美中嘉和
CONCORD MEDICAL

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023, together with the comparative figures for the year ended December 31, 2022, which have been reviewed by the Audit Committee.

FINANCIAL HIGHLIGHTS

- Our revenue increased by 14.1% from RMB472.2 million for the year ended December 31, 2022 to RMB538.7 million for the year ended December 31, 2023.
- Our gross loss decreased by 54.3% from RMB142.6 million for the year ended December 31, 2022 to RMB65.1 million for the year ended December 31, 2023.
- Our net loss decreased by 33.1% from RMB637.2 million for the year ended December 31, 2022 to RMB426.4 million for the year ended December 31, 2023.
- Our adjusted net loss/(non-HKFRS measure)[(1)] decreased by 10.7% from RMB471.2 million for the year ended December 31, 2022 to RMB420.6 million for the year ended December 31, 2023.

Note:

(1) Adjusted net loss (non-HKFRS measure) represents loss for the year adjusted by interest charge on redeemable capital contribution and listing expenses. Our interest charge on redeemable capital contribution primarily represented interests accrued on the special rights of the Pre-IPO Investors included in our financing arrangements and our listing expenses are expenses relating to our Listing. 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*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue	4	**538,650**	472,170
Cost of revenue		**(603,739)**	(614,783)
Gross loss		**(65,089)**	(142,613)
Other income and other net gains		**9,979**	63,417
Impairment loss on trade receivables		**(8,907)**	(19,647)
Reversal of/(provision for) impairment loss on other receivables		**2,032**	(879)
Reversal of impairment loss on amounts due from related parties		**28,542**	42,558
Selling and distribution expenses		**(55,968)**	(60,883)
Administrative expenses		**(196,997)**	(213,117)
Research and development expenses		**(36,443)**	(41,316)
Share of associates' results		**(1,735)**	(215)
Finance costs	5	**(108,006)**	(274,475)
Loss before income tax credit		**(432,592)**	(647,170)
Income tax credit	6	**6,198**	9,948
Loss and total comprehensive income for the year		**(426,394)**	(637,222)
Attribute to:			
Owners of the Company		**(373,090)**	(541,404)
Non-controlling interests		**(53,304)**	(95,818)
		(426,394)	(637,222)
Loss per share (expressed in RMB)			
Basic and diluted loss per share	8	**(0.56)**	(1.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates		**89,679**	91,414
Property, plant and equipment		**3,316,973**	3,014,999
Right-of-use assets		**518,033**	533,166
Intangible assets		**851,667**	874,758
Deposits, prepayments and other receivables		**6,356**	9,498
Amounts due from related parties		**72,571**	81,560
Deferred tax assets		**21,316**	19,603
		4,876,595	4,624,998
Current assets			
Inventories		**40,347**	84,835
Trade receivables	9	**75,984**	109,347
Deposits, prepayments and other receivables		**171,690**	132,684
Amounts due from related parties		**1,205**	333,165
Restricted cash		**29,998**	–
Cash and cash equivalents		**40,577**	126,496
		359,801	786,527
Current liabilities			
Trade payables	10	**(127,069)**	(145,858)
Accruals and other payables		**(470,997)**	(244,729)
Income tax payable		**(2,466)**	(2,498)
Contract liabilities		**(55,941)**	(97,281)
Amounts due to related parties		**(45,967)**	(238,784)
Lease liabilities		**(21,317)**	(14,633)
Bank and other borrowings		**(461,527)**	(172,018)
Convertible bond		**(19,233)**	(20,316)
		(1,204,517)	(936,117)
Net current liabilities		**(844,716)**	(149,590)
Total assets less current liabilities		**4,031,879**	4,475,408
Non-current liabilities			
Lease liabilities		**(184,308)**	(187,674)
Bank and other borrowings		**(1,910,296)**	(2,219,514)
Deferred tax liabilities		**(68,090)**	(72,641)
		(2,162,694)	(2,479,829)
Net assets		**1,869,185**	1,995,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
EQUITY			
Capital and reserves			
Share capital	11	**676,918**	648,723
Reserves		**922,171**	1,036,547
Equity attributable to owners of the Company		**1,599,089**	1,685,270
Non-controlling interests		**270,096**	310,309
Total equity		**1,869,185**	1,995,579

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "**PRC**") on July 23, 2008 with limited liability under the Companies laws of the PRC. The Company was listed on The Stock Exchange of Hong Kong (the "**Stock Exchange**") Limited 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. NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") ISSUED

ADOPTION OF NEW AND AMENDMENTS TO STANDARDS – EFFECTIVE ON 1 JANUARY 2023

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a number of new and amendments to Hong Kong Financial Reporting Standards (the "**HKFRSs**") and Hong Kong Accounting Standards (the "**HKASs**") that are first effective for the current accounting period of the Group:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to HKAS 1	Presentation of Financial Statements and HKFRS Practice Statement 2, Making Materiality Judgements: Disclosure of Accounting Policies
Amendments to HKAS 12	Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Income taxes: International Tax Reform – Pillar Two Model Rules

The Group has not applied any new standards, interpretations and amendments that is not yet effective for the current accounting period. Impacts of the adoption of the new and amendments to HKFRSs are discussed below.

HKFRS 17 – Insurance Contracts

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1 – Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited and updated the accounting policy information it has been disclosing to be is consistent with the amendments.

Amendments to HKAS 12 – Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12 – Income taxes: International Tax Reform – Pillar Two Model Rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic C-operation and Development ("OECD") (income tax arising from such tax law is hereafter refer to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") ISSUED (CONTINUED)

ADOPTION OF NEW AND AMENDMENTS TO STANDARDS – EFFECTIVE ON 1 JANUARY 2023 (CONTINUED)

New standards, interpretations and amendments not yet effective

At the date of the report, HKICPA has issued certain amendments to HKFRSs that have been issued but are not yet effective and have not been adopted early by the Group. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on amendments to HKFRSs is provided below.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024 with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2025 with earlier application permitted.

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Group do not anticipate that the application of the amendments to HKFRSs will have material impact on the Group's financial statements and/or the disclosures to the Group's financial statements.

3. GOING CONCERN ASSUMPTION

For the year ended 31 December 2023, the Group incurred a loss of RMB426.4 million and had net current liabilities of RMB844.7 million. Nevertheless, the 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 31 December 2024 (the "Forecast Period"). In the preparation of the cash flow forecast, the following is taken into consideration:

(i) In January 2024, the Group successfully obtained net proceeds of RMB510 million raised from the initial public offering of its shares on The Stock Exchange of Hong Kong Limited.

(ii) The Group's has unused credit line of approximately RMB1,946 million.

