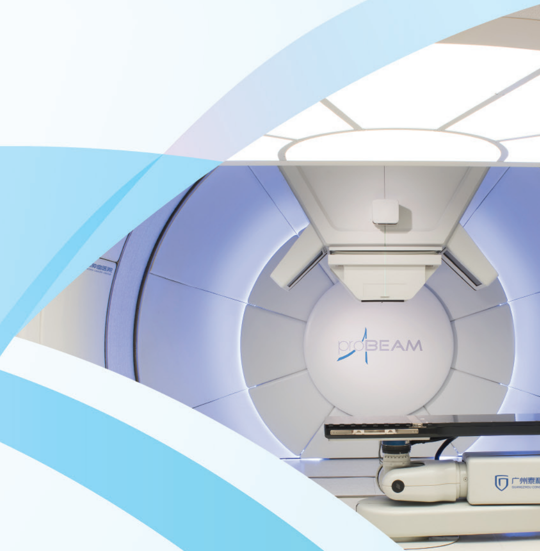
美中嘉和
CONCORD MEDICAL

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



2024
Annual Report

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

SUPERVISORS

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

AUDIT COMMITTEE

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

REMUNERATION AND APPRAISAL COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

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

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AUTHORIZED REPRESENTATIVES

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Mr. PAN Lichen

AUDITOR

BDO Limited
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REGISTERED OFFICE IN THE PRC

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Beijing, PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL BANKS

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

HONG KONG LEGAL ADVISER

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COMPLIANCE ADVISER

Haitong International Capital Limited
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COMPANY'S WEBSITE

www.concordmedical.com

STOCK SHORT NAME

CONCORD HC GP

STOCK CODE

2453

DATE OF LISTING

January 9, 2024

Chairman's Statement

– REINVENTING THE ECOLOGY OF ONCOLOGY WITH CUTTING-EDGE TECHNOLOGY AND PRACTICING LONG-TERM VALUE WITH HUMANISTIC CARE

Dear Shareholders,

As the aging process and disease pedigree changes form a historical intersection, China's medical and health industry is shouldering the important mission of protecting the health of the whole nationals. In 2024, with the "Healthy China" strategy as the navigation mark, we will deeply integrate enterprise development into the construction of the national public health system, and achieve breakthroughs in three strategic pivots: reshaping tumor diagnosis and treatment standards with cutting-edge technology, activating primary medical networks with digital empowerment, and linking global medical wisdom with open and innovative links. These milestone achievements not only reflect the forward-looking presence of the Group, but also vividly interpret our original mission of "humanity is the foundation, skill wins the honor (人仁為本　術精為尊)". On behalf of the Board, I would like to express my sincere gratitude to the investors who have always been with us, to the partners who have supported us and to the entire health care team who have protected our lives with professionalism.

I. INDUSTRY TRENDS AND POLICY OPPORTUNITIES: FOLLOW THE TREND AND PURSUE LONG-TERM VALUE

(1) Resonance of Silver Hair Economy and Tumor Prevention and Control Demand

China is experiencing the world's largest and fastest population aging. According to the "Statistical Bulletin of the People's Republic of China on National Economic and Social Development in 2024 (《中華人民共和國 2024 年國民經濟和社會發展統計公報》", by the end of 2024, the population over 60 years old has exceeded 310 million in China, of which 90 million are younger elderly group (60-65 years old), and the health awareness, payment ability and medical needs of such group are significantly higher than traditional elderly groups. This group is just the core customer group of early tumor screening and precise diagnosis and treatment – the 2024 National Cancer Report data released by the National Cancer Center indicates that the malignant tumor incidence rate has risen significantly from the age of 50k, and the age range of 60-64 years old is the peak age group of incidence, which forms a strategic resonance from the rise of silver hair economy and the immediate need of tumor prevention and treatment. Based on the two economic highlands of the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, the Group meets the quality healthcare needs of high-net-worth to middle-class patients through high-quality diagnostic and treatment services such as proton therapy and multidisciplinary diagnostic and treatment (MDT), and empowers the primary healthcare network remotely through AI+5G to promote the early screening of tumors and the universalization of diagnostic and treatment services, so as to accurately position itself in the silver-hair economy as well as in the blue ocean of middle-class.

