Ms. JIANG Li

AUDIT COMMITTEE

Mr. NG Kwok Yin (*Chairperson*)
Mr. SUN Yansheng
Ms. LI Xuemei

REMUNERATION AND APPRAISAL COMMITTEE

Ms. LI Xuemei (*Chairperson*)
Dr. YANG Jianyu
Mr. SUN Yansheng

NOMINATION COMMITTEE

Mr. SUN Yansheng (*Chairperson*)
Dr. YANG Jianyu
Ms. LI Xuemei

JOINT COMPANY SECRETARIES

Mr. PAN Lichen
Ms. HO Wing Nga (*FCG (CS, CGP),
HKFCG (CS, CGP) (PE)*)

H SHARE REGISTRAR

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AUTHORIZED REPRESENTATIVES

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Mr. PAN Lichen

AUDITOR

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Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL BANKS

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Ping An Bank Co., Ltd., Beijing Zhongguancun Branch

HONG KONG LEGAL ADVISOR

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1 Connaught Place, Central
Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited
Suites 3001-3006 and 3015-3016
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COMPANY'S WEBSITE

www.concordmedical.com

STOCK SHORT NAME

CONCORD HC GP

STOCK CODE

2453

DATE OF LISTING

January 9, 2024

Results Highlights

- Our revenue decreased by 23.2% from RMB285.2 million for the six months ended June 30, 2023 to RMB219.0 million for the six months ended June 30, 2024.
- Our gross loss decreased by 1.4% from RMB35.0 million for the six months ended June 30, 2023 to RMB34.5 million for the six months ended June 30, 2024.
- Our net loss decreased by 5.7% from RMB214.3 million for the six months ended June 30, 2023 to RMB202.0 million for the six months ended June 30, 2024.
- Our adjusted net loss/(non-HKFRS measure)⁽¹⁾ decreased by 24.7% from RMB214.0 million for the six months ended June 30, 2023 to RMB161.1 million for the six months ended June 30, 2024.

Note:

- (1) Adjusted net loss (non-HKFRS measure) represents loss for the Reporting Period adjusted by adding back listing expenses. Our listing expenses are expenses relating to our Listing and is a non-recurring item. We believe that the non-HKFRS measure provides investors and management with greater visibility as to the underlying performance of our business operations and facilitates comparison of operating performance of other companies in our industry and of ourselves during different periods.

Management Discussion and Analysis

BUSINESS OVERVIEW

Build A Solid Foundation and Look to the Future: Deeply Cultivate in Oncology, Strengthen the Competitiveness of International Diagnosis and Treatment

1. *Lead the Field of Tumor Diagnosis and Treatment, and Protect the brilliance of life*

Concord Healthcare has been focusing on the oncology industry and has been steadily advancing its business development. Among them, Guangzhou Hospital, as a brand-new high-quality, international standard specialty medical institution, is in the leading position in Guangdong-Hong Kong-Macao Greater Bay Area in terms of service concept, diagnosis and treatment standards and cooperation with the top medical institution in the United States.

At present, Guangzhou Hospital has received more than 90,000 patients from the whole China and more than 10 countries, the cumulative number of surgical operations exceeded 2,000, and the cumulative number of patients receiving radiotherapy exceeded 1,400. In the first three years since the opening of Guangzhou Hospital, it took lead in the formulation of six national diagnosis and treatment guidelines and one national industry standard, which fully demonstrated its deep strength foundation in the field of oncology. As of the first half of 2024, Guangzhou Hospital has trained nearly 160 proton radiotherapy professionals for nearly 50 medical institution and scientific research institutes in the PRC.

In the first half of 2024, Guangzhou Hospital was awarded the three plaques of “Oncology Integration Clinical Training Base (腫瘤整合臨床培訓基地)”, “Oncology Education and Training Base (腫瘤科普宣教培訓基地)” and “Oncology Clinical Research Translational Base (腫瘤臨床研究轉化基地)” awarded by the China Anti-Cancer Association. These awards not only demonstrates the hospital’s leading position in the field of tumor diagnosis and treatment, but also marks Guangzhou Hospital’s strong determination and outstanding contribution in promoting the popularization of tumor prevention and transformation of scientific research achievements.

In addition, at the awards ceremony of 2024 China Hospital Construction Conference, Guangzhou Hospital won the “Third Session China Good Hospital Construction Demonstration Award (第三屆中國美好醫院建設示範獎)” for its outstanding hospital environment, facilities, services and humanistic care, further consolidating its position as an industry benchmark.

Meanwhile, Shanghai Imaging Center also received good news in the field of medical imaging and won the award of “Best Poster for Paper Exchange (論文交流最佳壁報)” at the 4th National PET/MR Academic Symposium, which fully demonstrated the profound attainments and innovation ability of the center in the research and application of PET/MR technology. An expert from the imaging center were also selected as a member of the Lymphoma Working Committee of the PET Academic Group of the Chinese Society of Nuclear Medicine, playing a vital role in the academic influence of the center in the field of medical imaging and cancer treatment.

Management Discussion and Analysis

In interdisciplinary collaboration, Guangzhou Hospital has also made solid progresses. The hospital has invited leading cardiologists from the University of Rome, Italy, to serve as invited experts in cardio-oncology to work together to develop the “center for cancer therapy-related cardiovascular toxicity (CTR-CVT)”. This initiative not only reflected the hospital’s high attention to cardio-oncology, but also indicated that on the road of anti-tumor treatment, Guangzhou Hospital will join hands with top international experts to provide patients with more comprehensive, accurate and efficient diagnosis and treatment services and protect the brilliance of life.

2. **Pioneer in Oncology medicine: Led by Scientific Research and Innovation, with Remarkable Clinical Results and International Exchanges**

In the rapid development of oncology diagnosis and treatment technology, with its excellent scientific research strength and clinical application ability, Concord Healthcare continues to highlight the Group’s leading position in the field of oncology. Recently, Concord Healthcare successfully participated in the national key research and development plan, the “Oncological Radiotherapy Application Demonstration Based on Domestic Innovative Radiotherapy Equipment (基於國產創新放療設備的腫瘤放療應用示範)” project, marking their key role in promoting the process of radiotherapy technology informatization, intelligence and remoteness. Concord Healthcare has been making significant contributions to developing of domestic radiotherapy equipment by establishing application demonstration sites and facilitating clinical application research.

In addition, the scientific research achievements of breast surgery team of Guangzhou Hospital yielded impressive results on the international stage. The publication of their academic paper in *BMC Surgery*, an authoritative journal of surgery, not only affirmed the achievement of capacity building of double specialties (breast surgery and plastic surgery), but also proved that the scientific research strength of the hospital was in line with international standards. This achievement not only enhanced the academic reputation of the hospital, but also provided valuable experience and enlightenment for domestic and foreign peers.

At the 62nd Annual Particle Therapy Co-Operative Group (PTCOG) Conference in Singapore in June this year, Guangzhou Hospital’s innovative research achievement – “a new quality analysis method for particle therapy for patients – anisotropic 3D gamma analysis” was presented, which was well received by participating experts. This result not only enhanced the precision and safety of particle therapy program, but also contributed Chinese wisdom to the development of global radiotherapy technology.

Meanwhile, the “Concord Proton Academic Exchange (泰和質子學術交流會)” held independently by Guangzhou Hospital was also quite a success. The first event focused on breast cancer proton treatment and attracted many oncology experts for participation. This series of activities not only promoted the clinical application and academic exchange of proton therapy technology, but also laid a solid foundation for the hospital’s leading position in the field of proton therapy.

Management Discussion and Analysis

3. Core Business: Proton Therapy Business Progress

During the Reporting Period, Concord Healthcare Group continued to deepen and develop its business in the field of proton therapy. As of the date of this interim report, the Group's proton therapy equipment in Guangzhou Hospital has completed clinical trials. In the first half of 2024, we have also submitted an application to the National Health Commission of the PRC (the "NHC") for Class A Large Medical Equipment Configuration License to participate in the application of operation of private medical services, and on September 13, 2024, the NHC has granted approval to the Company's application for the License. The Company will provide further updates regarding the material progress of its planned proton therapy services as and when appropriate.

Continuously Refine "Internal Strength" to Enable Businesses for Shaping New Growth Curves

1. Medical Equipment, Software and Related Service Business Progress

In the first half of 2024, the Group continued to strengthen its cloud platform construction strategy and carried out major upgrades and iterations to Jiahe Cloud Image, especially adding cloud PACS functional modules, which significantly enhanced the market competitiveness of products. Meanwhile, the radiotherapy cloud platform has been successfully upgraded to version V2.0, realizing extensive compatibility with many hardware equipment manufacturers, effectively supporting remote clinical operations, and gaining high recognition and good feedback from users. During the Reporting Period, the monthly active volume of customers of the remote imaging diagnostic platform reached a record high, and the number of new contracts signed by cooperative hospitals continued to rise, indicating ample results of the transfer of project achievements.

In order to further strengthen our market position, the Group plans to actively expand into new markets and effectively broaden our customer base through a combination of online and offline strategies. Looking forward to the second half of the year, the Company is expected to further accelerate the pace of digital construction to improve customer management efficiency and actively explore innovative business models including customized services, aiming to further expand market share and enhance comprehensive competitiveness.

In terms of business operation, we adopted centralized procurement management strategies, so that the procurement cost had been significantly reduced, which directly benefited end customers; at the service aspect, the Group achieved a strong record of zero complaints and demonstrated its high quality of service; in addition, the Group has effectively reduced costs and increased efficiency, not only improving its own operational efficiency, but also contributing to the sustainable development of the industry through process optimization, technological innovation and other means.

2. Developments of AI Business

The Group's AI business also made significant progress in the first half of the year. We successfully obtained the Class II medical device registration certificate of three-dimensional visualization of brain medical image software, and at the same time, the head magnetic resonance imaging ("MRI") aided diagnosis, whole body PET-CT aided diagnosis and MAICOP medical artificial intelligence platform are also actively applying for the registration certificate. In terms of business expansion, new large customers have been developed, and AI-related software has been commercialized and generated sales revenue. In particular, in respect of brain disease screening and diagnosis, the Group has developed competitive knock-out products and unique advantages.

Management Discussion and Analysis

Relying on the Group's superior resources, the Company held steadfast to strategic direction, focusing on the diagnosis and treatment of tumors, further developing tumor-related AI products, and dedicating to helping customers achieve the goal of increasing revenue and reducing costs. In the first half of the year, the use of self-developed MAICOP platforms, brain MRI series AI products and various intelligent examination reports laid a solid foundation for the commercialization, and deployed and implemented the same in Concord Healthcare Shanghai Imaging Center and the medical institutions of newly developed customer, successfully achieving sales revenue, and medical AI business revenue achieved a breakthrough from zero to one. In the future, we will continue to put more efforts into this field by combining with customers' resource advantages.

In terms of technological innovation, during the Reporting Period, the Group obtained a new invention patent: "A human health data processing system and its method" (for Healthingkon's intelligent health workstation). In addition, the Group also published an article of "Aided Value of Artificial Intelligence Technology for Junior Physicians in Screening for MRI Brain Lesions (人工智能技術對低年資醫師在磁共振顱腦病變篩查中的輔助價值)" in the second issue of Volume 30, 2024 of Chinese Computed Medical Imaging, a core journal of Chinese science and technology, which further demonstrates the Group's expertise in the medical AI sector.

Continuously Expand the Cooperation with Insurers to Help Patients with New Medical Experience

In the deep blue ocean of the healthcare sector, with a deep insight into market demand, the Group has not only made solid strides in commercial insurance cooperation, but also cooperated with well-known insurers to build a support bridge for overseas medical services. Also, we ventured into the deep integration of special diagnosis and treatment and insurance products. At the same time, through close cooperation with the network of general practitioners, the business model of coordinated development of specialty and general practice has been constructed, which has significantly improved the recognition and trust of non-oncology customers in medical institution and broadened the service boundary.

In respect of the operation in Shanghai, the Group focuses on oncology patients, highlighting the unique advantages of outpatient clinics as oncology specialties for ambulatory service of chemotherapy and radiotherapy. In the health screening space, health screening packages with cost-effective and distinctive features for corporate customers are expected to usher in more corporate purchasing and health screening customers of insurers in the second half of 2024 due to their superior geographic location and competitive price advantage. It is worth noting that medical institution in Shanghai has also reached a consensus with well-known insurance companies on overseas medical services, showcasing broad prospects for cross-regional cooperation.