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 consolidated 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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
By major services and products		
Hospital		
Cancer hospital and clinics	**319,967**	218,392
Medical Equipment, Software and Related Services		
Sales and installation of medical equipment and software	**178,326**	179,152
Management and technical support	**23,164**	53,109
	521,457	450,653
Revenue from other source		
Medical Equipment, Software and Related Services		
Operating lease income	**17,193**	21,517
Total revenue	**538,650**	472,170

4. REVENUE (CONTINUED)

	2023 *RMB'000*	2022 *RMB'000*
Time of revenue recognition		
Over time	**117,943**	119,066
At a point in time	**403,514**	331,587
Revenue from contracts with customer	**521,457**	450,653

Unsatisfied performance obligations

For management and technical support income, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance completed to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining performance obligations for these type of contracts. The majority of management and technical support contracts are for periods of more than one year with variable consideration based on profit. Hence, the transaction prices allocated to these performance obligations are not disclosed. The term of the contracts for medical service is generally set to expire when the counterparties notify the Group that the services are no longer required. For sales and installation of medical equipment and software, they are rendered in short period of time, and so the Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining performance obligations for these type of contracts.

5. FINANCE COSTS

	2023 *RMB'000*	2022 *RMB'000*
Interest charge on bank and other borrowings	**150,834**	155,355
Interest charge on lease liabilities	**14,489**	14,752
Interest charge on redeemable capital contribution	**–**	163,908
Interest charge on convertible bond	**950**	950
Total interest expenses for liabilities not classified as at FVTPL	**166,273**	334,965
Less: amounts included in the cost of qualifying assets	**(58,267)**	(60,490)
	108,006	274,475

6. INCOME TAX CREDIT

	2023 *RMB'000*	2022 *RMB'000*
Current tax		
Current year	**66**	215
Overprovision for previous years	**–**	(407)
Deferred tax		
Credited to profit or loss for the year	**(6,264)**	(9,756)
	(6,198)	(9,948)

7. DIVIDENDS

No dividend was paid or proposed during the years ended 2023 and 2022, nor has any dividend been proposed since the end of reporting period.

8. LOSS PER SHARE

	2023	2022
Loss attributable to the owners of the Company (RMB'000)	**(373,090)**	(541,404)
Weighted average number of ordinary shares in issue (thousand shares)	**664,712**	479,473
Basic loss per share attributable to the owners of the Company (RMB per share)	**(0.56)**	(1.13)

Note: Diluted loss per share were the same as the basic loss per share as the Group has no dilutive potential shares for years ended 31 December 2023 and 2022.

9. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**109,145**	133,601
Less: allowance for impairment	**(33,161)**	(24,254)
	75,984	109,347

As at 31 December 2023 and 2022, the trade receivables was 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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**25,660**	77,520
4-6 months	**18,723**	8,014
7-12 months	**18,907**	14,491
1-2 years	**12,694**	9,322
Total	**75,984**	109,347

10. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**127,069**	145,858
	127,069	145,858

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**101,678**	140,109
More than 1 year but within 2 years	**24,401**	5,671
More than 2 years but within 3 years	**922**	76
More than 3 years	**68**	2
	127,069	145,858

11. SHARE CAPITAL

		2023		2022	
	Notes	**Number** **'000**	**Amount** ***RMB'000***	Number *'000*	Amount *RMB'000*
Authorized, issued and fully paid:					
At 1 January		**648,723**	**648,723**	160,000	160,000
Capitalisation of capital reserve	(i)	**–**	**–**	324,361	324,361
Extinguishment of redeemable capital contribution	(ii)	**–**	**–**	164,362	164,362
Share allotment	(iii)	**28,195**	**28,195**	–	–
At 31 December		**676,918**	**676,918**	648,723	648,723

(i) Pursuant to the Company's shareholder's resolution and Amendment of Articles of Association on April 2022, the share capital of the Company increased from RMB160,000,000 (excluding redeemable capital contribution) to RMB484,361,000 divided into 484,361,000 shares of RMB1 each, by way of capitalization of capital reserves of the Company of RMB324,361,000.

(ii) Pursuant to an agreement signed among the Group and the investors on May 2022, all special rights under Round A, Round B and Round C Pre-IPO Investments were terminated upon the approval of listing of the Stock Exchange granted by the China Securities Regulatory Commission, the extinguishment of redeemable capital contribution amounted to RMB3,789,751,000 resulted in increase of the share capital of the Company of RMB164,362,000 and capital reserve of the Company of RMB3,625,389,000.

(iii) 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.

12. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed below, no other significant events took place subsequent to 31 December 2023.

(i) The Company has made an initial public offering of 39,420,200 ordinary shares with a par value of RMB1 each, which were listed on the Stock Exchange on 9 January 2024 at a gross proceed of approximately HK$562,920,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Hospital Business

The Group has been actively cultivating in the field of oncology healthcare and has successfully established or acquired six offline self-owned medical institutions and committed to providing a full spectrum of and professional healthcare services to tumor patients. These institutions are mainly located in Guangzhou and Shanghai, covering the Greater Bay Area and the Yangtze River Delta, bringing timely, warm medical care to many patients.

In the Guangzhou among the Greater Bay Area, the Group has a Class III oncology specialty hospital and an outpatient center. The former is a comprehensive oncology specialty hospital and is proficient in treatment means, with rich clinical experience and professional skills such as NPC radiotherapy and breast cancer surgery to provide patients with the entire process of cancer diagnosis and treatment services. The outpatient center, as a supplement, collaborates with hospitals to guide patients to seek healthcare services in an orderly manner. It is worth mentioning that Guangzhou Hospital is located in the Sino-Singapore Guangzhou Knowledge City and has fully integrated support policies of government and resources of the industrial park. It is expected to be equipped with multiple clinical departments and advanced operating rooms, adopting world-leading characteristic therapies such as proton radiotherapy, precision radiation therapy, etc., striving to provide every patient with high quality diagnostic and treatment services.

In the Yangtze River Delta region, the Group's Shanghai Imaging Center uses cutting-edge imaging equipment to carry out early-stage cancer screening and diagnostic work to patients nationwide. Meanwhile, Shanghai GP Clinic closely cooperates with Shanghai Imaging Center to provide patients in need of further examination with referral services. In addition, Shanghai Outpatients Center also provides comprehensive services such as cancer diagnosis, radiation therapy and chemotherapy services to outpatients. In particular, it is worth noting that the Group's Shanghai Hospital, which is under construction, is a standardized Class III cancer hospital with characteristic in precision radiation therapy and will operate in strict accordance with the international healthcare institution certification standards. The Shanghai Hospital has comprehensively relevant departments and is expected to be equipped with diagnosis and treatments equipment such as world-leading proton therapy, aiming to provide patients in the Yangtze River Delta region with more precise and world-leading diagnosis and treatment services. The Shanghai Hospital is located in located in New Hongqiao International Medical Center with a superior location and convenient transportation. It will be complementary to the Shanghai Imaging Center to jointly create a model for the operation of oncology specialty hospital to attract more patients to seek medical treatment, achieving multi-discipline collaborative treatment.

In addition, the Group has also launched an internet hospital platform to build a convenient bridge between patients and oncology medical resources, so that patients can access to medical information and resources more easily.

