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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)

(1) REDESIGNATION OF A DIRECTOR AND CHANGE OF SECRETARY OF THE BOARD; (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND (3) PROPOSED CHANGE IN USE OF PROCEEDS

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Concord Healthcare Group Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

REDESIGNATION OF A DIRECTOR AND CHANGE OF SECRETARY OF THE BOARD

The Board hereby announces that with effect from August 29, 2024, Mr. SHI Botao (“**Mr. Shi**”), due to change of work assignment, (i) has been re-designated 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 (“**Mr. Pan**”) will be appointed as the secretary of the Board. Mr. Shi has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation as the secretary of the Board that needs to be brought to the attention of the shareholders of the Company (the “**Shareholders**”).

The biographical details of Mr. Shi are set out below:

Mr. Shi, aged 49, is the Company’s non-executive Director. He is primarily responsible for the overall management of corporate governance of the Group. Mr. Shi joined the Group in August 27, 2015 as the board secretary of the Company until August 28, 2024. He served as the executive Director from June 20, 2023 to August 28, 2024. He was later re-designated as a non-executive Director on August 29, 2024. He had also served as the supervisor at Shanghai Concord Medical Cancer Hospital Limited (上海泰和誠腫瘤醫院有限公司), Guangzhou Concord Cancer Center Co., Ltd. (廣州泰和腫瘤醫院有限公司), Ningbo Jiahe Hospital Management Ltd. (寧波佳和醫院管理有限公司) and Yinchuan Meizhong Jiahe Internet Hospital Co., Ltd. (銀川美中嘉和互聯網醫院有限公司), and a director at Shenzhen Aohua Medical Technology Development Co., Ltd. (深圳傲華醫療科技發展有限公司) and Beijing Yundu Internet Technology Co., Ltd. (北京雲度互聯科技有限公司) since December 2013, April 2011, November 2020, November 2020, January 2018, and April 2018, respectively.

* For identification purpose only

Mr. Shi served as the board secretary and the general manager of asset management department at Concord Medical Services Holdings Limited, whose shares are listed on the New York Stock Exchange (symbol: CCM) from October 2007 to July 2015.

Mr. Shi obtained a bachelor's degree in statistics from North China University of Technology (北方工業大學) of the PRC in July 1998 and a master's degree in business management from Beijing Institute of Technology (北京理工大學) of the PRC in June 2013.

The biographical details of Mr. Pan are set out below:

Mr. Pan is a joint company secretary of the Company and the secretary of the Board. Mr. Pan joined our Group in July 2010 and has served as an assistant and manager of the asset management department, a deputy general manager of the securities department and a deputy general manager of investor relationship department of the Company since then. He has been serving as a general manager of investor relationship department of the Company since February 2024. He has also served as a supervisor of the Company from August 2015 to April 2022.

Mr. Pan obtained a bachelor's degree in economics from University of International Business and Economics (對外經濟貿易大學) of the PRC in July 2010 and a master's degree in management from China Agricultural University (中國農業大學) of the PRC in July 2016. Mr. Pan obtained the qualification certificate of board secretary from the National Equities Exchange and Quotations of the PRC in May 2017.

In respect of the re-designation, Mr. Shi has entered into a letter of appointment with the Company for a term of three years commencing from August 29, 2024 unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to re-election and other related provisions as stipulated in the articles of association of the Company (the "**Articles of Association**") and the Listing Rules. Mr. Shi will not receive any emolument as a Director.

Save as disclosed above, as at the date of this announcement, Mr. Shi:

- (i) has not held any other major appointments or qualifications or directorships in other listed company during the past three years preceding the date of this announcement;
- (ii) does not have any relationship with any Director, Supervisor, senior management, substantial or controlling Shareholder (having the meaning ascribed to it in the Listing Rules) of the Company;
- (iii) does not hold other positions with the Company or other members of the Group; and
- (iv) is not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571).

Save as disclosed above, there is no further information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules and there is no other matter relating to the re-designation of Mr. Shi that needs to be brought to the attention of the Stock Exchange or the Shareholders.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has considered and approved, among other things, to propose to the Shareholders certain amendments to the Articles of Association. According to the business development needs of the Company, the Company has decided to, among others, expand the scope of business to include the wholesale, sales, and leasing of Class II and III medical devices regulated by the National Medical Products Administration. The particulars of the amendments are as follows:

Content of the original Articles of Association	Content of the proposed amendments
Article 14. After due registration in accordance with the law, the scope of business of the Company covers the following: medical research and experimental development; hospital management consulting service; medical technology development, technology transfer, technology consulting, technology training, technology service. (For items subject to approval according to law, business activities can only be carried out after the approval by relevant authorities.)	Article 14. After due registration in accordance with the law, the scope of business of the Company covers the following: medical research and experimental development; hospital management consulting service; medical technology development, technology transfer, technology consulting, technology training, technology service, <u>the wholesale, sale and lease of Class II and Class III medical devices.</u> (For items subject to approval according to law, business activities can only be carried out after the approval by relevant authorities.)
Article 202. The Articles of Association shall come into force from the date when the publicly issued H shares of the Company are listed for trading on the main board of the Hong Kong Stock Exchange. The original Articles of Association of the Company shall automatically become null and void as of the effective date of the Articles of Association.	Article 202. The Articles of Association shall come into force from the date when <u>the resolutions of the general meeting are approved.</u> The original Articles of Association of the Company shall automatically become null and void as of the effective date of the Articles of Association.

Save as disclosed above, the contents of the other articles of the Articles of Association remain unchanged. The Articles of Association is written in Chinese without an official English version, and any English translation is for reference only. In case of inconsistency between the two versions, the Chinese version shall prevail.