What is particularly striking is that our medical institutions in Guangzhou and Shanghai are accelerating resources integration, forming a synergy and launching all-round and multi-level cooperation plans to meet the diverse needs of insurance companies and corporate customers. This strategic deployment not only enhances the scale of business commitments, but also provides strong support to insurers who are focused on the breadth and depth of their service network, creating an ambitious national blueprint for healthcare network.

Management Discussion and Analysis

Take Medical Technology as the Support, realize the “Healthy China” initiative with the Hearts of Public Welfare

In 2024, Concord Healthcare Group will not only maintain a leading position in the field of medical technology, but also demonstrate excellent contribution in public welfare and social duties. The announcement of the list of grants for this year by the “*Medicine and Humanity Research and Education Fund of Guangzhou Concord (廣州泰和醫學人文研究教育基金)*” sponsored by Concord Healthcare Group indicated that the fund has made solid steps in promoting the deep integration of medicine and humanities and the continuous improvement of medical quality. The fund brings together the joint forces of Guangzhou Hospital, Guangzhou Zhengxin Charity Foundation (廣州正心慈善基金會), Sun Yat-sen University Education Development Foundation and Center for Health and Human Development of Sun Yat-sen University, aiming to empower medical humanities development through interdisciplinary research and actively respond to the national “Healthy China” initiative. This year has seen an unprecedented number of applications with 119 high-quality applications from top universities and medical institution undergoing rigorous selection, of which 16 innovative projects emerged from the selection, receiving the grant from the Group. This achievement not only reflected the great importance and support of the Group to the field of medical humanities, but also demonstrated China’s vital and profound academic attainments in exploring new knowledge and promoting development in this area.

Meanwhile, as a long-term volunteer for “Operation Smile”, the nursing team of Shanghai Outpatient Center under Concord Healthcare Group continued to pass on doctors’ love to children with cleft lip and palate in remote areas, giving them hope and warmth. While, on special occasions such as 1st June Children’s Day, Guangzhou Hospital has integrated humanistic care into every detail, weaving joy and comfort for children and families with love and action. In addition, during the National Oncology Prevention and Treatment Week, Concord Healthcare successfully held a series of events in Shanghai and Guangzhou, including hospital management interviews from public media and public education in tumor prevention and treatment combined with international medical institutions, which further expanded the public welfare influence.

This series of public welfare measures not only demonstrated the profound sense of social duties and selfless dedication of Concord Healthcare Group and its hospitals, but also had won wide praise and respect from all walks of life and set a model for the public welfare of the medical industry.

OUTLOOK

Build the Foundation and Make Empowerment, Intellectually Contribute to the Future: Jointly Building a New Chapter in China’s Oncology Medicine

The hospital business is the core business of the Group. The Company will focus on the intensive cultivation of core medical capability, and strive to keep the diagnosis and treatment technology align with the world cutting-edge technology, deepen the academic interaction with the world’s top oncology medical institutions, and uphold the core philosophy of international quality medical services and establish an excellent brand image of Concord Healthcare in the field of tumor diagnosis and treatment. As a leading company in the industry, it is still necessary for us to closely monitor policy developments and adjust business strategies flexibly so as to maintain a dominant position in future market competition.

In the aspect of medical equipment, software and related services, Concord Healthcare should focus on medical equipment, software and related services, and develop with cloud platform, AI, and big data technology as the core. The goal should be clearly defined as innovation projects, and platform-based development, combined with traditional operation projects and the advantageous resources of physical hospitals in Guangzhou and Shanghai to empower all primary regional hospitals. The implementation paths include: continuous upgrading of cloud platform technology, optimization and iteration of teams, improvement of market coverage, forging of core competitiveness of various businesses, and strengthening of contact with physical hospitals to maximize the transformation of resources and value.

Management Discussion and Analysis

In view of the two core challenges facing the medical artificial intelligence industry, namely the imbalance between technological maturity and hospital demand, and the restriction of costly Graphics Processing Unit (GPU) on the update and iteration of algorithm models, Concord Healthcare will adopt the following strategies: firstly, actively obtain the registration certificates of medical devices such as PET-CT and Medical Artificial Intelligence Cloud Platform (MAICOP) to meet the compliance needs of the market; secondly, develop new AI series products, such as radiotherapy-related, upper abdomen CT-assisted diagnosis, mammography-assisted diagnosis, etc., to meet full range needs of hospitals and doctors; finally, continue to develop customers seeking medical examination in non-public and private medical institutions, combine the Group's MAICOP platform and unique product advantages, and further expand market share with meticulous efforts.

Concord Healthcare will also continue to deepen the environmental, social and governance (ESG) management and practice, use it as an effective tool for high-quality development and value creation in the cancer prevention and control industry, maintain high-quality health service supply, adhere to health management during the whole life cycle, and coordinate safety and development, so as to achieve the harmonious advance of green and low-carbon cycle in the society, people's health and well-being, and sustainable development of enterprises.

FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this report and should be read in conjunction with them.

Revenue

Our revenue was mainly derived from our two business segments: hospital business and medical equipment, software and related services.

Our revenue decreased by 23.2% from RMB285.2 million for the six months ended June 30, 2023 to RMB219.0 million for the six months ended June 30, 2024. The following table sets forth a breakdown of our revenues by service offerings for the six months ended June 30, 2023 and June 30, 2024.

	Six Months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Hospital business				
– Medical institutions	137,840	62.9	159,257	55.8
Medical equipment, software and related services				
– Sales and installation of medical equipment and software	73,208	33.4	104,301	36.6
– Management and technical support	2,099	1.0	12,028	4.2
– Operating lease	5,841	2.7	9,593	3.4
Total	218,988	100.0	285,179	100.0

Management Discussion and Analysis

- *Hospital business.* Revenue generated from hospital business mainly represents the medical service income generated from our self-owned medical institutions. Our revenue generated from hospital business decreased by 13.4% from RMB159.3 million for the six months ended June 30, 2023 to RMB137.8 million for the six months ended June 30, 2024, primarily due to the adjustment in the operating revenue structure by our Company, which reduced the business with lower profit margin. In addition, as we concentrated the resources into the preparation of our proton business, the revenue from the medical institutions may fluctuate in the short term.
- *Medical equipment, software and related services.* Revenue generated from medical equipment, software and related services mainly represents the revenue generated from (1) sales and installation of medical equipment and software, (2) management and technical support, and (3) operating lease. Our revenue generated from medical equipment, software and related services decreased by 35.6% from RMB125.9 million for the six months ended June 30, 2023 to RMB81.1 million for the six months ended June 30, 2024, primarily due to (i) the decreased demand for medical equipment, software and the relevant management and technical support by the business customers in the current economic environment, and (ii) the decreased efficiency in the collaboration with the business customers as a result of the continuing policy of anti-corruption in the medical industry.
 - Sales and installation of medical equipment and software. Our revenue generated from sales and installation of medical equipment and software decreased by 29.8% from RMB104.3 million for the six months ended June 30, 2023 to RMB73.2 million for the six months ended June 30, 2024.
 - Management and technical support. Our revenue generated from management and technical support decreased by 82.5% from RMB12.0 million for the six months ended June 30, 2023 to RMB2.1 million for the six months ended June 30, 2024.
 - Operating lease. Our revenue generated from operating lease decreased by 39.6% from RMB9.6 million for the six months ended June 30, 2023 to RMB5.8 million for the six months ended June 30, 2024, primarily because operating lease would no longer be a key business of our Company and therefore the original contracts which had expired would not be renewed.

Management Discussion and Analysis

Cost of revenue

Our cost of sales primarily consisted of cost of (1) variable costs, primarily representing cost of medical equipment and software, cost of pharmaceuticals, consumables and other inventories, utilities and office expenses, and (2) fixed cost, primarily representing employee benefit expenses, depreciation and amortization, and leasing, repair and maintenance.

Our cost of sales decreased by 20.8% from RMB320.2 million for the six months ended June 30, 2023 to RMB253.5 million for the six months ended June 30, 2024. The following table sets forth a breakdown of our cost of sales by nature for the six months ended June 30, 2023 and June 30, 2024.

	Six Months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Variable Cost				
– Cost of medical equipment and software	70,174	27.7	95,387	29.8
– Cost of pharmaceuticals, consumables and other inventories	44,868	17.7	57,258	17.9
– Utilities and office expenses	275	0.1	651	0.2
– Others ⁽¹⁾	9,119	3.6	11,325	3.5
Sub-total	124,436	49.1	164,621	51.4
Fixed Cost				
– Employee benefit expenses	58,993	23.3	82,120	25.7
– Depreciation and amortization	56,281	22.2	57,106	17.8
– Leasing, repair and maintenance	13,790	5.4	16,304	5.1
Sub-total	129,064	50.9	155,530	48.6
Total	253,500	100.0	320,151	100.0

Note:

(1) Others primarily include tax and surcharges and other miscellaneous fees relating to hospital business.

Management Discussion and Analysis

- *Cost of medical equipment and software.* Cost of medical equipment and software represents the cost of procuring medical equipment and software which we offer to our enterprise customers under our medical equipment, software and related services. Our cost of medical equipment and software decreased by 26.4% from RMB95.4 million for the six months ended June 30, 2023 to RMB70.2 million for the six months ended June 30, 2024, primarily due to the decrease in cost as a result of the decrease in revenue generated from sales and installation of medical equipment and software, management and technical support services.
- *Employee benefit expenses.* Employee benefit expenses represent the salaries, bonuses, pension and other social security and welfare of physicians, professional nurses and caretaking staff and other medical professionals at our medical institutions in operation. Our employee benefit expenses decreased by 28.2% from RMB82.1 million for the six months ended June 30, 2023 to RMB59.0 million for the six months ended June 30, 2024, primarily due to the improved efficiency of human resources and the Group's implementation of the concept of improved efficiency and reduced costs.
- *Cost of pharmaceuticals, consumables and other inventories.* Cost of pharmaceuticals, consumables and other inventories represents the cost of procuring pharmaceuticals and medical consumables used by our medical institutions. Our cost of pharmaceuticals, consumables and other inventories decreased by 21.6% from RMB57.3 million for the six months ended June 30, 2023 to RMB44.9 million for the six months ended June 30, 2024, primarily due to the decrease in cost as a result of the decrease in revenue generated from hospital business.
- *Leasing, repair and maintenance.* Leasing, repair and maintenance represents the leasing, repair and maintenance cost of our medical institutions in operation and the medical equipment under our medical equipment, software and related services. Our leasing, repair and maintenance decreased by 15.4% from RMB16.3 million for the six months ended June 30, 2023 to RMB13.8 million for the six months ended June 30, 2024, primarily due to the decrease of maintenance expense and office rent.
- *Utilities and office expenses.* Our utilities and office expenses decreased by 57.1% from RMB0.7 million for the six months ended June 30, 2023 to RMB0.3 million for the six months ended June 30, 2024, primarily due to the improved efficiency of administration and the Group's implementation of the concept of improved efficiency and reduced costs.

Gross loss and gross margin

Our gross loss decreased by 1.3% from RMB35.0 million for the six months ended June 30, 2023 to RMB34.5 million for the six months ended June 30, 2024. Our gross margin decreased from negative 12.3% for the six months ended June 30, 2023 to negative 15.8% for the six months ended June 30, 2024.

Management Discussion and Analysis

The following table sets forth a breakdown of our gross profit/(loss) and gross margin by service offerings for the six months ended June 30, 2023 and June 30, 2024.