Medical Equipment, Software and Related Services

Relying on its rich experience in the field of oncology treatment and hospital operation, the Group has launched a light-asset business model of medical equipment, software and related services, which is designed to serve enterprise customers and end hospitals, especially medical institutions in lower-tier cities. Facing the challenge of uneven distribution of oncology medical resources, the Group is committed to assisting partnered hospitals to improve their radiation therapy and diagnostic imaging capabilities through supplying advanced medical equipment and providing professional technical empowerment and operation and management support. To this end, the Group has established an extensive network covering medical institutions, research institutions and equipment manufacturers to lay a solid foundation for the sustainable growth of business. Since 2019, the Group has gradually launched Cloud System Solution ("**CSS**") services, covering all aspects of cloud platforms, software and related services. Since then, the launch of platforms such as Jiahe Feiyun Intelligent Radiation Therapy Cloud Service Platform (嘉和飛雲智能放療雲服務平台), Jiahe Yunying Remote Imaging Information Diagnosis Platform (嘉和雲影遠程醫療信息診斷平台) has further improved the efficiency and efficacy of cancer treatment. The Group integrates online and offline medical resources, through cloud platforms to provide multiple cloud services, and realize remote services to meet the all-round needs of enterprise customers. Whether it is equipment supply, technical support or leasing services, the Company provides flexible cooperation and price arrangements, including fixed down payment, fixed rate service and contract percentage fees based on revenue from use of equipment, to meet the specific needs of different customers.

Highlights Review

Remarkable Achievements in Multiple Fields: Radiation Therapy and Surgical Department are Advancing Together, Supply Chain and 5G+ Business Continue to Expand

The Group's medical institutions have achieved remarkable results in various fields. In particular, in terms of oncology radiation therapy, the Group regarded it as a key advantageous discipline, and continued to strengthen the construction of clinical diagnosis and treatment capabilities. As the Group's chief radiation therapy expert, Professor FU Shen successfully took the lead in applying for the project of the Establishment of the Research System based on the Clinical Application of Frontline Proton Radiotherapy Technique and Clinical Quality Control and Transformation (《基於質子前沿放療技術的臨床應用及其臨床質控與轉化研究體系的建立》), which was successfully approved as the "Clinical Characteristic Technique Project in Guangzhou Area (廣州地區臨床特色技術項目)", and undoubtedly laid a solid foundation for the Group in the research and practice in the field of oncology radiation therapy. During the year, the book of Proton Therapy: Indications, Techniques and Outcomes (《質子治療: 適應證、技術與療效》) which was chiefly translated by Professor FU Shen, the Group's chief radiation therapy expert and Professor LI Zuofeng, the Group's chief physicist, was officially published by People's Medical Publishing House Co., Ltd. As a necessary professional reference book in the field of proton therapy, it will surely play an important role in promoting the levels of proton therapy and radiation oncology diagnosis and treatment and promoting the standardized progress of proton therapy and the popularization and application of modern precise radiotherapy.

Meanwhile, the Group was also pleased to see the improvement of clinical diagnosis and treatment capabilities, with the treatment increased by 55% in 2023 and the number of cases in total body irradiation therapy exceeds 170. In addition, the Group completed the clinical trial of proton therapy in 2023 and expected to start using the world's leading proton therapy technique in 2024 to benefit more patients.

Surgical Oncology was the focus of hospital discipline construction, and the Group was committed to building specialty with characteristics and special disease as the highlights of our discipline brands. In terms of breast surgery, the Group achieved remarkable results with a breast-conserving rate of more than 40% in 2023 and successfully carried out deep inferior epigastric perforator (DIEP) surgery which is highly difficult. In terms of general surgery, the number of surgeries achieved a growth of 16.3% in 2023 among them the third to fourth level surgery accounted for 76%, which fully demonstrated the Group's professional strength in complex surgery.

It was worth mentioning that in the face of the challenges of multiple uncertainties such as the post-pandemic, policy and international economic environment in 2023, the Group has not only made significant achievements in the medical business, but also made important progress in supply chain expansion and 5G + business innovation. In terms of supply chain, the Group successfully expanded and signed new projects with 40 hospitals. Meanwhile, the Group also actively transformed into diversified cooperation to meet the needs of customers in various aspects to inject new impetus into the sustainable development of the Group.

In terms of 5G + business expansion, the Group has achieved remarkable results. Through the signing of the Jiahe Cloud Platform Empowerment Cooperation Agreements (嘉和雲平台賦能合作協議) with a number of hospitals, the Group successfully provided a series of innovative solutions such as remote radiation therapy technical support, imaging digital film services, remote magnetic resonance imaging (MRI) diagnosis and artificial intelligence (AI) diagnosis services to its partners. Such cooperation not only significantly improved the efficiency and efficacy of cancer treatment, provided a solid guarantee for the daily diagnosis and treatment of primary healthcare institutions, but also fully demonstrated the Group's innovation capability and market competitiveness in the 5G + medical field. Through these successful cooperation cases, the Group has further consolidated its leading position in the industry and laid a solid foundation for further development in the 5G + medical field in the future.

In terms of administrative and operational support, the Group actively implemented the concept of improved efficiency and reduced costs and strived to improve operational efficiency and support and response to clinical services. Through refined management, the Group achieved remarkable results in a decrease of 42.2% in the procurement amount of office supplies and an average decrease of 22.4% in the procurement cost of medical consumables in 2023. At the same time, despite the growth in business volume, the Company still achieved energy conservation and consumption reduction, saving 817,000 kWh of electricity and 4,352 tonnes of water, which not only saved operating costs for hospitals, but also contributed to the promotion of green healthcare and sustainable development.

Continuously Expanding Customer Acquisition Channels to Help Patients Experience New Medical Treatment

In 2023, nearly 20 new cooperation companies were added, including insurance direct payment companies, insurance brokerage companies, private healthcare institutions, health management companies, accompany companies, overseas healthcare agencies, etc. These channels were service providers with high-frequency contact with patients and customers who had oncology treatment needs or oncology prevention and diagnosis needs, and also affected patients' healthcare experience and choice of medical destinations in different ways. Cooperation with these channels could effectively expand patient sources and improve market awareness.

New Leap in Medical Research and Quality Control: A Number of National Achievements Demonstrating the Strength of The Industry

In 2023, Guangzhou Hospital and its healthcare team actively gave full play to the platform advantages, deeply observed the development of disciplines and the trend of technology application, successfully applied several National Natural Science Foundation Support Plans. Among them, the project *Guidelines for Total Skin (E-beam) Irradiation Technology* (《全皮膚(電子束)照射技術實踐指南》) that was led by Professor FU Shen obtained the approval from National Standard of Radiation Therapy Quality Control Guidelines (國家腫瘤質控中心放療質控指南), marking a solid step taken by the Group in the construction of total body irradiation therapy system and the shaping of technical characteristics.