The proposed amendments to the Articles of Association is subject to the consideration and approval by the Shareholders by way of a special resolution at the extraordinary general meeting of the Company. A circular containing, among other things, details of the resolution, together with the notice of the extraordinary general meeting, will be published in due course. The proposed amendments shall come into effect upon the passing of the relevant special resolution at the extraordinary general meeting. Prior to the passing of the relevant special resolution at the extraordinary general meeting, the prevailing Articles of Association shall remain valid.

After the proposed amendments to the Articles of Association come into effect, the full text of the revised Articles of Association will be published on the Company’s website (www.concordmedical.com) and the Stock Exchange’s website (www.hkexnews.hk).

PROPOSED CHANGE IN USE OF PROCEEDS

References are made to the prospectus of the Company dated December 29, 2023 (the “**Prospectus**”), the announcements of the Company dated January 8, 2024 in relation to the offer price and allotment results announcement of the Global Offering and annual result announcement of the Company for 2023 dated March 27, 2024 (the “**Announcements**”), and the interim results announcement for 2024 dated August 29, 2024 (the “**Interim Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

Use of Net Proceeds

As disclosed in the Prospectus, the Announcements and Interim Results Announcement, the net proceeds from the listing of H Shares of the Company on the Stock Exchange on January 9, 2024 (pursuant to the offer price of HK\$14.28 per H Share after deducting the underwriting commissions and other listing related expenses payable by the Company in connection with the Global Offering) were approximately HK\$466.36 million (“**Net Proceeds**”). The breakdown of the use of Net Proceeds as set out in the Prospectus and the unutilized Net Proceeds as of June 30, 2024 are summarized below:

	Percentage of net proceeds from the Global Offering	Net proceeds from the Global Offering	Utilized amount as of June 30, 2024 (HK\$ million)	Unutilized amount as of June 30, 2024	Expected timeline of full utilization
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 Concord Medical Cancer Hospital Limited (上海泰和誠腫瘤醫院有限公司) (“ 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	24.80	By December 31, 2025
Total	100%	466.36	261.16	205.21	

As of June 30, 2024, approximately HK\$205.2 million of the Net Proceeds has not been utilized.

Proposed change in use of the Net Proceeds

The Company plans to change the use of the Net Proceeds as follows:

1. Pursuant to the Prospectus, approximately 59.4% of the net proceeds would be used to repay part of the Company's interest-bearing bank borrowings denominated in Renminbi, namely the principal of an interest-bearing bank loan with the principal amount of RMB500.0 million bearing a floating interest rate based on the reference rate of 4.90% per annum, with repayment scheduled by installment and a final maturity date on December 21, 2027, for financing the phase I construction of Guangzhou Concord Cancer Center Co., Ltd. (廣州泰和腫瘤醫院有限公司) (the "**Guangzhou Hospital Loan**"). As of June 30, 2024, the Company has utilized HK\$99.3 million of the Net Proceeds in repayment of the Guangzhou Hospital Loan, leaving the remaining Net Proceeds to HK\$177.7 million. The Company plans to reallocate HK\$46.6 million from the Net Proceeds for repayment of the Guangzhou Hospital Loan to working capital and other general corporate purposes.

In relation to the remaining Net Proceeds that were originally allocated for repaying part of the Guangzhou Hospital Loan, the Company also plans to apply such remaining portion of the Net Proceeds to repay other loans granted by financial institutions to the Group's subsidiaries, including but not limited to the principal and interest of bank working capital loans, the principal and interest of fixed asset loans, and financial lease liabilities (the "**Bank Loans**"), in addition to repaying part of the Guangzhou Hospital Loan.

2. Upon completion of the aforesaid reallocation, the remaining Net Proceeds for repayment of the Guangzhou Hospital Loan and the Bank Loans amounts to HK\$131.1 million, which will continue to be utilized in the repayment of such loans, while some part of the Guangzhou Hospital Loan shall be subsequently be repaid by way of self-financing, new bank loans or such other way(s) as the Company deems fit in light of the market situation and its own development status.

The breakdown of the use of Net Proceeds as set out in the Prospectus and 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>Approximate Amount of Net Proceeds (HK\$ million)</i>	<i>Approximate Percentage of the total Net Proceeds</i>	<i>Approximate Amount of Net Proceeds (HK\$ million)</i>	<i>Approximate Percentage of the total Net Proceeds</i>	<i>Approximate Amount of Net Proceeds (HK\$ million)</i>	<i>Approximate 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
Total	466.36	100%		466.36	100%	261.16	205.21	

Reasons for and benefits of change in use of Net Proceeds

The Board is of the view that the expansion of the scope of the bank facilities from Guangzhou Hospital Loan to also include the Bank Loans will help the Company to improve the efficiency of the use of funds, and apply the funds in a more balanced and flexible manner for the development and investment in various aspects of the business operations of the Company, and will be of greater significance for the Company to use financial resources in a more flexible, beneficial and efficient way. The reallocation of HK\$46.6 million, representing approximately 10.0% of the Net Proceeds, to working capital and general corporate purposes, will enhance the Group's financial management flexibility.

The Board confirms that there are no material changes in the nature of the business of the Group and is of the view that the proposed change in use of Net Proceeds is in the interests of the Company and its Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Board will continuously assess the changing market conditions and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for better performance of the Group.

The proposed change in use of Net Proceeds is subject to the consideration and approval by the Shareholders by way of a special resolution at the extraordinary general meeting of the Company. A circular containing, among other things, details of the resolution, together with the notice of the extraordinary general meeting, will be published in due course.

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 People's Republic of China, 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*