	Six Months ended June 30,			
	2024		2023	
	Amount RMB'000	Gross margin %	Amount RMB'000	Gross margin %
Hospital business				
– Medical institutions	(30,415)	(22.1)	(43,719)	(27.5)
Medical equipment, software and related services				
– Sales and installation of medical equipment and software	556	0.8	9,369	9.0
– Management and technical support	(5,322)	(253.5)	(2,075)	(17.3)
– Operating lease	669	11.5	1,453	15.1
Total	(34,512)	(15.8)	(34,972)	(12.3)

- *Hospital business.* Our gross loss and gross margin for hospital business decreased from RMB43.7 million and negative 27.5% for the six months ended June 30, 2023 to RMB30.4 million and negative 22.1% for the six months ended June 30, 2024, primarily due to the implementation of reduced costs and improved efficiency philosophy.
- *Medical equipment, software and related services.* We recorded gross profit and gross margin for medical equipment, software and related services of RMB4.1 million and negative 5.0% for the six months ended June 30, 2024, as compared to RMB8.7 million and 6.9% for the six months ended June 30, 2023, and the change was primarily due to the decrease in revenue while the fixed costs remaining relatively high.
 - *Sales and installation of medical equipment and software.* Our gross profit and gross margin for sales and installation of medical equipment and software decreased from RMB9.4 million and 9.0% for the six months ended June 30, 2023 to RMB0.6 million and 0.8% for the six months ended June 30, 2024, primarily due to the decrease in revenue while the fixed costs remaining relatively high.
 - *Management and technical support.* Our gross loss and gross margin for management and technical support decreased from RMB2.1 million and negative 17.3% for the six months ended June 30, 2023 to RMB5.3 million and negative 253.5% for the six months ended June 30, 2024, primarily due to the decrease in revenue while the fixed costs remaining relatively high.
 - *Operating lease.* Our gross profit and gross margin for operating lease decreased from RMB1.5 million and 15.0% for the six months ended June 30, 2023 to RMB0.7 million and 11.5% for the six months ended June 30, 2024, primarily due to the decrease in revenue while the fixed costs remaining relatively high.

Management Discussion and Analysis

Selling and distribution expenses

Our selling and distribution expenses primarily consisted of (i) marketing and promotion expenses, (ii) employee benefit expenses for our sales and marketing staff, and (iii) office, travel and miscellaneous expenses. Our selling and distribution expenses decreased by 5.3% from RMB26.4 million for the six months ended June 30, 2023 to RMB25.0 million for the six months ended June 30, 2024, which was primarily attributable to the decrease in staff cost and the Group's implementation of the concept of improved efficiency and reduced costs.

Administrative expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, and physicians, professional nurses and caretaking staff and other medical professionals at our medical institutions prior to opening, (ii) depreciation and amortization, (iii) office, travel and miscellaneous expenses, (iv) consultancy and professional service fees and (v) leasing, repair and maintenance expenses. Our administrative expenses decreased by 15.5% from RMB93.5 million for the six months ended June 30, 2023 to RMB79.1 million for the six months ended June 30, 2024, which was primarily attributable to the decrease in staff cost and the Group's implementation of the concept of improved efficiency and reduced costs.

Research expenses

Our research expenses primarily consisted of (i) employee benefit expenses for our research and development staff and outsourcing personnel responsible for the development, operation and maintenance of our cloud platforms and other services, (ii) design and development expenses, (iii) utilities and office expenses, and (iv) depreciation and amortization. Our research expenses decreased by 23.7% from RMB18.5 million for the six months ended June 30, 2023 to RMB14.1 million for the six months ended June 30, 2024, which was primarily attributable to the decrease in staff cost and office expenses.

Other income and other net gains/(losses)

Our other income primarily consisted of (i) interest income, (ii) additional value added tax deduction, (iii) government grants and (iv) compensation income. Our other net gains/(losses) primarily represented (i) written-off of property, plant and equipment, (ii) gain on lease termination and (iii) fair value change on convertible bond-embedded derivatives. Our other income and other net gain increased by 738.5% from RMB5.2 million for the six months ended June 30, 2023 to RMB43.6 million for the six months ended June 30, 2024, which was primarily attributable to gain on disposal of equity interests in subsidiaries.

(Provision for)/reversal of impairment loss on trade receivables

Our (provision)/ reversal of impairment loss on trade receivables primarily consisted of provision calculated based on the expected credit loss ratio for trade receivables. We recorded reversal of impairment loss on trade receivables of RMB2.9 million for the six months ended June 30, 2023 and provision of impairment loss on trade receivables of RMB2.4 million for the six months ended June 30, 2024. The change was primarily attributable to the increasing balance of long-ageing trade receivables.

(Provision for)/reversal of impairment loss on other receivables

Our (provision for)/reversal of impairment loss on other receivables primarily consisted of reversal or provision for impairment calculated based on the expected credit loss ratio for other receivables. We recorded reversal of impairment loss on other receivables of RMB0.7 million for the six months ended June 30, 2023 and provision for impairment loss on other receivables of RMB1.5 million for the six months ended June 30, 2024. The change was primarily attributable to the increasing balance of deposits and other receivables.

Management Discussion and Analysis

Reversal of impairment loss on amounts due from related parties

Our reversal of impairment loss on amounts due from related parties primarily consisted of reversal of impairment loss after settling amounts due from related parties. Our reversal of impairment loss on amounts due from related parties increased by 52.0% from RMB2.5 million for the six months ended June 30, 2023 to RMB3.8 million for the six months ended June 30, 2024, which was primarily attributable to the settlements of amounts due from related parties.

Share of associates' results

Our share of associates' results primarily consisted of share of loss of associates. Our share of associates' results decreased from RMB1.2 million for the six months ended June 30, 2023 to RMB0.6 million for the six months ended June 30, 2024, which was primarily attributable to the less loss occurred by our associates in the first half year of 2024.

Income tax credit

Our income tax credit decreased by 39.0% from RMB4.1 million for the six months ended June 30, 2023 to RMB2.5 million for the six months ended June 30, 2024, which was primarily attributable to the decrease of deferred tax which is credited to profit or loss for the Reporting Period.

Loss for the Reporting Period

As a result of the foregoing, our loss for the Reporting Period decreased by 5.7% from a net loss of RMB214.3 million for the six months ended June 30, 2023 to a net loss of RMB202.0 million for the six months ended June 30, 2024.

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use adjusted net loss (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that the non-HKFRS measure provides investors and management with greater visibility as to the underlying performance of our business operations and facilitates comparison of operating performance of other companies in our industry and of ourselves during different periods. However, our presentation of the non-HKFRS measure may not be comparable to similarly titled measures presented by other companies. The use of the non-HKFRS measure has limitations as analytical tools, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

We define adjusted net loss (non-HKFRS measure) as loss for the Reporting Period adjusted by adding back listing expenses. Our listing expenses are expenses relating to our Listing and is a non-recurring item.

Management Discussion and Analysis

The following table reconciles our adjusted net loss (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented under HKFRSs.

	Six Months ended June 30,	
	2024	2023
	RMB'000	
Loss for the Reporting Period	(202,019)	(214,257)
<i>Add:</i>		
Listing expenses	40,959	224
Adjusted net loss (non-HKFRS measure)	(161,060)	(214,033)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The primary uses of cash are to fund the daily operations of the business of the Group. For the six months ended June 30, 2023 and June 30, 2024, we financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities and net proceeds from the Global Offerings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, net proceeds from the Global Offering, bank loans and other borrowings, and other funds raised from the capital markets from time to time. As of June 30, 2024, the Group had not used any financial instruments for hedging purposes.

We have continued to maintain a healthy and sound financial position and have followed a set of stringent funding and treasury policies to manage our capital resources and mitigate potential risks involved. We only invest in low-risk financial instruments from reputable financial institutions taking into account of, among others, the expected return and the redemption arrangement to meet our funding requirements. Our risk control measures include primarily (i) selection of reputable financial institutions, (ii) selection of financial products with a focus on liquidity, (iii) stringent internal control measures, such as tiered reporting system, annual budget control and periodic audits. All investment plans are subject to review and pre-approval by our management. As of June 30, 2024, we held 9 principal-protected and low-risk financial products from 9 different fund companies for treasury management purpose, the fair value of which amounted to an aggregate of RMB207.2 million and part of which was financed by the net proceeds from the Global Offering. The expected yield rates ranged from 0.5% to 5.5% per annum as of June 30, 2024, which are linked with the market price of the U.S. treasury bond. The financial products are redeemable on demand. As disclosed in the Prospectus, to the extent that the net proceeds from the Global Offering are not immediately applied, the Group will deposit the net proceeds into short-term demand deposits with licensed banks or authorized financial institutions in Hong Kong or China (as defined under Securities and Futures Ordinance or applicable laws and regulations in the PRC). Having considered the above financial products are principal-guaranteed and redeemable, the Company placed certain portion of net proceeds from the Global Offering for the acquisition of such financial products for treasury management purposes given that the nature of these financial products was akin to bank deposits. The Group will redeem the financial products as appropriate and expects that the financial products will be redeemed in full by the end of 2024. Going forward, the Group will only place the net proceeds in "short-term demand deposits with licensed banks or authorized financial institutions" as stated in the Prospectus, and the intended use of net proceeds from the Global Offering as disclosed in the Prospectus and this report would not be affected. For the avoidance of doubt, our acquisition of such products did not constitute any notifiable transactions pursuant to the Listing Rules as the highest applicable percentage ratio in respect of the acquisition is less than 5%.

Management Discussion and Analysis

Our current liabilities increased from approximately RMB1,204.5 million as of December 31, 2023 to approximately RMB1,286.2 million as of June 30, 2024, primarily due to the increase in bank and other borrowing on demand or within 1 year, and accruals and other payables, partially offset by the decrease in amounts due to related parties.

Cash flows

As of June 30, 2024, our cash and cash equivalents primarily consisted of cash on hand and cash at banks, and were substantially all denominated in RMB and USD. Our total cash and cash equivalents decreased by 56.7% from RMB257.3 million as of June 30, 2023 to RMB111.5 million as of June 30, 2024. The decrease was primarily attributed to the net cash used in investing, and partially offset by the net cash generated from financing activities.

The following table provides the information regarding the Group's cash flow for the six months ended June 30, 2023 and June 30, 2024.

	Six Months ended June 30,	
	2024	2023
	<i>RMB'000</i>	
Net cash used in operating activities	(178,796)	(130,685)
Net cash used in investing activities	(464,349)	(4,355)
Net cash generated from financing activities	714,105	265,854
Net increase in cash and cash equivalents	70,960	130,814
Cash and cash equivalents at the beginning of the Reporting Period	40,577	126,496
Cash and cash equivalents at the end of the Reporting Period	111,537	257,310

For the six months ended June 30, 2024, our net cash used in operating activities was RMB178.8 million, representing an increase of RMB48.1 million from the net cash used in operating activities of RMB130.7 million for the six months ended June 30, 2023, which was primarily attributable to the decrease in overall revenue.

For the six months ended June 30, 2024, our net cash used in investing activities was RMB464.3 million, representing an increase of RMB460.0 million from the net cash used in investing activities of RMB4.4 million for the six months ended June 30, 2023, which was primarily attributable to investment in a joint venture, purchase of financial assets at fair value through profit or loss, and purchase and prepayment of property, plant and equipment.

For the six months ended June 30, 2024, our net cash generated from financing activities was RMB714.1 million, representing an increase of RMB448.3 million from the net cash generated from financing activities of RMB265.9 million for six months ended June 30, 2023, which was primarily attributable to the proceeds from the Global Offering.

Management Discussion and Analysis

Foreign exchange risk management

Our functional currency is RMB. Our business is principally conducted in RMB, and all of our assets are denominated in RMB and USD. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are denominated in non-RMB. We will mitigate such a risk by constantly reviewing the economic situation and foreign exchange risk, and applying hedging measures when necessary.

We have not implemented any hedging arrangements. We manage our foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. We did not have other significant exposure to foreign exchange risk.

Capital expenditure

For the six months ended June 30, 2024, our total capital expenditure was approximately RMB31.1 million, compared to approximately RMB47.4 million for the six months ended June 30, 2023. Our capital expenditure primarily consisted of payments for the purchase of property, plant and equipment, purchase of right-of-use assets, and purchase of intangible assets. We funded these expenditures with cash generated from our operations and bank loans and other borrowings.

Capital commitments

The following table sets forth our capital commitments as of the dates indicated.

	As of June 30, 2024	As of December 31, 2023
	<i>RMB'000</i>	
Acquisition of property, plant and equipment	16,692	19,036
Capital injection in an associate	260,099	260,099

Contingent liabilities

As of June 30, 2024, we did not have any material contingent liabilities, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and in this report, as of June 30, 2024, we did not have detailed future plans for material investments or capital assets.

Management Discussion and Analysis

Material acquisitions, disposals and significant investment

We did not have any material acquisitions and disposals and significant investments during the six months ended June 30, 2024.