In recent years, with the improvement of China's healthcare level, radiation therapy has developed rapidly, and the level of medical equipment technology has reached the level of developed countries, but the formulation of radiotherapy standardization and related guidelines is still far from the international level. Based on this understanding, the National Cancer Quality Control Centre begins to publicly solicit radiotherapy quality control guidelines from national authoritative experts and top medical institutions to promote the standardized development of the industry.

In this context, the Practice Guideline for Total Body Irradiation Technology (《全身照射技術實踐指南》) declared by the Group was approved as the 2019 Radiation Therapy Quality Control Guidelines (《2019 年國家腫瘤質控中心放療質控指南》), becoming the first approved project led by private medical institutions. This was not only an honour, but also a recognition of the Group's professional strength and influence. Since then, the Group has become one of the makers of a number of national radiotherapy industry standards, and is the only private medical institution among the makers, including the Radiation Therapy Data Validation Quality Control Practice Guidelines (《放射治療數據審核質量保證實踐指南》) and the 5G-based Remote Radiation Therapy Plan Design, Implementation and Quality Control Platform (《基於 5G 的遠程放療計劃設計、實施與質控平臺建設指南》), which fully demonstrated the Group's leading position in the field of radiotherapy.

Meanwhile, relying on the advanced proton radiotherapy technique and experts team of Guangzhou Hospital, we successfully applied for the General Guidance Project and Two New Project of Guangzhou Healthcare Technology in 2024 (《2024 年度廣州市衛生健康科技一般引導項目和兩新項目》). The project of Sensitive Impact of ESCC Modulated by NIPAL1 on Proton Radiotherapy (《NIPAL1 調控的食管鱗癌對質子放療敏感性影響》) was funded by Guangzhou Municipal Health Commission. In addition, the project of Application Demonstration of Cancer Radiotherapy 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) jointly applied by the Sun Yat-sen University Cancer Center and Guangzhou Concord Cancer Hospital was also smoothly funded by the National Key Research and Development Plan (國家重點研發計劃). These achievements fully demonstrated the strong strength and forward-looking layout of the medical team in scientific research and application.

In terms of quality control of healthcare services, in 2023, compared with 2022, while the service volume of Guangzhou Hospital increased significantly, Guangzhou Hospital focused more on the medical quality and service management to ensure the smooth operation of overall medical services. It was worth mentioning that Shanghai Outpatient Center performed well in quality control inspections in Huangpu District, Shanghai in 2023, and both nursing and pharmaceutical services won the second place among socially run medical care institutions, which fully demonstrated the excellent service quality of the outpatient center. In addition, the Group also localized the quality control system and requirements of the World Renowned Cancer Institute based on the actual situation of medical institutions, which further improved the quality control level of Guangzhou Hospital. The emergence of these highlights not only improved the medical experience of patients, but also laid a solid foundation for the sustainable development of Guangzhou Hospital in the healthcare industry.

Deepen International and Domestic Cooperation and lead to a New Chapter in Oncology Healthcare

As the only institutional partner of World Renowned Cancer Institute in China, the Group opened a green channel of providing referral services with World Renowned Cancer Institute to patients in China in July 2023, providing a highly efficient and convenient way for patients to seek overseas medical treatment. Meanwhile, in 2023, the Group and World Renowned Cancer Institute jointly held 32 academic seminars, nursing lectures and special trainings on tumor care, covering various key aspects of clinical nursing, intravenous fluids complication (輸液併發症), symptom management, etc. The Group and World Renowned Cancer Institute regularly held strategy and business support meetings, discussed key tasks at each phase, clarified goals and planned, jointly implemented key projects such as holding annual academic meeting. During the year, the Group also jointly held the 3rd Annual Brand Academic Conference (第三屆品牌學術年會) with World Renowned Cancer Institute. Such meeting aimed to build an academic platform of communicating with top experts from China and United States for peers in the field of oncology, to promote the academic communication and cooperation in the field of oncology at home and abroad, advocate the clinical application of new technologies and standardized treatment and actively promote the discipline development. 2023 was also the tenth year of cooperation between the two parties, demonstrating the in-depth cooperation and excellent achievements of the two parties in the field of oncology.

In terms of academic exchanges, the Group actively participated in domestic and foreign cooperation to promote the development of oncology diagnosis and treatment technology. In April and November 2023, the Series of Trainings On Clinical Technology and Application of Heavy Ion And Proton Radiotherapy (重離子質子放射治療臨床技術與應用系列培訓) was successfully held in Suzhou and Guangzhou, respectively. The training program attracted many experts, scholars, enterprise representatives and trainees from the government and the industry in the medical field, and deeply discussed the cutting-edge technology of proton heavy ion treatment, providing valuable learning opportunities for radiotherapy physicists and promoting the development and application of relevant technologies. The Group will continue to strengthen cooperation with international and domestic well-known institutions, hold more high-quality academic exchanges and training activities, and contribute more to the progress and development of China's oncology treatment.

Continue to Promote the Business of Proton Therapy

As the core competitiveness of the Group, the field of proton therapy has always been the focus of the Group's deep cultivation. As of the date of this announcement, we have completed clinical trials on the Group's proton therapy equipment at Guangzhou Hospital. We have also applied to the National Health Commission for the deployment license of Class A of large-scale medical equipment at the end of 2023. According to the latest notice issued by the National Health Commission and the Group's understanding, this time the deployment license is issued in two batches, of which the issuance of deployment licenses in other provinces will be subject to separate review. As of the date of this announcement, due to the unexpected delay in the application process, the Company has not obtained the approval of the deployment license from the National Health Commission. The Company has been proactively and closely communicating with the National Health Commission on the status to accelerate both sides of the process. To the best knowledge of the Directors after making due inquiries, it is expected the deployment license would be obtained in due course and the operation of planned proton therapy services would commence soon after that. Having made due inquiries, the Board confirms that despite the delays in the application processes of the deployment license, all the other preparation works for the proton therapy services remain on track with the original schedule. The Board also confirms that the delay in commencement of the proton therapy services is not expected to lead to any material adverse impact to the Company's operations as a whole.

On 8 February 2024, the National Health Commission promulgated the Notice of Adjustment of the "14th Five-Year Plan" Large-scale Medical Equipment Configuration Plan (《關於調整"十四五"大型醫用設備配置規劃的通知》), which stipulates that in order to meet the needs of people for diversified diagnosis and treatment services and support the healthy and orderly development of socially-run medical care, during the "14th Five-Year Plan period", 8 new sets of heavy ion and proton radiotherapy systems were added according to the configuration plan nationwide, which are specially used for socially-run medical care institutions. This will significantly increase the likelihood of the Group's approval. At the same time, the Group is also actively promoting the approval of the registration certificate for the proton equipment manufacturer, Varian (瓦里安), as soon as possible.

