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## 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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited interim condensed consolidated financial results of the Group for the six months ended June 30, 2024, together with the comparative figures for the six months ended June 30, 2023 as below.

#### FINANCIAL 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)<sup>(1)</sup> 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.

\* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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

## 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 Concord Cancer Center (“**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.

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.

### **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 announcement, 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 for Class A Large Medical Equipment Configuration License to participate in the application of operation of private medical services.

To the Directors' knowledge, after due enquiry, it is expected that a license will be obtained in due course, after which the Company will integrate the resources and provide proton therapy services.

## **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.

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.

### **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.

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 announcement 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	%
<b>Hospital business</b>				
– Medical institutions	137,840	62.9	159,257	55.8
<b>Medical equipment, software and related services</b>				
– 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
<b>Total</b>	<b>218,988</b>	<b>100.0</b>	<b>285,179</b>	<b>100.0</b>

- *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.

### ***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	%
<b>Variable Cost</b>				
– 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 <sup>(1)</sup>	9,119	3.6	11,325	3.5
<b>Sub-total</b>	<b>124,436</b>	<b>49.1</b>	<b>164,621</b>	<b>51.4</b>
<b>Fixed Cost</b>				
– 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
<b>Sub-total</b>	<b>129,064</b>	<b>50.9</b>	<b>155,530</b>	<b>48.6</b>
<b>Total</b>	<b>253,500</b>	<b>100.0</b>	<b>320,151</b>	<b>100.0</b>

Note:

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

- *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.

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,		2023	Gross margin %
	2024			
	Amount	Gross margin	Amount	Gross margin
	RMB'000	%	RMB'000	%
<b>Hospital business</b>				
– Medical institutions	(30,415)	(22.1)	(43,719)	(27.5)
<b>Medical equipment, software and related services</b>				
– 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
<b>Total</b>	<b>(34,512)</b>	<b>(15.8)</b>	<b>(34,972)</b>	<b>(12.3)</b>

- *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.

### ***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.

### ***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.

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

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

## **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 announcement 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%.

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.

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

### ***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.

	<b>As of June 30, 2024</b>	As of December 31, 2023
	<i>RMB'000</i>	
Acquisition of property, plant and equipment	<b>16,692</b>	19,036
Capital injection in an associate	<b>260,099</b>	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 announcement, as of June 30, 2024, we did not have detailed future plans for material investments or capital assets.

### ***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.

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

### ***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.

### ***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 <b>June 30,</b> <b>2024</b> <i>RMB'000</i>	As of December 31, 2023
<b>Current indebtedness</b>		
Bank loans and other borrowings	<b>633,218</b>	461,527
Convertible bond	<b>18,698</b>	19,233
Lease liabilities	<b>10,963</b>	21,317
Non-trade amounts due to related parties	<b>300</b>	31,023
<b>Subtotal</b>	<b>663,179</b>	533,100
<b>Current indebtedness</b>		
Bank loans and other borrowings	<b>2,059,782</b>	1,910,296
Lease liabilities	<b>151,679</b>	184,308
<b>Subtotal</b>	<b>2,211,461</b>	2,094,604
<b>Total</b>	<b>2,874,640</b>	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	<b>633,218</b>	<b>23.5</b>	461,527	19.5
After one year but within two years	<b>744,918</b>	<b>27.7</b>	390,230	16.4
Over two years but within five years	<b>1,186,447</b>	<b>44.0</b>	1,424,547	60.1
Over five years	<b>128,417</b>	<b>4.8</b>	95,519	4.0
<b>Total</b>	<b>2,693,000</b>	<b>100.0</b>	2,371,823	100.0

## ***Key financial ratios***

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

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

## **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.

## **OTHER INFORMATION**

### **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.

### **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) 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.

### **EVENTS AFTER THE REPORTING PERIOD**

On August 29, 2024, Mr. SHI Botao (“**Mr. Shi**”), 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'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 of the Company in light of the business development needs of the Company. The proposed amendments to the Articles of Association is subject to the approval by the Shareholders at the extraordinary general meeting of the Company.

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

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

### **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	Utilized amount from January 1, 2024 to June 30, 2024 <i>(HK\$ million)</i>	Unutilized amount as of June 30, 2024	Expected timeline of full utilization <sup>(1)</sup>
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
<b>Total</b>	<b>100%</b>	<b>466.36</b>	<b>261.15</b>	<b>205.21</b>	

*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 announcement.

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 (HK\$ million)</i>	<i>Approximate Percentage of the total net proceeds</i>	<i>Amount of net proceeds (HK\$ million)</i>	<i>Amount of net proceeds (HK\$ million)</i>	<i>Approximate Percentage of the total net proceeds</i>	<i>Amount of net proceeds (HK\$ million)</i>	<i>Amount of net proceeds (HK\$ million)</i>	<i>Year</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
<b>Total</b>	<b>466.36</b>	<b>100%</b>		<b>466.36</b>	<b>100%</b>	<b>261.16</b>	<b>205.21</b>	

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 extraordinary general meeting of the Company.

Save as disclosed in this announcement, 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.

## 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 announcement, at least 16.73% of the Company's total number of issued shares are held by the public.



## **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.

## **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.

## **AUDIT COMMITTEE**

As of the date of this announcement, 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 announcement 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 30 June 2024. In addition, the independent auditor of the Company, BDO Limited, has reviewed the unaudited interim financial information for the six months ended 30 June 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.