Pledge of assets

As at June 30, 2024, bank borrowings totaling RMB1,031.0 million (as of December 31, 2023: RMB1,051.9 million) are secured by the issued share capital of the Group's subsidiaries, 100% of SHCC and 100% of Shanghai Meizhong Jiahe Medical Image Diagnosis Limited and guaranteed by the Company.

As at June 30, 2024, a bank borrowing totaling RMB801.7 million (as of December 31, 2023: RMB858.7 million) is secured by the issued share capital of the a Group's subsidiary, 80% of Guangzhou Concord Cancer Hospital, and guaranteed by the Company.

As at June 30, 2024, bank borrowings totaling RMB811.7 million (as of December 31, 2023: RMB868.7 million) are secured by the revenue of the Group's subsidiaries, Shanghai Imaging Center and Shanghai Outpatient Center, amounted to RMB31.8 million and RMB43.5 million respectively.

As at June 30, 2024, bank and other borrowings totaling RMB34.6 million (as of December 31, 2023: RMB41.3 million) are guaranteed by Dr. Yang Jianyu, a controlling shareholder and the chairman of the Board.

The outstanding bank and other borrowings are denominated in RMB. The secured bank and borrowings are secured by the Company's assets with the following carrying amounts as of the dates indicated.

For details of the pledge of assets, please refer to the section headed "Financial Information – Indebtedness – Security and Guarantees" of the Prospectus.

	As of June 30, 2024	As of December 31, 2023
	<i>RMB'000</i>	
Property, plant and equipment	2,150,453	2,171,150
Right-of-use asset	381,973	386,613
Trade receivables	33,162	9,071
Total	2,565,588	2,566,834

Net current liabilities

As of June 30, 2024, we had net current liabilities of RMB609.0 million, compared to net liabilities of RMB844.7 million as of December 31, 2023, mainly attributable to the proceeds from the Global Offering.

Management Discussion and Analysis

Borrowings and indebtedness

As of June 30, 2024, our indebtedness consisted primarily of bank and other borrowings, convertible bonds and lease liabilities, and the borrowings were all made in RMB. As of June 30, 2024, 20.2% of the indebtedness (RMB545.0 million) bore fixed interest rates and exposed the Group to fair value interest rate risk. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of June 30, 2024	As of December 31, 2023
<i>RMB'000</i>		
Current indebtedness		
Bank loans and other borrowings	633,218	461,527
Convertible bond	18,698	19,233
Lease liabilities	10,963	21,317
Non-trade amounts due to related parties	300	31,023
Subtotal	663,179	533,100
Current indebtedness		
Bank loans and other borrowings	2,059,782	1,910,296
Lease liabilities	151,679	184,308
Subtotal	2,211,461	2,094,604
Total	2,874,640	2,627,704

The following table sets forth the maturity profile of our bank and other borrowings as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Balance	%	Balance	%
<i>(RMB'000, except for the percentages)</i>				
Within one year	633,218	23.5	461,527	19.5
After one year but within two years	744,918	27.7	390,230	16.4
Over two years but within five years	1,186,447	44.0	1,424,547	60.1
Over five years	128,417	4.8	95,519	4.0
Total	2,693,000	100.0	2,371,823	100.0

Management Discussion and Analysis

Key financial ratios

The following table sets forth our key financial ratios as of the date and/or for the periods indicated.

	Six months ended June 30,	
	2024	2023
Profitability ratios		
Gross margin ⁽¹⁾	(15.8)%	(12.3)%
Net margin ⁽²⁾	(92.3)%	(75.1)%
	As of	
	June 30, 2024	December 31, 2023
Liquidity ratios		
Current ratio ⁽³⁾	0.53	0.30
Quick ratio ⁽⁴⁾	0.50	0.27
Gearing ratio ⁽⁵⁾	62.3%	64.3%

Notes:

- (1) The calculation of gross margin is based on gross loss for the period divided by revenue for the respective period and multiplied by 100%.
- (2) The calculation of net margin is based on loss for the period divided by revenue for the respective period and multiplied by 100%.
- (3) The calculation of current ratio is based on current assets divided by current liabilities as of period end.
- (4) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.
- (5) The calculation of gearing ratio is based on total liabilities divided by total assets as of period end.

Other Information

EMPLOYEE, TRAINING AND REMUNERATION POLICIES

The Group had 691 employees as at June 30, 2024, as compared to 765 employees as at June 30, 2023. The total staff costs for the six months ended June 30, 2024 (including salaries, wages and other benefits, retirement scheme contribution etc.) amounted to approximately RMB116.54 million. The Group provides both in-house and external trainings for our employees to improve their skills and knowledge.

Remuneration packages for our employees mainly comprise base salary and performance-related bonus. We set performance targets for our employees primarily based on their position and department and periodically review their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In compliance with PRC regulations, we participate in various employee social insurance plans that are organized by applicable local municipal and provincial governments, including maternity, pension, medical, work-related injury and unemployment benefit plans, as well as housing provident funds. We are required under PRC laws to make contributions to employee benefit plans.

We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Reporting Period.

LITIGATION AND COMPLIANCE

During the Reporting Period, the Group did not commit any material non-compliance of the laws and regulations, and did not experience any non-compliance incident, which taken as a whole, in the opinion of the Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

INTERIM DIVIDEND

The Company will not declare any interim dividend for the six months ended June 30, 2024.

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

Neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) listed on the Stock Exchange during the six months ended June 30, 2024. As of June 30, 2024, the Company did not hold any treasury shares.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total number of issued shares must at all times be held by the public. We have been granted by the Stock Exchange a waiver from strict compliance with Listing Rule 8.08(1)(a) so as to allow a lower public float percentage of between 15% and 25% (or such higher percentage as was held by the public upon completion of the listing of the shares of the Company on the Stock Exchange). On such completion on January 9, 2024, the public float percentage was approximately 16.73%. From information that is publicly available to the Company and within the knowledge of its Directors at the date of this report, at least 16.73% of the Company's total number of issued shares are held by the public.

Other Information

USE OF NET PROCEEDS FROM LISTING

The H shares of the Company were listed on the Main Board of the Stock Exchange on January 9, 2024. The net proceeds received from the Global Offering (after deducting the estimated underwriting commissions and other fees and expenses payable by the Company in connection with the Global Offering) was approximately HK\$466.36 million.

The following table sets forth the planned use and actual use of the net proceeds from the Global Offering as of June 30, 2024:

	Percentage of net proceeds from the Global Offering	Net proceeds from the Global Offering <i>(HK\$ million)</i>	Utilized amount from January 1, 2024 to June 30, 2024	Unutilized amount as of June 30, 2024	Expected timeline of full utilization ⁽¹⁾
Repaying part of the interest-bearing bank borrowings	59.4%	277.02	99.32	177.70	By December 31, 2025
Financing the construction of Shanghai Hospital	30.6%	142.71	140.00	2.71	By December 31, 2025
Working capital and other general corporate purposes	10.0%	46.63	21.83	24.8	By December 31, 2025
Total	100%	466.36	261.15	205.21	

Note:

- (1) The expected timeline for fully utilizing the unutilized amount disclosed above is based on the best estimates made by the Board pursuant to the latest information up to the date of this report.

Other Information

As disclosed in the announcement of the Company dated August 29, 2024, the Board has considered and approved to propose the change of use of net proceeds from the Global Offering. As of June 30, 2024, approximately HK\$205.21 million of the net proceeds has not been utilized. The proposed revised allocation of the remaining net proceeds are summarized as below:

	Planned use of net proceeds as disclosed in the Prospectus		Proposed reallocation in the net proceeds	Net proceeds after proposed reallocation		Utilized net proceeds as of June 30, 2024	Unutilized net proceeds as of June 30, 2024	Expected timeline for full utilization
	<i>Amount of net proceeds</i>	<i>Approximate Percentage of the total net proceeds</i>	<i>Amount of net proceeds</i>	<i>Amount of net proceeds</i>	<i>Approximate Percentage of the total net proceeds</i>	<i>Amount of net proceeds</i>	<i>Amount of net proceeds</i>	
	<i>(HK\$ million)</i>	<i>net proceeds</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>net proceeds</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	
Repaying part of the interest-bearing bank borrowings	277.02	59.4%	(46.60)	230.42	49.4%	99.32	131.10	By December 31, 2025
Financing the construction of Shanghai Hospital	142.71	30.6%	-	142.71	30.6%	140.00	2.71	By December 31, 2025
Working capital and other general corporate purposes	46.63	10.0%	46.60	93.23	20.0%	21.83	71.40	By December 31, 2025
Total	466.36	100%		466.36	100%	261.16	205.21	

The proposed change in use of net proceeds from the Global Offering is subject to the consideration and approval by the Shareholders by way of a special resolution at the EGM of the Company.

Save as disclosed in this report, the intended use of other items of the net proceeds of the Global Offering remains unchanged.

The Board currently expects full utilization of the net proceeds raised from the Global Offering by December 31, 2025, subject to changes in light of the Company's evolving business needs and changing market conditions. For details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus and the announcement of the Company dated August 29, 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to good corporate governance. The corporate governance principles of the Company are to implement effective internal control measures and enhance the transparency and accountability of the Board to all shareholders of the Company. The Company has adopted the code provisions of the CG Code as its own corporate governance practices with effect from the Listing Date. During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

The Company will continue to regularly review and monitor its corporate governance practices to ensure its compliance with the CG Code.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2024, to the best knowledge of the Directors, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Our Company/ name of associated corporation	Class of Shares	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of total shareholdings in the Company ⁽²⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽³⁾
Dr. Yang	Our Company	Domestic Shares	Interest in controlled corporation	182,537,968 (L)	25.48%	38.86%
		Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
		H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Mr. TENG Shengchun	Beijing Healthingkon ⁽⁴⁾	-	Interest in controlled corporation	-	17.83%	-
	Beijing Healthingkon	-	Beneficial interest	-	0.98%	-

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

(2) Represents the percentage of the number of shares in the relevant class as at the date of this interim report divided by the number of all shares of the Company in issue (totaling 716,338,416 Shares, including 246,551,024 H Shares and 469,787,392 Domestic Shares).

(3) Represents the percentage of the number of shares in the relevant class as at the date of this interim report divided by the number of shares in the relevant class of the Company in issue.

(4) Dr. Yang owns 99.99% of the equity interest in Beijing Healthingkon Management Consulting Co., Ltd. (北京和信康管理顧問有限責任公司), which is the general partner of Beijing Healthingkon Information Technology Partnership (Limited Partnership) (北京和信康信息科技合夥企業(有限合夥)), which in turn owns approximately 17.83% of the equity interests in Beijing Healthingkon.