Elaborately Building a Talent Echelon: the Multi-Dimensional Talent Training Plan was Launched in an All-Round Way

As the core strategic resource of the hospital, the importance of talents is self-evident. While pursuing improved efficiency and reduced costs, the Group is well aware of the far-reaching significance of fostering talent. To this end, the Group planned a multi-level talent training plan based on its development potential, performance and responsibilities. The Group actively connected it to the World Renowned Cancer Institute Leadership Training Program and strived to adopt international advanced management philosophies and training methods. Among them, the Leading Talent Program (領軍人才計劃) is committed to exploring and fostering senior management and technical leading talents, so that they can gradually grow into high-level management talents or authoritative experts and academic leaders in the industry. The Elite Talent Program (精英人才計劃) focused on those middle-level cadres with potential, so that they could gradually become head of departments or become reserve cadres through training. In addition, the Cornerstone Talent (基石人才) and the Youth Talent Program (青苗計劃) focused on grass-roots employees, aiming to build business backbones in the departments.

Social Responsibility

Over the years, the Group has continued to organize employees in Guangzhou, Shanghai and other places to actively participate in blood donation activities, delivering love with practical actions and contributing to the health undertaking of society.

The Group initiated and established a non-profit organization – Guangzhou Zhengxin Charity Foundation (廣州正心慈善基金會) to promote the development of health and tumor prevention and treatment through a series of activities. Among them, the life science summer camp (生命科學夏令營) led by the Group aimed to help students understand the frontier of medical research and knowledge of tumor prevention, improve their health awareness, and stimulate their interest in the health industry and tumor prevention and treatment. Meanwhile, the Group also jointly advocated the establishment of "Medicine and Humanity Research and Education Fund of Guangzhou Concord (廣州泰和人文研究教育基金)"with Sun Yat-sen University Education Development Foundation to subsidize outstanding projects and promote the in-depth development of medicine and humanity research. By 2023, the fund has funded nearly 119 projects, with a cumulative number of persons who were funded amounted to over 500, covering a wide range of fields and groups.

Outlook

Looking forward, Concord Healthcare will always adhere to the original aspirations and mission of healthcare undertaking, deeply cultivate in the field of oncology healthcare, and steadily lead the development of the industry with a higher strategic landscape and broader professional vision, so as to bring health and hope to more patients and look forward to obtaining recognition and support from more medical partners.

Firstly, the Group will firmly promote the clinical application of proton therapy and construction of supporting facilities and bring more precise and efficient treatment solutions to oncology patients with the power of science and technology. The Group well understands that every technological breakthrough demonstrates that patients' lives are respected and valued. Therefore, the Group will continue to increase investment in research and development in the field of oncology diagnosis and treatment, especially the registration and application of proton equipment, to promote the innovation and progress of oncology treatment technology.

Meanwhile, the Group will actively expand its own medical institution network, introduce international advanced medical technologies and clinical practices, and continuously improve service quality and efficiency. The Group believes that high-quality medical services can not only improve the quality of patients' life, but also lay a solid foundation for the long-term development of the Group.

In addition, the Group will also make full use of modern science and technology means such as internet and big data to promote the innovation and upgrade of healthcare service mode. The Group will broaden its service scope and patient touchpoint through Internet Hospital to provide more convenient and personalized healthcare services. Meanwhile, the Group will also strengthen the cooperation with commercial insurance companies, jointly develop oncology medical insurance products, to provide patients with more diversified payment options.

In terms of medical equipment, software and related services, the Group plans to consolidate and expand its existing achievements for 2023 in 2024. It will not only deepen cooperation in signed projects, but also actively seek new cooperation opportunities to achieve win-win in more aspects. Meanwhile, the Group will continue to focus on extending its business to public hospitals in lower-tier cities to benefit more primary healthcare institutions.

In terms of cloud platform development, the Group will continue to increase the investment in CSS business, especially focusing on close cooperation with country-level public hospitals. The Group's technological empowerment and operational cooperation will mainly focus on key areas such as radiotherapy, nuclear medicine and imaging department, aiming to improve healthcare service level through technology innovation. The continuous iteration and update of cloud platforms is also the main direction, with radiotherapy and imaging as the core, and we will gradually expand into new business types such as ultrasound and mobile nuclear magnetic resonance to meet the increasingly diversified needs of medical institutions. Meanwhile, the Group will combine the advantages of existing medical institutions and give full play of technological empowerment to help partners realize technology upgrading and service improvement.

In terms of talents training and attraction, relying on the in-depth strategic cooperation with World Renowned Cancer Institute, Concord Healthcare fully draws on the cutting-edge medical technology and the essence of its rigorous quality control system. The Group will further improve the existing training course system, design courses which are closer to daily work to meet the learning needs of employees at different levels. In addition, the Group also plans to send a group of core clinical personnel to World Renowned Cancer Institute, improve their professional quality and international vision through close observation and learning and communicating with experts from top hospitals in the United States. Finally, the Group encourages each clinical department and functional department to actively organize the professional skills trainings within the department, so as to form a good atmosphere of full participation and common growth.

In the future, the Group will continue to uphold the core values of "Collaboration, Accountability, Respect and Integrity (協作、擔當、尊重、守正)" and the mission of "fighting cancer and safeguarding the glory of life (抗擊癌症, 守護聲明光彩)", continuously improve the Group's core competitiveness and market position, achieve sustainable development and create more values for every shareholder.

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 increased by 14.1% from RMB472.2 million for the year ended December 31, 2022 to RMB538.7 million for the year ended December 31, 2023. The following table set forth a breakdown of our revenues by service offerings for the years ended December 31, 2022 and 2023.

	Year ended December 31,			
	2023		2022	
	RMB '000	*%*	*RMB '000*	*%*
Hospital business				
– Medical institutions	**319,967**	**59.4**	218,392	46.3
Medical equipment, software and related services				
– Sales and installation of medical equipment and software	**178,326**	**33.1**	179,152	37.9
– Management and technical support	**23,164**	**4.3**	53,109	11.2
– Operating lease	**17,193**	**3.2**	21,517	4.6
Total	**538,650**	**100.0**	472,170	100.0

- *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 increased by 46.5% from RMB218.4 million for the year ended December 31, 2022 to RMB320.0 million for the year ended December 31, 2023, primarily due to the enhancement of brand awareness and growing medical demand.

- *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 13.8% from RMB253.8 million for the year ended December 31, 2022 to RMB218.7 million for the year ended December 31, 2023, primarily due to the decrease in overall revenue of the following business.

- *Sales and installation of medical equipment and software.* Our revenue generated from sales and installation of medical equipment and software remained relatively stable at RMB179.2 million and RMB178.3 million for the year ended December 31, 2022 and 2023, respectively.

- *Management and technical support.* Our revenue generated from management and technical support decreased by 56.4% from RMB53.1 million for the year ended December 31, 2022 to RMB23.1 million for the year ended December 31, 2023, primarily due to expiration of contract relating to certain hospitals and radiotherapy centers.

- *Operating lease.* Our revenue generated from operating lease decreased by 20.1% from RMB21.5 million for the year ended December 31, 2022 to RMB17.2 million for the year ended December 31, 2023, primarily due to expiration of contract relating to certain hospitals and radiotherapy centers.