## **INTERIM DIVIDEND**

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

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT**

This announcement was published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.concordmedical.com](http://www.concordmedical.com)). The interim report for the six months ended June 30, 2024 will be despatched to the Shareholders who have requested corporate communications in printed copy and published on the websites of the Stock Exchange and the Company in due course.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Audited)
<b>Revenue</b>	4	218,988	285,179
Cost of revenue		<u>(253,500)</u>	<u>(320,151)</u>
<b>Gross loss</b>		<b>(34,512)</b>	<b>(34,972)</b>
Other income and other net gains		43,644	5,175
(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
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	5	<u>(53,696)</u>	<u>(54,859)</u>
<b>Loss before income tax credit</b>		<u><b>(204,522)</b></u>	<u><b>(218,385)</b></u>
Income tax credit	6	<u>2,503</u>	<u>4,128</u>
<b>Loss and total comprehensive income for the period</b>		<u><b>(202,019)</b></u>	<u><b>(214,257)</b></u>
Attribute to:			
Owners of the Company		(181,876)	(194,276)
Non-controlling interests		<u>(20,143)</u>	<u>(19,981)</u>
		<u><b>(202,019)</b></u>	<u><b>(214,257)</b></u>
<b>Loss per share (expressed in RMB)</b>			
Basic and diluted loss per share	8	<u><u><b>(0.25)</b></u></u>	<u><u><b>(0.30)</b></u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	<i>Notes</i>	As at 30 June 2024 <b>RMB'000</b> (Unaudited)	As at 31 December 2023 <b>RMB'000</b> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Interests in associates		89,826	89,679
Interest in a joint venture		101,834	–
Property, plant and equipment		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		15,124	6,356
Amounts due from related parties		232,629	72,571
Deferred tax assets		19,433	21,316
		<u>5,042,594</u>	<u>4,876,595</u>
<b>Current assets</b>			
Inventories		39,832	40,347
Trade receivables	9	69,899	75,984
Deposits, prepayments and other receivables		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”)		207,157	–
Cash and cash equivalents		111,537	40,577
		<u>677,162</u>	<u>359,801</u>
<b>Current liabilities</b>			
Trade payables	10	(121,317)	(127,069)
Accruals and other payables		(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		(633,218)	(461,527)
Convertible bond		(18,698)	(19,233)
		<u>(1,286,179)</u>	<u>(1,204,517)</u>
<b>Net current liabilities</b>		<u>(609,017)</u>	<u>(844,716)</u>
<b>Total assets less current liabilities</b>		<u>4,433,577</u>	<u>4,031,879</u>

	<i>Notes</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		(151,679)	(184,308)
Bank and other borrowings		(2,059,782)	(1,910,296)
Deferred tax liabilities		(64,830)	(68,090)
		<u>(2,276,291)</u>	<u>(2,162,694)</u>
<b>Net assets</b>		<u><b>2,157,286</b></u>	<u><b>1,869,185</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	<i>11</i>	716,338	676,918
Reserves		1,189,961	922,171
		<u>1,906,299</u>	<u>1,599,089</u>
Equity attributable to owners of the Company		<u>250,987</u>	<u>270,096</u>
Non-controlling interests		<u>2,157,286</u>	<u>1,869,185</u>
<b>Total equity</b>		<u><b>2,157,286</b></u>	<u><b>1,869,185</b></u>

# 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 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 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 RMB181.9 million and had net current liabilities of RMB609.0 million. Nevertheless, the interim condensed consolidated 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's had 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, 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.

#### 4. 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:

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

## 5. 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
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
	<b>53,696</b>	<b>54,859</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. INCOME TAX CREDIT

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

## 7. DIVIDENDS

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

## 8. 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)	<b>(0.25)</b>	<b>(0.30)</b>
	<hr/> <hr/>	<hr/> <hr/>

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 June 30, 2024 and June 30, 2023.



## 9. TRADE RECEIVABLES

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

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 ageing 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 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (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
	<u>69,899</u>	<u>75,984</u>

## 10. TRADE PAYABLES

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

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 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (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
	<u>121,317</u>	<u>127,069</u>

## 11. SHARE CAPITAL

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

- (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.

## DEFINITIONS

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

“Audit Committee”	the audit committee of the Board
“AI”	artificial intelligence
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Board Secretary”	secretary to the Board
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” or “Concord Healthcare” or “Concord Healthcare Group”	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
“Director(s)”	the director(s) of the 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
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”, “our”, “we” or “us”	the Company and its subsidiary 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 the Company with a nominal value of RMB1.00 each, which is/are listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Shareholder(s)”	holder(s) of H Shares

“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of H Shares of the Company on the Main Board of the Stock Exchange
“Listing Date”	January 9, 2024, being the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“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
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-IPO Investor(s)”	the investor(s) from whom the Company obtained several investments, details of which are set out in the section headed “History, Development and Corporate Structure – Pre-IPO Investments” in the Prospectus
“Prospectus”	the prospectus issued by the Company on December 29, 2023 in connection with the Hong Kong public offering of the H Shares
“Reporting Period”	six months from January 1, 2024 to June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“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 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)
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	U. S. dollar
“%”	per cent

By order of the Board  
**Concord Healthcare Group Co., Ltd.\***  
 美中嘉和醫學技術發展集團股份有限公司  
**YANG Jianyu**  
*Chairman and Executive Director*

Beijing, the PRC, August 29, 2024

*As at the date of this announcement, the Board comprises (i) Dr. YANG Jianyu, Ms. FU Xiao and Mr. CHANG Liang as executive Directors; (ii) Mr. WANG Lei, Mr. CHEN Hongzhang and Mr. SHI Botao as non-executive Directors; and (iii) Ms. LI Xuemei, Mr. SUN Yansheng and Mr. NG Kwok Yin as independent non-executive Directors.*

\* *For identification purpose only*