Other Information

Save as disclosed above, as of June 30, 2024, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which would be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, to the best of knowledge of the Directors, the following persons, other than Directors, Supervisors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Class of Shares	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of total shareholdings in the Company ⁽²⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽³⁾
Ascendium Group Limited ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Domestic Shares	Interest in controlled corporation	182,537,968 (L)	25.48%	38.86%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
Concord Medical ⁽⁴⁾	Domestic Shares	Interest in controlled corporation	182,537,968 (L)	25.48%	38.86%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
Morgancreek ⁽⁴⁾	Domestic Shares	Interest in controlled corporation	182,537,968 (L)	25.48%	38.86%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
Ms. ZHANG Bi ⁽⁴⁾	Domestic Shares	Interests of spouse; interest in controlled corporation	182,537,968 (L)	25.48%	38.86%
	H Shares	Interests of spouse; interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
Shanghai Medstar ⁽⁴⁾	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
	Domestic Shares	Beneficial owner	169,204,636 (L)	23.62%	36.02%
	H Shares	Interest of corporation controlled by you	28,115,800 (L)	3.92%	11.40%
	Domestic Shares	Interest of corporation controlled by you	13,333,332 (L)	1.86%	2.84%
Beijing Concord ⁽⁶⁾	Domestic Shares	Other	23,070,000 (L)	3.22%	4.91%
	H Shares	Beneficial interest	68,402,300 (L)	9.55%	27.74%

Other Information

Name	Class of Shares	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of total shareholdings in the Company ⁽²⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽³⁾
Concord HK ⁽⁶⁾	H Shares	Interest in controlled corporation	68,402,300 (L)	9.55%	27.74%
Tianjin Concord	H Shares	Beneficial interest	28,115,800 (L)	3.92%	11.40%
CICC Jiatai Phase II (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (中金佳泰貳期 (天津)股權投資基金合夥企業 (有限合夥)) (“CICC Jiatai”) ⁽⁷⁾	Domestic Shares	Beneficial Interest	120,000,000 (L)	16.75%	25.54%
CICC Capital Management Co., Ltd.	Domestic Shares	Interest in controlled corporation	120,000,000 (L)	16.75%	25.54%
China International Capital Corporation Limited	Domestic Shares	Interest in controlled corporation	120,000,000 (L)	16.75%	25.54%
Central Huijin Investment Ltd.	Domestic Shares	Interest in controlled corporation	120,000,000 (L)	16.75%	25.54%
Ningbo Xinyu Jiahui Enterprise Management Co., Ltd. (寧 波信鈺嘉慧企業管理有限公 司) (“Ningbo Xinyu”) ⁽⁸⁾	Domestic Shares	Beneficial Interest	77,777,776 (L)	10.86%	16.56%
CITIC Industrial Investment Group Corp., Ltd.	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
CITIC Corporation Limited	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
CITIC Limited	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
CITIC Polaris Limited	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
CITIC Glory Limited	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
CITIC Group Corporation Limited	Domestic Shares	Interest in controlled corporation	77,777,776 (L)	10.86%	16.56%
Zhuhai Gefei Yunnuo Equity Investment Fund (Limited Partnership) (珠海歌斐雲諾股 權投資基金(有限合夥)) (“Gefei Yunnuo”) ⁽⁹⁾	H Shares	Beneficial Interest	35,466,666 (L)	4.95%	14.39%
Wuhu Gopher Asset Management Co., Ltd.	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Gopher Asset Management Co., Ltd.	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%

Other Information

Name	Class of Shares	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of total shareholdings in the Company ⁽²⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽³⁾
Shanghai Noah Investment Management Co., Ltd. (上海諾亞投資管理有限公司)	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Noah Holdings Limited	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Wuhu Juncheng Investment Center (Limited Partnership) (蕪湖俊成投資中心(有限合伙)) ⁽¹⁰⁾	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Shanghai Jingmu Enterprise Management Co., Ltd. (上海景穆企業管理有限公司)	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Shanghai Jingmu Investment Management Co., Ltd. (上海景穆投資管理有限公司)	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
Shanghai Taiming Asset Management Co., Ltd. (上海鈦銘資產管理有限公司)	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
TAN Wenhong (譚文虹)	H Shares	Interest in controlled corporation	35,466,666 (L)	4.95%	14.39%
CSPC NBP Pharmaceutical Co., Ltd. (石藥集團恩必普藥業有限公司) ⁽¹¹⁾	Domestic Shares	Beneficial Interest	28,195,488 (L)	3.94%	6.00%
CSPC Pharmaceutical Group Limited	Domestic Shares	Interest in controlled corporation	28,195,488 (L)	3.94%	6.00%
WisdoMont Asset Management (Shanghai) Co., Ltd. ⁽¹²⁾	Domestic Shares	Interest in controlled corporation	34,715,560 (L)	4.85%	7.39%
GAN Shixiong (甘世雄)	Domestic Shares	Interest in controlled corporation	34,715,560 (L)	4.85%	7.39%
Shanghai Guanyou Enterprise Management Center (Limited Partnership) (上海冠佑企業管理中心(有限合伙)) ("Shanghai Guanyou") ⁽¹³⁾	H Shares	Beneficial Interest	14,383,300 (L)	2.01%	5.83%
Shanghai Epu Supply Chain Technology Co., Ltd. (上海峨浦供應鏈科技有限公司)	H Shares	Interest in controlled corporation	14,383,300 (L)	2.01%	5.83%
QI Wenyuan (祁文元)	H Shares	Interest in controlled corporation	14,383,300 (L)	2.01%	5.83%
Changsheng Assets Co., Ltd. (長生資產有限責任公司)	H Shares	Beneficial Interest	13,333,334 (L)	1.86%	5.41%
("Changsheng Assets") ⁽¹⁴⁾	Domestic Shares	Interest in controlled corporation	6,666,666 (L)	0.93%	1.42%

Other Information

Name	Class of Shares	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of total shareholdings in the Company ⁽²⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽³⁾
Nantong Wulan Power Fuel Co., Ltd., Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. (南通烏蘭電力燃料有限公司)	H Shares	Interest in controlled corporation	13,333,334 (L)	1.86%	5.41%
	Domestic Shares	Interest in controlled corporation	6,666,666 (L)	0.93%	1.42%
Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. (滿洲里錦晟煤炭供銷有限公司)	H Shares	Interest in controlled corporation	13,333,334 (L)	1.86%	5.41%
	Domestic Shares	Interest in controlled corporation	6,666,666 (L)	0.93%	1.42%
Batu (巴圖)	H Shares	Interest in controlled corporation	13,333,334 (L)	1.86%	5.41%
	Domestic Shares	Interest in controlled corporation	6,666,666 (L)	0.93%	1.42%
MA Fei (馬飛)	H Shares	Interest in controlled corporation	13,333,334 (L)	1.86%	5.41%
	Domestic Shares	Interest in controlled corporation	6,666,666 (L)	0.93%	1.42%

(1)-(3) See “– Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” in this interim report for more information.

(4) Ascendium Group Limited is deemed to be interested in (i) the entire interests held by Shanghai Medstar, which is owned as to 98.19% by Ascendium Group Limited and as to 1.81% by Shanghai Huifu Technology Development Co., Ltd. (上海卉馥科技發展有限公司) (“Shanghai Huifu”), and (ii) the entire interests held by Concord HK, which is wholly owned by Ascendium Group Limited. Shanghai Huifu is owned as to approximately 99% by Dr. Yang and as to approximately 1% by Mr. SHI Botao. Ascendium Group Limited is wholly owned by Concord Medical. As of the date of this interim report, Dr. Yang, through his controlled entity, Morgancreek, is entitled to exercise approximately 73.2% of the voting rights at general meetings of Concord Medical. Ms. ZHANG Bi, the spouse of Dr. Yang, indirectly holds 70% of the equity interests in Morgancreek; and Dr. Yang is the sole director of Morgancreek, and as such Dr. Yang has the power to direct Morgancreek as to the voting and disposition of the shares held by Morgancreek in Concord Medical. Ms. ZHANG Bi, as the spouse of Dr. Yang, is deemed to be interested in Dr. Yang’s entire interest.

(5) Shanghai Medstar is deemed to be interested in (i) the 192,274,636 Shares directly held by it, (ii) the 28,115,800 Shares held by Tianjin Concord, which is wholly owned by Shanghai Medstar, and (iii) the 13,333,332 Shares held by Shanghai Xinhe by holding 72.73% partnership interests in Shanghai Xinhe as a limited partner. On July 10, 2024, among the 192,274,636 Domestic Shares, Shanghai Medstar pledged 23,070,000 Domestic Shares in favor of an independent third party as security for a loan facility. For details, please refer to “– Pledge of Shares by the Controlling Shareholder” in this report.

(6) Concord HK is deemed to be interested in the 68,402,300 Shares held by Beijing Concord, which is wholly owned by Concord HK.

Other Information

- (7) CICC Jiatai is a limited partnership established in the PRC and the general partner of which is CICC Capital Management Co., Ltd. (中金資本運營有限公司), a wholly-owned subsidiary of China International Capital Corporation Limited, which is a company listed on the Shanghai Stock Exchange (stock code: 601995) and Stock Exchange (stock code: 3908). Central Huijin Investment Ltd. (中央匯金投資有限責任公司) is deemed to be interested in the entire interest held by China International Capital Corporation Limited for the purpose of the SFO.
- (8) Ningbo Xinyu is a limited liability company established in the PRC and is a wholly-owned subsidiary of CITIC Industrial Investment Group Corp., Ltd., which is in turn wholly owned by CITIC Corporation Limited. CITIC Corporation Limited is wholly owned by CITIC Limited, a company listed on the Stock Exchange (stock code: 0267), which is in turn owned as to 32.53% by CITIC Polaris Limited and as to 25.60% by CITIC Glory Limited. Each of CITIC Polaris Limited and CITIC Glory Limited is wholly owned by CITIC Group Corporation Limited.
- (9) Gefei Yunnuo is a limited partnership established in the PRC and the general partner of which is Wuhu Gopher Asset Management Co., Ltd., a wholly-owned subsidiary of Gopher Asset Management Co., Ltd., which is in turn wholly owned by Shanghai Noah Investment Management Co., Ltd. Shanghai Noah Investment Management Co., Ltd. is controlled by Noah Holdings Limited, a company listed on the Stock Exchange (stock code: 6686) and the New York Stock Exchange (symbol: NOAH).
- (10) Wuhu Juncheng Investment Center (Limited Partnership) is deemed to be interested in the entire interests held by Gefei Yunnuo by holding 43.6009% partnership interests as a limited partner in Gefei Yunnuo. Each of Shanghai Jingmu Enterprise Management Co., Ltd. and Shanghai Jingmu Investment Management Co., Ltd. owns 50% of the partnership interests in Wuhu Juncheng Investment Center (Limited Partnership). Shanghai Jingmu Enterprise Management Co., Ltd. is wholly owned by Shanghai Jingmu Investment Management Co., Ltd.; and Shanghai Jingmu Investment Management Co., Ltd. is wholly owned by Shanghai Taiming Asset Management Co., Ltd., which is in turn wholly owned by TAN Wenhong.
- (11) CSPC NBP Pharmaceutical Co., Ltd. is a company established in the PRC with limited liability and is a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, which is a company listed on the Stock Exchange (stock code: 1093).
- (12) WisdoMont Asset Management (Shanghai) Co., Ltd. is the general partner of Jiaxing Shengshi Equity Investment Partnership (Limited Partnership) (嘉興盛識股權投資合夥企業(有限合夥)) (“Jiaxing Shengshi”), Suzhou Juepu Investment Center (Limited Partnership) (蘇州覺普投資中心(有限合夥)) (“Suzhou Juepu”) and Lanhai Youfang, and also controls the general partner of Suzhou Shengshan Huiying Venture Capital Partnership (Limited Partnership) (蘇州盛山惠贏創業投資企業(有限合夥)) (“Shengshan Huiying”). Accordingly, WisdoMont Asset Management (Shanghai) Co., Ltd. is deemed to be interested in the entire interests held by Jiaxing Shengshi, Suzhou Juepu, Lanhai Youfang and Shengshan Huiying. WisdoMont Asset Management (Shanghai) Co., Ltd. is owned as to 51% by GAN Shixiong (甘世雄).
- (13) The general partner of Shanghai Guanyou is Shanghai Epu Supply Chain Technology Co., Ltd. Shanghai Epu Supply Chain Technology Co., Ltd. is owned by QI Wenyuan and MA Yu as to 90% and 10%, respectively.
- (14) Changsheng Assets is deemed to be interested in the entire interests held by Lanhai Youfang by holding 88.44% partnership interests as a limited partner in Lanhai Youfang. Changsheng Assets is owned by Nantong Wulan Power Fuel Co., Ltd., Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. and Inner Mongolia Linguang Asset Management Co., Ltd. as to 39%, 33% and 28%, respectively. Nantong Wulan Power Fuel Co., Ltd. is owned by Batu and Hasige Riletu (哈斯格日勒圖) as to 90% and 10%, respectively. Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. was owned by MA Fei and WANG Qiang as to 85% and 15%, respectively.

Other Information

Save as disclosed above, as of June 30, 2024, the Directors, Supervisors and the chief executive of the Company are not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND THE RELEVANT EMPLOYEES

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its directors, supervisors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all directors, supervisors and the relevant employees of the Company and all of them have confirmed that they have complied with the Model Code during the Reporting Period.

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

Save as disclosed below, there has been no change in the Directors' and Supervisors' information which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the Company's last published annual report and up to the date of this report.

In March 2024, Ms. LI Xuemei ceased to work as an independent non-executive director of CCID Consulting Company Limited (賽迪顧問股份有限公司), a company listed on the Stock Exchange (stock code: 2176).

In July 2024, Mr. SUN Yansheng ceased to work as an independent non-executive director of Steve Leung Design Group Ltd. (梁志天設計集團有限公司), a company listed on the Stock Exchange (stock code: 2262).