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 1.8% from RMB614.8 million for the year ended December 31, 2022 to RMB603.7 million for the year ended December 31, 2023. The following table sets forth a breakdown of our cost of sales by nature for the years ended December 31, 2022 and 2023.

	Year ended December 31,			
	2023		2022	
	RMB '000	*%*	*RMB '000*	*%*
Variable Cost				
– Cost of medical equipment and software	**154,996**	**25.6**	175,998	28.6
– Cost of pharmaceuticals, consumables and other inventories	**111,941**	**18.5**	103,501	16.8
– Utilities and office expenses	**1,790**	**0.3**	2,269	0.4
– Others[(1)]	**24,589**	**4.1**	21,557	3.5
Sub-total	**293,316**	**48.5**	303,325	49.3
Fixed Cost				
– Employee benefit expenses	**164,874**	**27.3**	171,823	28.0
– Depreciation and amortization.	**113,001**	**18.8**	110,010	17.9
– Leasing, repair and maintenance	**32,548**	**5.4**	29,625	4.8
Sub-total	**310,423**	**51.5**	311,458	50.7
Total	**603,739**	**100.0**	614,783	100.0

Notes:

(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 11.9% from RMB176.0 million for the year ended December 31, 2022 to RMB155.0 million for the year ended December 31, 2023, primarily due to the decrease in cost as a result of the decrease in revenue generated from our 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 4.0% from RMB171.8 million for the year ended December 31, 2022 to RMB164.9 million for the year ended December 31, 2023, primarily due to the improved efficiency of human resources and the Group's implementation of the concept of improved efficiency and reduced costs.

- *Depreciation and amortization.* Depreciation and amortization represents depreciation of medical equipment and properties used at hospital premises. Our depreciation and amortization increased by 2.7% from RMB110.0 million for the year ended December 31, 2022 to RMB113.0 million for the year ended December 31, 2023, primarily due to the increase in buildings, medical equipment and software.

- *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 increased by 8.2% from RMB103.5 million for the year ended December 31, 2022 to RMB111.9 million for the year ended December 31, 2023, primarily due to the increase in the demands of our hospital business along with its growth.

- *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 increased by 9.8% from RMB29.6 million for the year ended December 31, 2022 to RMB32.5 million for the year ended December 31, 2023, primarily due to the rent reduction during the pandemic in 2022.

- *Utilities and office expenses.* Our utilities and office expenses decreased by 21.7% from RMB2.3 million for the year ended December 31, 2022 to RMB1.8 million for the year ended December 31, 2023, 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 54.3% from RMB142.6 million for the year ended December 31, 2022 to RMB65.1 million for the year ended December 31, 2023. The decrease in our gross loss was in line with the growth in our overall revenue. Our gross margin improved from negative 30.2% for the year ended December 31, 2022 to negative 12.1% for the year ended December 31, 2023.

The following table sets forth a breakdown of our gross profit/(loss) and gross margin by service offerings for the years ended December 31, 2022 and 2023.

	Year ended December 31,			
	2023		2022	
	Amount	**Gross margin (%)**	Amount	Gross margin (%)
	(RMB in thousands, except for the percentages)			
Hospital business.	**(85,591)**	**(26.7)**	(172,634)	(79.0)
– Medical institutions	**(85,591)**	**(26.7)**	(172,634)	(79.0)
Medical equipment, software and related services	**20,502**	**9.4**	30,021	11.8
– Sales and installation of medical equipment and software	**18,460**	**10.4**	13,463	7.5
– Management and technical support	**283**	**1.2**	14,455	27.2
– Operating lease	**1,759**	**10.2**	2,103	9.8
Total	**(65,089)**	**(12.1)**	(142,613)	(30.2)

- *Hospital business.* Our gross loss and gross margin for hospital business decreased from RMB172.6 million and negative 79.0% for the year ended December 31, 2022 to RMB85.6 million and negative 26.7% for the year ended December 31, 2023, primarily due to the rapid growth in revenue while we maintained relatively stable cost of revenue for hospital business.

- *Medical equipment, software and related services.* Our gross profit and gross margin for medical equipment, software and related services decreased from RMB30.0 million and 11.8% for the year ended December 31, 2022 to RMB20.5 million and 9.4% for the year ended December 31, 2023, primarily due to the decrease in the gross profit of management and technical support, partially offset by the increase in the gross profit of sales and installation of medical equipment and software.

- *Sales and installation of medical equipment and software.* Our gross profit and gross margin for sales and installation of medical equipment and software increased from RMB13.5 million and 7.5% for the year ended December 31, 2022 to RMB18.5 million and 10.4% for the year ended December 31, 2023, primarily due to the decrease in cost of medical equipment and other contract execution cost.

- *Management and technical support.* Our gross profit and gross margin for management and technical support decreased from RMB14.5 million and 27.2% for the year ended December 31, 2022 to RMB0.3 million and 1.2% for the year ended December 31, 2023 while certain fixed cost remained relatively stable, primarily due to the decrease in revenue with the reduction in management and technical support business.

- *Operating lease.* Our gross profit and gross margin for operating lease remained relatively stable at RMB2.1 million and 9.8% for the year ended December 31, 2022 and RMB1.8 million and 10.2% for the year ended December 31, 2023, primarily due to the simultaneous decrease of revenue and cost as a result of expiration of contract relating to certain hospitals and radiotherapy centers.

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 8.0% from RMB60.9 million for the year ended December 31, 2022 to RMB56.0 million for the year ended December 31, 2023, 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 7.6% from RMB213.1 million for the year ended December 31, 2022 to RMB197.0 million for the year ended December 31, 2023, 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 and development expenses

Our research and development 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 and development expenses decreased by 11.9% from RMB41.3 million for the year ended December 31, 2022 to RMB36.4 million for the year ended December 31, 2023, 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 VAT 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 decreased by 84.3% from RMB63.4 million for the year ended December 31, 2022 to RMB10.0 million for the year ended December 31, 2023, which was primarily attributable to the one-off compensation income of RMB50.0 million in 2022 as damages received for the proton equipment in relation to an arbitration proceeding of Beijing Century Friendship, which did not occur in 2023.

Impairment loss on trade receivables

Our impairment loss on trade receivables primarily consisted of provision calculated based on the ECL ratio for trade receivables. Our impairment loss on trade receivables decreased by 54.6% from RMB19.6 million for the year ended December 31, 2022 to RMB8.9 million for the year ended December 31, 2023, which was primarily attributable to decreasing balance of trade receivables driven by our enhanced settlement efforts.

Reversal of/(provision for) impairment loss on other receivables

Our reversal of/(provision for) impairment loss on other receivables primarily consisted of reversal or provision for impairment calculated based on the expected credit loss (ECL) ratio for other receivables. We recorded provision for impairment loss of RMB0.9 million for the year ended December 31, 2022 and reversal of impairment loss on other receivables of RMB2 million for the year ended December 31, 2023. The change was primarily attributable to decreasing balance of other receivables driven by our enhanced settlement efforts.

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 decreased by 33.1% from RMB42.6 million for the year ended December 31, 2022 to RMB28.5 million for the year ended December 31, 2023, which was primarily attributable to decreased settlement of amounts due from related parties occurred in Year 2023.

Share of associates' results

Our share of associates' results primarily consisted of share of loss of associates. Our share of associates' results increased significantly from RMB0.2 million for the year ended December 31, 2022 to RMB1.7 million for the year ended December 31, 2023, which was primarily attributable to more loss occurred by our associates in year 2023.

Finance costs

Our finance costs primarily consisted of interest charge on (i) bank and other borrowings, (ii) lease liabilities and (iii) convertible bond. Our finance costs decreased by 60.7% from RMB274.5 million for the year ended December 31, 2022 to RMB108.0 million for the year ended December 31, 2023, which was primarily attributable to the extinguishment of redeemable capital contribution in May 2022.

Income tax credit

Our income tax credit decreased by 37.4% from RMB9.9 million for the year ended December 31, 2022 to RMB6.2 million for the year ended December 31, 2023, which was primarily attributable to the decrease of deferred tax which is credited to profit or loss for the year.

Loss for the year

As a result of the foregoing, our loss for the year decreased by 33.1% from a net loss of RMB637.2 million for the year ended December 31, 2022 to a net loss of RMB426.4 million for the year ended December 31, 2023.

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 year adjusted by adding back (i) interest charge on redeemable capital contribution and (ii) listing expenses. Our interest charge on redeemable capital contribution primarily represented interests accrued on the special rights of the Pre-IPO Investors included in our financing arrangements. Our redeemable capital contribution in 2022 was primarily attributable to the special rights of the Pre-IPO Investors included in our financing arrangements, which were recorded as financial liabilities. All special rights under the Pre-IPO Investments had been terminated prior to the submission of the application for the Listing. Our listing expenses are expenses relating to our Listing.

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

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Loss for the year	**(426,394)**	(637,222)
Add:		
Interest charge on redeemable capital contribution	**–**	163,908
Listing expenses	**5,807**	2,109
Adjusted net loss (non-HKFRS measure)	**(420,587)**	(471,205)

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 years ended December 31, 2022 and 2023, we financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities. 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 December 31, 2023, 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 funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our current liabilities increased from approximately RMB936.1 million as of December 31, 2022 to approximately RMB1,204.5 million as of December 31, 2023, primarily due to the increase in accruals and other payables, and bank and other borrowing on demand or within 1 year, partially offset by the decrease in amounts due to related parties.

Cash flows

As of December 31, 2023, 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 67.9% from RMB126.5 million as of December 31, 2022 to RMB40.6 million as of December 31, 2023. The decrease was primarily attributed to the net cash used in investing and financing activities, and partially offset by the net cash generated from operating activities.

The following table provides the information regarding the Group's cash flow for the years ended December 31, 2022 and 2023.

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Net cash generated from/ (used in) operating activities	**201,853**	(93,637)
Net cash used in investing activities	**(182,341)**	(100,325)
Net cash (used in)/ generated from financing activities	**(105,431)**	184,373
Net decrease in cash and cash equivalents	**(85,919)**	(9,589)
Cash and cash equivalents at the beginning of the year	**126,496**	136,085
Cash and cash equivalents at the end of the year	**40,577**	126,496

For the year ended December 31, 2023, our net cash generated from operating activities was RMB201.9 million, representing an increase of RMB295.5 million from the net cash used in operating activities of RMB93.6 million for the year ended December 31, 2022, which was primarily attributable to the increase in the overall revenue.

For the year ended December 31, 2023, our net cash used in investing activities was RMB182.3 million, representing an increase of RMB82.0 million from the net cash used in investing activities of RMB100.3 million for the year ended December 31, 2022, which was primarily attributable to the increase relating to the purchase of property, plant and equipment.

For the year ended December 31, 2023, our net cash used in financing activities was RMB105.4 million, representing an decreased of RMB289.8 million from the net cash generated from financing activities of RMB184.4 million for the year ended December 31, 2022, which was primarily attributable to the repayment of bank and other borrowings, and repayment of amount due to related parties.

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 year ended December 31, 2023, our total capital expenditure was approximately RMB416.9 million, compared to approximately RMB197.4 million for the year ended December 31, 2022. Our capital expenditure primarily consisted of payments for purchase of property, plant and equipment, purchase of right-of-use assets, and purchase of intangible assets. We funded these expenditures with cash generated from our operations and bank loans and other borrowings.

Capital commitments

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

	As of December 31,	
	2023	2022
	(RMB in thousands)	
Acquisition of property, plant and equipment	**19,036**	20,937
Capital injection in an associate	**260,099**	260,099

Contingent liabilities

As of December 31, 2023, 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 December 31, 2023, we did not have detailed future plans for material investments or capital assets.

Material acquisitions and disposals and significant investment

We did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2023.

Pledge of assets

As at December 31, 2023, bank borrowings totalling RMB1,051.9 million (2022: RMB1,081.7 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 December 31, 2023, a bank borrowing totalling RMB858.7 million (2022: RMB869.1 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 31 December 2023, bank borrowings totalling RMB868.7 million (2022: RMB882.1 million) are secured by the revenue of the Group's subsidiaries, Guangzhou Concord Caner Hospital, amounted to RMB149.1 million and RMB96.8 million respectively.

As at 31 December 2023, bank and other borrowings totalling RMB41.3 million (2022: RMB33.7 million) are guaranteed by Dr. Yang Jianyu, a controlling shareholder and the chairman of the Board.

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

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

	As of December 31,	
	2023	2022
	(RMB in thousands)	
Property, plant and equipment	**2,171,150**	1,972,494
Right-of-use asset	**386,613**	395,972
Trade receivables	**9,071**	10,826
Total	**2,566,834**	2,379,292

Net current liabilities

As of December 31, 2023, we had net current liabilities of RMB844.7 million, compared to net liabilities of RMB149.6 million as of December 31, 2022, mainly attributable to (1) the increase in accruals and other payables in relation to the construction of Shanghai Hospital, (2) the increase in bank and other borrowing on demand or within 1 year, and (3) the decrease of current assets due to the transfer of prepayment to construction in progress as a result of the completion of acceptance check of the equipment in a stage.