In August 2024, Mr. SHI Botao resigned as the secretary of the Board and was redesignated from an executive Director to a non-executive Director. Please refer to the announcement of the Company dated August 29, 2024 for details.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated July 10, 2024 (the "Share Pledge Announcement"), the Company was notified that, an aggregate of 23,070,000 Domestic Shares (the "Pledged Shares") held by Shanghai Medstar, one of the Company's Controlling Shareholders, has been pledged to China Credit Trust Co., Ltd. (中誠信託有限責任公司) ("China Credit"), an independent third party as security for a loan facility in an aggregate amount of no more than RMB500,000,000 provided by China Credit to the Company. The Pledged Shares represented approximately 3.22% of the total issued share capital of the Company as at the date of this report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of June 30, 2024, the Company had no other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Other Information

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during six months ended June 30, 2024 was the Company or its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporates, and none of the Directors, Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporates or had exercised any such right.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the six months ended June 30, 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements which are put to the Board for approval. The management provides all members of the Board with monthly updates on the Company's performance positions and prospects.

AUDIT COMMITTEE

As of the date of this report, the Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Kwok Yin, Mr. SUN Yansheng and Ms. LI Xuemei, with Mr. NG Kwok Yin being the chairman of the Audit Committee.

The accounting information contained in this report has not been audited by the independent auditor of the Company. However, the Audit Committee together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended June 30, 2024. The audit committee considered the financial statements for the six months ended June 30, 2024 of the Group are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosure thereof. In addition, the independent auditor of the Company, BDO Limited, has reviewed the unaudited interim financial information for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Other Information

EVENTS AFTER THE REPORTING PERIOD

On August 29, 2024, Mr. SHI Botao, due to change of work assignment/his other personal commitments, (i) has been redesignated from an executive Director to a non-executive Director and (ii) resigned as the secretary of the Board. Following Mr. SHI Botao's resignation as the secretary of the Board, Mr. PAN Lichen will be appointed as the secretary of the Board.

In addition, on August 29, 2024, the Board proposed to make amendments to certain article in the Articles of Association in light of the business development needs of the Company and change in use of proceeds from the Global Offering. The proposed amendments to the Articles of Association and change in use of proceeds from the Global Offering are subject to the approval by the Shareholders at the EGM of the Company.

For details, please refer to the announcement of the Company dated August 29, 2024.

Save as disclosed in this report, there are no material subsequent events undertaken by the Group after June 30, 2024 and up to the date of this report.

By order of the Board of Directors

Dr. YANG Jianyu

Chairman of the Board and Executive Director

Report on Review of Interim Condensed Consolidated Financial Statements



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To the Board of directors of Concord Healthcare Group Co., Ltd.

(a joint stock company incorporated in People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 36 to 64 which comprise the condensed consolidated statement of financial position of Concord Healthcare Group Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the "interim financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Chan Tsz Hung

Practising Certificate number: P06693

Hong Kong, 29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months Ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
	Notes		
Revenue	5	218,988	285,179
Cost of revenue		(253,500)	(320,151)
Gross loss		(34,512)	(34,972)
Other income and other net gains	6	43,644	5,175
(Provision for)/reversal of impairment loss on trade receivables	13	(2,353)	2,903
(Provision for)/reversal of impairment loss on other receivables	14	(1,473)	716
Reversal of impairment loss on amounts due from related parties		3,816	2,510
Selling and distribution expenses		(24,974)	(26,361)
Administrative expenses		(79,090)	(93,536)
Research expenses		(14,128)	(18,518)
Listing expenses		(40,959)	(224)
Share of associates' results		(631)	(1,219)
Share of a joint venture's result		(166)	–
Finance costs	7	(53,696)	(54,859)
Loss before income tax credit	8	(204,522)	(218,385)
Income tax credit	9	2,503	4,128
Loss and total comprehensive income for the period		(202,019)	(214,257)
Attribute to:			
Owners of the Company		(181,876)	(194,276)
Non-controlling interests		(20,143)	(19,981)
		(202,019)	(214,257)
Loss per share (expressed in RMB)			
Basic and diluted loss per share	11	(0.25)	(0.30)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates		89,826	89,679
Interest in a joint venture		101,834	–
Property, plant and equipment	12	3,274,752	3,316,973
Right-of-use assets		478,928	518,033
Intangible assets		830,068	851,667
Deposits, prepayments and other receivables	14	15,124	6,356
Amounts due from related parties		232,629	72,571
Deferred tax assets		19,433	21,316
		5,042,594	4,876,595
Current assets			
Inventories		39,832	40,347
Trade receivables	13	69,899	75,984
Deposits, prepayments and other receivables	14	147,677	171,690
Amounts due from related parties		1,060	1,205
Restricted cash and deposit		100,000	29,998
Financial assets at fair value through profit or loss (“FVTPL”)	15	207,157	–
Cash and cash equivalents		111,537	40,577
		677,162	359,801
Current liabilities			
Trade payables	16	(121,317)	(127,069)
Accruals and other payables	17	(449,489)	(470,997)
Current tax payable		(2,266)	(2,466)
Contract liabilities		(38,166)	(55,941)
Amounts due to related parties		(12,062)	(45,967)
Lease liabilities		(10,963)	(21,317)
Bank and other borrowings	18	(633,218)	(461,527)
Convertible bond		(18,698)	(19,233)
		(1,286,179)	(1,204,517)
Net current liabilities		(609,017)	(844,716)
Total assets less current liabilities		4,433,577	4,031,879

Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		(151,679)	(184,308)
Bank and other borrowings	18	(2,059,782)	(1,910,296)
Deferred tax liabilities		(64,830)	(68,090)
		(2,276,291)	(2,162,694)
Net assets		2,157,286	1,869,185
EQUITY			
Capital and reserves			
Share capital	19	716,338	676,918
Reserves		1,189,961	922,171
Equity attributable to owners of the Company		1,906,299	1,599,089
Non-controlling interests		250,987	270,096
Total equity		2,157,286	1,869,185

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company					Total RMB'000	Non- controlling interests RMB'000	Total Equity RMB'000
	Share capital RMB'000 (Note 19)	Capital reserves* RMB'000 (Note a)	PRC statutory reserves* RMB'000 (Note b)	Merger reserves* RMB'000 (Note c)	Accumulated losses* RMB'000			
At 1 January 2023 (audited)	648,723	3,919,085	39,867	34,736	(2,957,141)	1,685,270	310,309	1,995,579
Loss and total comprehensive income for the period	-	-	-	-	(194,276)	(194,276)	(19,981)	(214,257)
Capital injection from non-controlling interests	-	(3,493)	-	-	-	(3,493)	3,493	-
Issue of shares	28,195	271,805	-	-	-	300,000	-	300,000
At 30 June 2023 (audited)	676,918	4,187,397	39,867	34,736	(3,151,417)	1,787,501	293,821	2,081,322
At 1 January 2024 (audited)	676,918	4,190,890	39,867	34,736	(3,343,322)	1,599,089	270,096	1,869,185
Loss and total comprehensive income for the period	-	-	-	-	(181,876)	(181,876)	(20,143)	(202,019)
Partial disposal of a subsidiary with change of control	-	463	-	-	(463)	-	1,386	1,386
Changes in ownership interests in a subsidiary without change of control	-	352	-	-	-	352	(352)	-
Issue of shares upon listing	39,420	478,466	-	-	-	517,886	-	517,886
Expenses attributed to issue of new shares upon listing	-	(29,152)	-	-	-	(29,152)	-	(29,152)
At 30 June 2024 (Unaudited)	716,338	4,641,019	39,867	34,736	(3,525,661)	1,906,299	250,987	2,157,286

* The total of these amounts as at the reporting dates represents "Reserves" in the condensed consolidated statement of financial position.

Notes:

- Capital reserves represented the paid up capital of the subsidiaries now comprising the Group attributable to the shareholders.
- Statutory reserves represented the amount transferred from net profit for the period of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.
- The merger reserves of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Notes			
Cash flows from operating activities			
	Loss before income tax credit	(204,522)	(218,385)
	Adjustments for:		
	Depreciation of property, plant and equipment	46,246	47,058
	Depreciation of right-of-use assets	13,641	14,420
	Amortization of intangible assets	14,233	14,991
	Provision for/(reversal of) impairment loss on trade receivables	2,353	(2,903)
	Provision for/(reversal of) impairment loss on other receivables	1,473	(716)
	Reversal of impairment loss on amounts due from related parties	(3,816)	(2,510)
	Reversal of write-down of inventories	(10)	(31)
	Gain on disposal of a subsidiary	(36,889)	–
	Gain on partial disposal of a subsidiary	(4,121)	–
	Write-off of property, plant and equipment	151	27
	Gain on lease modifications	(761)	(146)
	Fair value change on convertible bond – embedded derivatives	(1,015)	(767)
	Fair value change on financial assets at FVTPL	(2,550)	–
	Interest income	(464)	(4,041)
	Share of associates' results	631	1,219
	Share of a joint venture's result	166	–
	Finance costs	53,696	54,859
	Operating loss before working capital changes	(121,558)	(96,925)
	Decrease in inventories	117	42,174
	Decrease in trade receivables	3,562	27,741
	Increase in deposits, prepayment and other receivables	(2,968)	(41,868)
	Increase in restricted cash and deposit	(70,002)	–
	Increase/(decrease) in trade payables	1,619	(17,192)
	Increase/(decrease) in accruals and other payables	28,397	(29,747)
	Decrease in contract liabilities	(17,768)	(14,770)
	Cash used in operations	(178,601)	(130,587)
	Income tax paid	(195)	(98)
	<i>Net cash used in operating activities</i>	(178,796)	(130,685)

Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Notes			
Cash flows from investing activities			
	Purchase of property, plant and equipment	(11,948)	(3,026)
	Purchase of intangible assets	(5)	(1,796)
	Prepayment to related parties for property, plant and equipment	(156,097)	(82)
22	Proceeds from disposal of a subsidiary, net	9,368	–
	Proceeds from partial disposal of a subsidiary	476	–
	Bank interest received	464	549
	Investment in a joint venture	(102,000)	–
	Purchases of financial asset at FVTPL	(204,607)	–
	<i>Net cash used in investing activities</i>	(464,349)	(4,355)
Cash flows from financing activities			
	Proceeds from bank and other borrowings	624,486	107,325
	Repayment of lease liabilities	(6,273)	(5,010)
	Repayment of bank and other borrowings (Repayment to)/advance from related parties	(295,822)	(82,423)
19	Proceeds from issue of new shares	517,886	–
	Payments of share issue expenses	(13,682)	–
	Interest paid	(78,585)	(78,872)
	Prepayments of listing expenses	–	(4,898)
19	Issuance of shares	–	300,000
	<i>Net cash generated from financing activities</i>	714,105	265,854
	Net increase in cash and cash equivalents	70,960	130,814
	Cash and cash equivalents at beginning of the period	40,577	126,496
	Cash and cash equivalents at end of the period	111,537	257,310

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") on 23 July 2008 with limited liability under the Companies laws of the PRC. The Company was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2024. The address of Company's registered office is located at Room B311, 3/F, Block 7, No 48 Zhongguancun South Street, Haidian District, Beijing, People's Republic of China, 100013. The Company's principal place of business is located in the PRC.

The Company and its subsidiaries (the "Group") are principally engaged in leasing of radiotherapy and diagnostic imaging equipment, trading of radiotherapy and diagnostic imaging equipment, provision of management and technical services to hospitals and provision of premium cancer treatment services.

The directors consider the Company's immediate holding company is Shanghai Medstar Financial Leasing Company Limited ("Shanghai Medstar"), a limited liability company established in PRC. The ultimate holding company is Morgancreek Investment Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands.

2. ACCOUNTING POLICY

Except as described below, the accounting policies applied are consistent with those of the 2023 financial statements as described therein.