Borrowings and indebtedness

As of December 31, 2023, our indebtedness consisted primarily of bank and other borrowings, convertible bonds and lease liabilities, and the borrowings were all made in RMB. As of December 31, 2023, 12.8% of the indebtedness (RMB336.2 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 December 31,	
	2023	2022
	(RMB in thousands)	
Current indebtedness		
Bank loans and other borrowings	**461,527**	172,018
Convertible bonds	**19,233**	20,316
Lease liabilities	**21,317**	14,633
Non-trade amounts due to related parties	**31,023**	21,802
Subtotal	**533,100**	228,769
Non-current indebtedness		
Bank loans and other borrowings	**1,910,296**	2,219,514
Lease liabilities	**184,308**	187,674
Subtotal	**2,094,604**	2,407,188
Total	**2,627,704**	2,635,957

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

	December 31, 2023		December 31, 2022	
	Balance	**%**	Balance	%
	(RMB in thousands, except for the percentages)			
Within one year	**461,527**	**19.5**	172,018	7.2
After one year but within two years	**390,230**	**16.4**	338,157	14.1
Over two years but within five years	**1,424,547**	**60.1**	1,412,947	59.1
Over five years	**95,519**	**4.0**	468,410	19.6
Total	**2,371,823**	**100.0**	2,391,532	100.0

Key financial ratios

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

	As of/for the year ended December 31,	
	2023	2022
Profitability ratios		
Gross margin(1)	**(12.1)%**	(30.2)%
Net margin(2)	**(79.2)%**	(135.0)%
Liquidity ratios		
Current ratio(3)	**0.30**	0.84
Quick ratio(4)	**0.27**	0.75
Gearing ratio(5)	**64.3%**	**63.1%**

Notes:

(1) The calculation of gross margin is based on gross loss for the period divided by revenue for the respective period and multiplied by 100%.

(2) The calculation of net margin is based on loss for the period divided by revenue for the respective period and multiplied by 100%.

(3) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

(4) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.

(5) The calculation of gearing ratio is based on total liabilities divided by total assets as of period end.

OTHER INFORMATION

Use of Proceeds

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.

There has been no change in the intended use of the net proceeds as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in that same manner, proportion and the expected timeframe as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

The following table sets forth a summary of the intended use of net proceeds and their expected timeline of full utilization. Since the Company was listed on January 9, 2024, details of the utilization of net proceeds from the Global Offering was not available during the Reporting Period.

	Percentage of net proceeds from the Global Offering	**Net proceeds from the Global Offering** *(HKD in millions)*	**Expected timeline of full utilization**
Repaying part of the interest-bearing bank borrowings	59.4%	277.02	By the end of 2025
Financing the construction of Shanghai Hospital	30.6%	142.71	By the end of 2025
Working capital and other general corporate purposes	10.0%	46.63	By the end of 2025
Total		466.36	

Employee and Remuneration Policy

The Group had 733 employees as at December 31, 2023, as compared to 886 employees as at December 31, 2022. 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 have maintained 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.

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 during the period from the Listing Date to the date of this announcement.

Sufficiency of Public Float

Listing 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 Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code and the Company has adopted the CG Code as its own code of corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strength accountability to all shareholders.

As the Company's shares in issue were yet listed on the Stock Exchange during the year ended December 31, 2023, the CG Code was not applicable to the Company during the Reporting Period.

From the Listing Date to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

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.

As the shares of the Company were yet listed on the Stock Exchange as of December 31, 2023, the Model Code was not applicable to the Company during the year ended December 31, 2023.

Specific enquiry has been made to all directors, supervisors and relevant employees of the Company and all of them have confirmed that they have complied with the Model Code during the period from the Listing Date up to the date of this announcement.

Review of Annual Results

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 Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2023 and has recommended for the Board's approval thereof.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended December 31, 2023. The Audit Committee considered that the annual results of the Group are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended December 31, 2023.

Scope of Work of the Auditor

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023 and the amounts were found to be in agreement. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this annual results announcement.

Events after the Reporting Period

On January 9, 2024, 39,420,200 H Shares issued by the Company were listed and traded on the Main Board of the Stock Exchange at an issue price of HK$14.28. Among them, 3,942,200 shares were publicly offered in Hong Kong, accounting for approximately 10% of the total shares issued in the Global Offering and 35,478,000 shares were internationally offered, accounting for approximately 90% of the total shares issued in the Global Offering.

It is proposed that an EGM will be held on Wednesday, April 3, 2024 for the Shareholders to consider and approve (i) the provision of new financing guarantees to its subsidiaries of the Company and (ii) authorize the Board and/or its authorised representatives to, in their sole discretion, consider and approve all the specific matters of the guarantees within the scope of the guaranteed amount, including but not limited to determine the specific terms and conditions and amount to be provided and the list of guaranteed parties. For the details, please refer to the Company's circular published on March 18, 2024.

As of the date of this announcement, save as above, there has been no significant event since the end of the Reporting Period that is required to be disclosed by the Company.

AGM

It is proposed that the AGM will be held on Friday, June 21, 2024. A notice convening the AGM will be published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.concordmedical.com), and will be despatched to the Shareholders who have requested corporate communications in printed copy in accordance with the requirement of the Listing Rules in due course.

Final dividend

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2023.

Closure of Register of Members

In relation to the AGM

For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 18, 2024 to Friday, June 21, 2024, both days inclusive, during which period no transfer of Shares will be registered.

In order to be eligible to attend and vote at the AGM, all H Share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, June 17, 2024. Domestic Share Shareholders should contact the Board Secretary for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: A1, 26th Floor, Hanwei Building East Area, No. 7 Guanghua Road, Chaoyang District, Beijing, China; and telephone No.: +86 010-59036688.

Publication of the Annual Results Announcement and the Annual Report

This announcement was published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.concordmedical.com). The annual report of the Group for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders who have requested corporate communications in printed copy and published on the aforesaid websites of the Stock Exchange and the Company in due course.

Appreciation

On behalf of the Board, I would like to express our sincere gratitude to customers and business partners for their trust in the Company, our staff and management team for their diligence, dedication, loyalty and integrity, and the Shareholders for their continuous support.

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company to be held on Friday, June 21, 2024
"Audit Committee"	the audit committee of the Board
"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"	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
"Domestic Shareholder(s)"	Shareholder(s) of Domestic Shares
"EGM"	the forthcoming extraordinary general meeting of the Company to be held on Wednesday, April 3, 2024
"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
"PRC"	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"	twelve months from January 1, 2023 to December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai GP Clinic"	Shanghai Meizhong Jiahe General Practice Center Co., Ltd. (上海美中嘉和雲影全科診所有限公司), a limited liability company established in the PRC on November 2, 2020 and an indirectly wholly-owned subsidiary of our Company, which operates under the trade name of Shanghai Meizhong Jiahe Yunying General Practice Clinic (上海美中嘉和雲影全科診所)
"Shanghai Hospital"	Shanghai Concord Medical Cancer Hospital Limited* (上海泰和誠腫瘤醫院有限公司), a limited liability company established in the PRC on March 17, 2014, which is owned as to 99.5% 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 as to 99.14% 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 86.4414% 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.*
YANG Jianyu
Chairman of the Board and Executive Director

Beijing, the PRC, March 27, 2024

As at the date of this announcement, the Board comprises (i) Dr. YANG Jianyu, Ms. FU Xiao, Mr. CHANG Liang and Mr. SHI Botao as executive Directors; (ii) Mr. WANG Lei and Mr. CHEN Hongzhang 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*