New and amendments to standards and interpretation adopted by the Group

The following amendments are effective for the period beginning 1 January 2024:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

None of the amendments to standards have a material effect on the reported results or financial position of the Group for both current and prior reporting periods. The Group has not early applied any amendments to standards or interpretations that is not yet effective for the current accounting period.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The interim condensed consolidated financial statements of the Group for the sixth months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

It should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

3. BASIS OF PREPARATION (continued)

3.2 Basis of measurement and going concern assumption

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative component of the convertible bond and financial assets at fair value through profit or loss, which are stated at their fair values and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

For the six months ended 30 June 2024, the Group recorded a loss attributable to the owners of the Company of RMB181.8 million and had net current liabilities of RMB609.0 million. Nevertheless, the condensed consolidated interim financial statements have been prepared on the going concern basis because the Directors are of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow forecast of the Group covering a period from the end of the reporting period up to 30 June 2025 (the "Forecast Period"). In the preparation of the cash flow forecast, the following is taken into consideration:

- (i) The Group has unused credit line of approximately RMB1,031 million at the date of approval of the interim condensed consolidated financial statements;
- (ii) The Group had financial assets at fair value through profit or loss ("FVTPL") amounted to RMB207 million as at 30 June 2024 (Note 15), which is readily convertible into cash at its principal amount if required. The financial assets at FVTPL could be realised with minimal transaction cost;
- (iii) The Group is restructuring certain of the existing loans replacing by new loans with longer repayment periods and at a lower interest rate. After the loan restructuring, the Group would be able to reduce the overall interest expenses on bank and other borrowings; and
- (iv) The Group has strengthened its cost control to preserve liquidity by reducing administrative costs and deferring capital expenditures that are not of higher priority. The Group will continue to actively explore additional measures to further enhance cost efficiency.

Based on the cash flow projection over the Forecast Period, and in the absence of any adverse unforeseen circumstances, the Directors had a reasonable expectation that the Group would be able to comply with all financial and debt covenants within the Forecast Period. Notwithstanding that there are inherent uncertainties associated with the future outcomes of the Group's plans in the cashflow projection, including whether the Group is able to improve the financial performance and maintain its banking facilities, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

3.3 Functional and presentation currency

The functional currency of the Company is Renminbi ("RMB"), which is same as the presentation currency of the interim condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

As a result of this evaluation, the Group determined its operating segments as follows:

- Hospital Business
- Medical Equipment, Software and Related Services

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment cost of sales, gross profit, and operating profit/(loss). Income tax expense are not allocated to individual operating segments. The CODM assess the performance of each segment based on a measure of segment profit primarily. Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Assets and liabilities are regularly reviewed on a consolidated basis.

The following is an analysis of the Group's revenue and results by reportable segment six months ended 30 June 2024 and 2023:

	For the six months ended 30 June 2024		
	Hospital Business RMB'000 (Unaudited)	Medical Equipment, Software and Related Services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	137,840	81,148	218,988
Segment results	(135,275)	(58,398)	(193,673)
Other income and net gains			43,644
Finance costs			(53,696)
Share of associates' results			(631)
Share of a joint venture's result			(166)
Loss before income tax			(204,522)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

	As at 30 June 2024		
	Hospital Business RMB'000 (Unaudited)	Medical Equipment, Software and Related Services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Assets			
Segment assets	4,575,376	424,124	4,999,500
Goodwill	140,942	368,221	509,163
Deferred tax assets			19,433
Interests in associates			89,826
Interest in a joint venture			101,834
Total Assets			5,719,756
Liabilities			
Segment liabilities	(2,827,215)	(668,159)	(3,495,374)
Current tax payable			(2,266)
Deferred tax liabilities			(64,830)
Total Liabilities			(3,562,470)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2024		
	Hospital Business	Medical Equipment, Software and Related Services	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Other segment information			
Depreciation of property, plant, and equipment	(42,708)	(3,538)	(46,246)
Depreciation of right-of-use assets	(11,481)	(2,160)	(13,641)
Amortization of intangible assets	(7,678)	(6,555)	(14,233)
Reversal of/(provision for) impairment loss on trade receivables	409	(2,762)	(2,353)
Reversal of/(provision for) impairment loss on other receivables	137	(1,610)	(1,473)
Reversal of write-down of Inventories	-	10	10
Write-off of property, plant and equipment	(146)	(5)	(151)
	For the six months ended 30 June 2023		
	Hospital Business	Medical Equipment, Software and Related Services	Total
	RMB'000 (Audited)	RMB'000 (Audited)	RMB'000 (Audited)
Revenue	159,257	125,922	285,179
Segment results	(135,286)	(89,032)	(224,318)
Other income and net gains			7,629
Finance costs			(477)
Share of associates' results			(1,219)
Loss before income tax			(218,385)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

	As at 30 June 2023		
	Hospital Business RMB'000 (Audited)	Medical Equipment, Software and Related Services RMB'000 (Audited)	Total RMB'000 (Audited)
Assets			
Segment assets	2,341,974	2,545,686	4,887,660
Goodwill	143,555	368,221	511,776
	2,485,529	2,913,907	5,399,436
Deferred tax assets			21,521
Interests in associates			90,195
Total Assets			5,511,152
Liabilities			
Segment liabilities	(2,228,726)	(1,128,273)	(3,356,999)
Current tax payable			(2,466)
Deferred tax liabilities			(70,365)
Total Liabilities			(3,429,830)

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2023

	Hospital Business	Medical Equipment, Software and Related Services	Total
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Other segment information			
Depreciation of property, plant, and equipment	(41,263)	(5,795)	(47,058)
Depreciation of right-of-use assets	(10,967)	(3,453)	(14,420)
Amortization of intangible assets	(12,324)	(2,667)	(14,991)
Reversal of impairment loss on trade receivables	2,015	888	2,903
Reversal of impairment loss on other receivables	345	371	716
Reversal of write-down of Inventories	31	–	31
Write-off of property, plant and equipment	(6)	(21)	(27)

Geographical information

The Company is domiciled in the PRC while the Group's non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

5. REVENUE

The disaggregation of revenue from contracts with customers and from other sources by major services and products and timing of revenue recognition are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Revenue from contracts with customers		
By major services and products		
Hospital		
Cancer hospital and clinics	137,840	159,257
Medical Equipment, Software and Related Services		
Sales and installation of medical equipment and software	73,208	104,301
Management and technical support	2,099	12,028
	213,147	275,586
Revenue from other source		
Medical Equipment, Software and Related Services		
Operating lease income	5,841	9,593
	218,988	285,179
Six months ended 30 June		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Time of revenue recognition		
Over time	40,204	54,453
At a point in time	172,943	221,133
	213,147	275,586
Revenue from contracts with customers		

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

6. OTHER INCOME AND OTHER NET GAINS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Other income:		
Interest income	464	4,041
Additional VAT deduction	65	172
Government grants (Note (a))	667	1,287
Other net gains/(losses):		
Reversal of write-down of inventories	10	31
Gain on disposal of a subsidiary (Note 22)	36,889	–
Gain on partial disposal of a subsidiary (Note (b))	4,121	–
Compensation expenses	(1,036)	–
Write-off of property, plant and equipment	(151)	(27)
Gain on lease modifications	761	146
Fair value change on convertible bond-embedded derivatives (Note 23)	1,015	767
Fair value change on financial assets at FVTPL	2,550	–
Exchange loss	(1,474)	(207)
Others	(237)	(1,035)
	43,644	5,175

Notes:

- (a) Government grants represented the financial support received from local government as an incentive for business development and there has no unfulfilled conditions attached to the government grants.
- (b) In April 2024, the Company entered into an agreement to transfer 50% interest of Guangzhou Concord Hospital Management Co., Ltd. ("Guangzhou Concord"), a non-wholly owned subsidiary of the Group which was originally 70% held by the Company, to an independent third party at a consideration of RMB1,945,000. A gain on partial disposal of a subsidiary of RMB4,121,000 was recognized in condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024. Following the completion of the disposal, the Group lost control over Guangzhou Concord and the Group's interest in Guangzhou Concord was reduced from 70% to 20%, for which the Group retained significant influence over Guangzhou Concord. Accordingly, the interest in Guangzhou Concord was accounted for as an associate of the Group thereafter.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

7. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Interest charge on bank and other borrowings	72,339	77,180
Interest charge on lease liabilities	6,998	7,116
Interest charge on convertible bond	480	477
Total interest expenses for liabilities not classified as at FVTPL	79,817	84,773
Less: amounts included in the cost of qualifying assets	(26,121)	(29,914)
	53,696	54,859

8. LOSS BEFORE INCOME TAX CREDIT

Loss before income tax credit is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Auditors' remuneration	1,000	279
Depreciation of property, plant and equipment	46,246	47,058
Depreciation of right-of-use assets	13,641	14,420
Short-term leases expenses	1,497	5,213
Amortization of intangible assets	14,233	14,991
Cost of inventories recognized as expenses	115,230	148,145
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	92,761	119,201
Retirement scheme contribution (Note (a))	23,774	28,481
	116,535	147,682

Note (a): Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Company in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

9. INCOME TAX CREDIT

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Current tax		
Current year	-	66
Overprovision for previous years	(5)	-
Deferred tax		
Credited to profit or loss for the period	(2,498)	(4,194)
	(2,503)	(4,128)

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023.

Under the PRC Corporate Income Tax Law (the "CIT Law"), the Group's PRC entities are subject to income tax at a rate of 25%, unless otherwise specified.

According to the relevant tax rules and regulations of the PRC, distribution to foreign investors of profits earned by PRC companies since 1 January 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors' foreign incorporated immediate holding companies. As at 30 June 2024 and 31 December 2023, the PRC entities have deficits in retained earnings, so no withholding tax is provided.

Provision for the CIT Law was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Certain companies were accredited as a High and New Technology Enterprise since 2019 and were entitled to a preferential income tax rate of 15% for the year ending 31 December 2024 and year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of reporting period.

11. LOSS PER SHARE

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Audited)
Loss attributable to the owners of the Company (RMB'000)	(181,876)	(194,276)
Weighted average number of ordinary shares in issue (thousand shares)	714,640	652,306
Basic loss per share attributable to the owners of the Company (RMB per share)	(0.25)	(0.30)

Note:

- (i) Diluted loss per share were the same as the basic loss per share as the Group has no dilutive potential ordinary shares for the six months ended 30 June 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the sixth months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of approximately RMB30,892,000 (31 December 2023: RMB395,876,000). The Group had written-off property, plant and equipment with net book value of RMB151,000 (six months ended 30 June 2023: RMB27,000). Depreciation of property, plant and equipment amounted to RMB46,246,000 (six months ended 30 June 2023: RMB47,058,000).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

13. TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	105,413	109,145
Less: allowance for impairment	(35,514)	(33,161)
	69,899	75,984

As at 30 June 2024 and 31 December 2023, the trade receivables were denominated in RMB.

Except for certain customers being granted approximately 90 days of credit term, there is no credit term granted by the Group to its trade customers. Based on the date of delivery of goods or services which approximated the respective dates on which revenue was recognized, the aging analysis of the Group's net amount of trade receivables at the end of each reporting period is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	31,053	25,660
4-6 months	3,399	18,723
7-12 months	15,028	18,907
1-2 years	20,419	12,694
Total	69,899	75,984

The movements in the loss allowance for impairment of trade receivables are as follows:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Year ended 31 December 2023 RMB'000 (Audited)
At the beginning of period/year	33,161	24,254
Provision for impairment loss recognized, net	2,353	8,907
At the end of the period/year	35,514	33,161

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

13. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets		
Deposits	1,607	6,842
Other receivables	1,379	1,379
	2,986	8,221
Less: allowance for impairment	(902)	(1,865)
	2,084	6,356
Prepayment for property, plant and equipment	13,040	–
	15,124	6,356
Current assets		
Deposits	13,449	8,656
Advance to employees	1,114	1,440
Other receivables	87,465	47,370
	102,028	57,466
Less: allowance for impairment	(5,477)	(3,041)
	96,551	54,425
Prepayments	51,126	117,265
	147,677	171,690

Note: The outstanding balances are interest free, unsecured and repayable on demand.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

The movements in the loss allowance for impairment of deposit and other receivables are as follows:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Year ended 31 December 2023 RMB'000 (Audited)
At the beginning of period/year	4,906	6,938
Provision for/(reversal of) impairment loss recognized, net	1,473	(2,032)
At the end of the period/year	6,379	4,906

15. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial products	207,157	–
	207,157	–

The financial assets measured at FVTPL represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments – US treasury bond. The expected yield rates ranged from 0.5% to 5.5% per annum as at 30 June 2024.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

16. TRADE PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	121,317	127,069
	121,317	127,069

An ageing analysis of the Group's trade payables based on the invoice date as at the end of each reporting period is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	78,080	101,678
More than 1 year but within 2 years	40,443	24,401
More than 2 years but within 3 years	2,726	922
More than 3 years	68	68
	121,317	127,069

17. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Accruals and other payables	369,609	368,921
Salaries payables	75,350	95,674
Other tax payable	4,530	6,402
	449,489	470,997

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

18. BANK AND OTHER BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Short-term borrowings		
Secured bank loans	108,969	106,699
Secured other borrowing	90,000	–
Unsecured bank borrowings	2,990	5,000
Current portion of long term borrowings		
Secured bank loans	218,169	164,522
Secured other borrowings from related parties	158,505	169,324
Secured other borrowings	54,585	15,982
Non-current portion of long term borrowings		
Secured bank loans	1,616,872	1,746,078
Secured other borrowings from related parties	57,288	154,221
Secured other borrowings	385,622	9,997
	2,693,000	2,371,823

Total bank and other borrowings were scheduled to repay as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
On demand or within 1 year	633,218	461,527
Current portion	633,218	461,527
After 1 year but within 2 years	744,918	390,230
After 2 years but within 5 years	1,186,447	1,424,547
Over 5 years	128,417	95,519
Non-current portion	2,059,782	1,910,296
Total	2,693,000	2,371,823

Note:

- (i) As at 30 June 2024, the total banking facilities and financial institution facility of the Group was RMB3,542 million (31 December 2023: RMB4,063 million). They were utilized to the extent of RMB2,511 million (31 December 2023: RMB: 2,117 million) respectively.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

19. SHARE CAPITAL

	Notes	Six months ended 30 June 2024		Year ended 31 December 2023	
		Number '000	Amount RMB'000	Number '000	Amount RMB'000
Authorized, issued and fully paid:					
At 1 January		676,918	676,918	648,723	648,723
Share allotment	(i)	–	–	28,195	28,195
Issue of shares upon listing	(ii)	39,420	39,420	–	–
At 30 June/31 December		716,338	716,338	676,918	676,918

(i) Pursuant to an agreement signed among the Group and CSPC NBP Pharmaceutical Co., Ltd. On June 2023, the Company allotted and issued 28,195,000 shares of RMB1 each to CSPC NBP Pharmaceutical Co., Ltd. at the consideration of RMB300,000,000. The excess over the Company's share capital amounted to RMB271,805,000 was recognized as capital reserve of the Company.

(ii) In connection with the Company's issue of new shares upon listing, the Company allotted and issued 39,420,000 shares of RMB1.00 each at a price of HK\$14.28 per share on 9 January 2024. The gross proceeds from issuance of new shares of approximately RMB517,886,000 (equivalent to approximately HK\$562,920,000) of which approximately RMB39,420,000 (equivalent to approximately HK\$43,466,000) was credited to the Company's share capital, and the remaining balance of approximately RMB478,466,000 (equivalent to approximately HK\$519,454,000) before deduction of share issuance expenses of RMB29,152,000, was credited to capital reserves account. The capital reserves can be used for deduction of share issuance expenses.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

20. MATERIAL RELATED PARTY AND/OR CONNECTED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties and/or connected parties during the period and balances with related parties and/or connected parties and/or connected parties at the end of the reporting period:

(a) Name and relationship

Name of related parties	Relationship with the Group
Medstar (Guangzhou) Medical Technology Services Ltd (“Guangzhou Medstar”)	A company controlled by Shanghai Medstar
Zhejiang Marine Leasing Co., Ltd (“Zhejiang Marine”)	An associate of Concord Medical
Guangdong Proton International Hospital Management Co., Ltd. (“Guangdong Proton”)	A subsidiary of an associate

(b) Related parties transactions

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Guangzhou Medstar – Interest expense on borrowing	12,786	15,922
Zhejiang Marine – Interest expense on borrowing	3,561	4,071
Guangdong Proton – Interest income on borrowing	–	(3,493)

Notes:

- The English names of all related parties established in the PRC are translated for identification purpose only.
- Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the six months ended 30 June 2024 and 2023 or at the end of each financial period.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

21. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Commitments

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Capital expenditure of the Group authorized and contracted for at the end of the financial period but not recognized as liabilities:		
– Acquisition of property, plant and equipment	16,692	19,036
– Capital injection in an associate	260,099	260,099

(b) Contingent Liabilities

- (i) A subsidiary of the Group is currently a defendant in a lawsuit brought by its subcontractor alleging the subsidiary failed to perform the project payment obligation stipulated in the contract. The directors are of the view that based on the construction valuation, the amount of the total construction contract sum is lower than the amount claimed by subcontractor and the payment obligation is fully settled, and hence the subsidiary has applied to court that the subsidiary has already settled the payment and has no further payment obligation. The directors are of the view that the outcome of the legal proceeding is uncertain, and the amount of the obligation cannot be measured with sufficient reliability, no provision has therefore been made in respect of this claim.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

22. DISPOSAL OF A SUBSIDIARY

In June 2024, the Company entered into a sale and purchase agreement with an independent third party to transfer 100% interest of Shenzhen Concord Medical Investment Limited ("Shenzhen Concord"), a wholly owned subsidiary of the Group with a consideration of RMB10.0 million. Upon completion of the transaction, Shenzhen Concord ceased to be a subsidiary of the Group.

Gain on disposal of a subsidiary was determined as follows:

	RMB'000
Consideration satisfied by:	
Cash consideration receivables	10,000
Amount due from Shenzhen Concord	28,454
	<u>38,454</u>
Less: Net assets disposed of:	
Property, plant and equipment	19,182
Deferred tax assets	2,104
Right of use assets	16,521
Intangible assets	284
Inventories	219
Trade receivables	169
Prepayment, deposits and other receivables	16,044
Cash and cash equivalents	632
Accounts payable	(3,119)
Other payables and accruals	(24,031)
Contract liabilities	(5)
Lease liabilities	(26,435)
	<u>1,565</u>
Gain on disposal of a subsidiary (Note 6)	<u>36,889</u>

Net cash inflow on disposal of a subsidiary:

	RMB'000
Cash consideration receivables	10,000
Less: cash and cash equivalents disposed of	(632)
	<u>9,368</u>

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

23. FAIR VALUE MEASURES OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	At 30 June 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial products	-	207,157	-	207,157
Financial liabilities				
Convertible bonds – Embedded derivatives component	-	-	562	562
	At 31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
Convertible bonds – Embedded derivatives component	-	-	1,577	1,577

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

23. FAIR VALUE MEASURES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

During the six months ended 30 June 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Embedded derivative component of the convertible bond is stated at their fair value, which are determined by reference to the valuation in accordance with generally accepted valuation methodologies. The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

Financial liabilities	30 June 2024 RMB'000	31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivative financial liabilities classified as FVTPL – convertible bonds	562	1,577	Level 3	Binomial pricing model	Risk-free interest rate Volatility Stock Price	1.70% (2023: 2.28%) 50.8% (2023: 49.02%) 12.4 (2023: 12.4) The higher the interest rate, the lower the fair value The higher the volatility, the higher the fair value The higher the stock price, the higher the fair value

The movements in fair value measurements within Level 3 are as follows:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Year ended 31 December 2023 RMB'000 (Audited)
At January 1	1,577	3,610
Change in fair value of embedded derivatives	(1,015)	(2,033)
At 30 June/December 31	562	1,577

Definition

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise:

“AI”	artificial intelligence
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Beijing Concord”	Beijing Concord Medical Technology Co., Ltd. (北京泰和誠醫療技術有限公司), a limited liability company established in the PRC on January 4, 2016
“Beijing Healthingkon”	Beijing Healthingkon Technology Co., Ltd. (北京和信康科技有限公司), a limited liability company established in the PRC on August 25, 2015, which is controlled by our Company as to approximately 63.69%
“Board of Directors” or “Board”	the board of directors of our Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company,” “our Company” or “Concord Healthcare”	Concord Healthcare Group Co., Ltd. (美中嘉和醫學技術發展集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 23, 2008
“Concord HK”	Concord Hospital Management Group Limited, a wholly-owned subsidiary of Concord Medical and a member of the Controlling Shareholders
“Concord Medical”	Concord Medical Services Holdings Limited, a company incorporated in the Cayman Islands on November 27, 2007 and listed on the New York Stock Exchange (symbol: CCM) since December 11, 2009
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Yang, Morgancreek, Concord Medical, Ascendium Group Limited, Shanghai Huifu Technology Development Co., Ltd. (上海卉馥科技發展有限公司), Concord HK, Shanghai Medstar, Beijing Concord, Tianjin Concord and Shanghai Xinhe
“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are not listed on the Stock Exchange

Definition

“Dr. Yang”	Dr. YANG Jianyu (楊建宇), our chairman of the Board, executive Director and one of the Controlling Shareholders
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“Group,” “our Group,” “the Group,” “we” or “us”	the Company and its subsidiaries from time to time
“Guangzhou Hospital”	Guangzhou Concord Cancer Center Co., Ltd. (廣州泰和腫瘤醫院有限公司), a limited liability company established in the PRC on June 29, 2011, which is owned as to 80% by our Company and operates under the trade name of Guangzhou Concord Cancer Hospital (廣州泰和腫瘤醫院)
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internet Hospital”	Yinchuan Meizhong Jiahe Internet Hospital Co., Ltd. (銀川美中嘉和互聯網醫院有限公司), a limited liability company established in the PRC on November 18, 2020 and an indirectly wholly-owned subsidiary of our Company
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	Tuesday, January 9, 2024, on which the H Shares were listed and on which dealings in the H Shares were first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Morgancreek”	Morgancreek Investment Holdings Limited, a limited company established in British Virgin Islands and an investment vehicle controlled by Dr. Yang
“Nomination Committee”	the nomination committee of the Board

Definition

“PACS”	Picture Archiving and Communication System
“PET”	positron emission tomography
“PET-CT”	positron emission tomography – computed tomography
“PET/MR”	positron emission tomography – magnetic resonance imaging
“Prospectus”	the prospectus of the Company dated December 29, 2023
“R&D”	research and development
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai GP Clinic”	Shanghai Meizhong Jiahe General Practice Center Co., Ltd. (上海美中嘉和雲影全科診所有限公司), a limited liability company established in the PRC on November 2, 2020, which operates under the trade name of Shanghai Meizhong Jiahe Yunying General Practice Clinic (上海美中嘉和雲影全科診所)
“Shanghai Hospital”	Shanghai Concord Medical Cancer Hospital Limited (上海泰和誠腫瘤醫院有限公司), a limited liability company established in the PRC on March 17, 2014, which is owned as to 69.63% by our Company and is expected to operate under the trade name of Shanghai Concord Medical Cancer Hospital (上海泰和誠腫瘤醫院)
“Shanghai Imaging Center”	Shanghai Concord Medical Diagnostic Imaging Limited (上海美中嘉和醫學影像診斷有限公司), a limited liability company established in the PRC on January 15, 2018, which is controlled by our Company and operates under the trade name of Shanghai Concord Medical Imaging Diagnostic Center (上海美中嘉和醫學影像診斷中心)
“Shanghai Medstar”	Medstar (Shanghai) Enterprise Management Co., LTD (醫學之星(上海)企業管理有限公司) (previously known as Shanghai Medstar Financial Leasing Company Limited (醫學之星(上海)融資租賃有限公司)), a limited liability company established in the PRC on March 21, 2003, one of the Controlling Shareholders

Definition

“Shanghai Outpatient Center”	Shanghai Concord Medical Cancer Center Co., Ltd. (上海美中嘉和腫瘤門診部有限責任公司), a limited liability company established in the PRC on November 2, 2006, which is owned as to 67.22% by our Company and operates under the trade name of Shanghai Concord Medical Cancer Outpatient Center (上海美中嘉和腫瘤門診部)
“Shanghai Xinhe”	Shanghai Xinhe Enterprise Management Center (Limited Partnership) (上海信荷企業管理中心(有限合夥)), a limited partnership established in the PRC on April 6, 2021, one of the Controlling Shareholders
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“Tianjin Concord”	Tianjin Concord Medical Technology Co., Ltd. (天津泰和誠醫療技術有限公司) (formerly known as Tianjin Kangmeng Tumor Radiotherapy Equipment Management Co., Ltd. (天津康盟腫瘤放療設備管理有限公司)), a limited liability company established in the PRC on November 16, 2007 and one of our Controlling Shareholders
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	US dollars, the lawful currency of the United States
“%”	per cent