(2) Policy Dividend Releases Differentiated Development Space

The National "14th Five-Year Plan" clearly encourages privately operated medical services to provide differentiated diagnostic and treatment services, and in 2024, 8 proton heavy ion equipment configuration permits were granted to privately operated medical services in China, and the Group will seize the first opportunity as one of the first permitted units. Under the background of "Sanming Medical Reform" to deepen the public welfare of public hospitals, the supply of high-end services in the public system is shrinking, and the complementary role of privately operated medical services is becoming more and more prominent. The Group takes proton therapy as the technical fulcrum and builds a three-in-one service model of "precision radiotherapy + innovative payment + international collaboration", which not only responds to the national policy of hierarchical diagnosis and treatment but also fills in the gaps in the high-end medical market. In addition, policies such as the green channel for the approval of AI medical devices and the construction of county medical communities have opened up incremental space in the primary healthcare market for the Group's asset-light technology export business.

II. STRATEGIC PRACTICE: TECHNOLOGY LEADERSHIP, ECOLOGICAL SYNERGY, RESPONSIBILITY AND COMMITMENT

(1) Build a Medical Technology Highland

As the first privately operated medical institution in South China to operate a proton treatment system, the Proton Center of Guangzhou Concord Cancer Hospital will be officially put into operation in December 2024, marking the Group's entry into the first echelon of cutting-edge radiation therapy technology in China. As at February 2025, the Proton Center has provided treatment for 4 to 75-year-old patients, with indications covering high-onset cancers such as head and neck tumors, chest tumors. We achieved technological breakthroughs through three innovations:

Payment innovation: launching "special proton therapy insurance" with insurance companies to break the payment bottleneck for middle-class patients; exploring the efficacy payment model to establish a community of interest between doctors and patients.

Grassroots empowerment: Establishing "collaborative centers" with county hospitals, exporting remote planning and MDT consultation services, and building a network of "centers radiating to grassroots".

Domestic substitution: We have joined hands with local enterprises to explore the localization of proton assistive devices in China, reduce operating costs and enhance technological autonomy and controllability.

(2) Three-dimensional Strategic Layout: focusing on the operation regionally and expanding globally

Regional synergy: Focusing on Guangdong, Hong Kong and Macao Greater Bay Area and the Yangtze River Delta region, the Guangzhou Proton Center and Shanghai Concord Medical Cancer Hospital (under construction) form a technological complement to cover the high net worth and middle-class patient population in South China, East China and even Southeast Asia.

Penetration at the grassroots level: We will export standardized oncology solutions to second – and third-tier cities through our comprehensive healthcare solutions business and will sign contracts with Shenmu Hospital (one of the first "Thousand Counties Project" Class 3B hospitals in China) and other projects during the year.

International expansion: Launching customized packages for cancers with a high incidence in Southeast Asia (such as nasopharyngeal cancer) and establishing a cross-border medical payment system to attract a higher proportion of overseas patients.

(3) Social Responsibility: Medical Care for the Good, and Mutual Growth in Value

The Group has always upheld the mission of "fighting cancer and safeguarding the glory of life":

- Applications of scientific research achievements: we funded 16 medical humanities projects to promote the dual-track innovation of "technology + humanities"; conducted an international clinical study jointly with Mayo Clinic. The Group held the 4th Joint Annual Academic Conference with top international oncology institutions and conducted monthly symposiums on medical oncology and radiotherapy with top international oncology institutions.

- Integration of industry and academia: The Group has set up a special fund for life science summer camp activities, held life science summer camps, organized students from impoverished mountainous areas to explore the history and frontiers of medical development, and cultivate future medical talents.

III. FUTURE PROSPECTS: BUILDING A SUSTAINABLE TUMOR CONTROL SYSTEM

China's tumor prevention and treatment system is facing unprecedented structural pressure due to the multiple challenges of aging population, increasing environmental risks and uneven distribution of medical resources. The Group will take "precision, universality and internationalization" as the core of our strategy and promote industry innovation through three dimensions:

Chairman's Statement

Deepening the Layout of Medical Resource Network

We will continue to enhance service capabilities in the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Greater Bay Area, accelerate the construction of the Shanghai Cancer Hospital and Proton Center, and establish a dual-drive model in the future, setting a benchmark for cancer diagnosis and treatment in Asia.

Strengthening the Full-Chain Technology Empowerment System

With precision radiotherapy as the pivot, we will build a full-cycle solution encompassing "early screening-diagnosis and treatment-rehabilitation". By leveraging innovative payment tools such as pay-for-efficacy insurance and proton therapy-specific insurance, we will improve accessibility to high-end services.

Building a Collaborative Paradigm for the Medical Ecosystem

We will deepen cooperation with world-class medical institutions, continuously introduce cutting-edge international diagnosis and treatment services, and maintain leadership in cancer treatment technology, enabling domestic patients to enjoy services and compassionate care on par with global standards without leaving the country.

Cancer prevention and treatment is a protracted battle for human dignity. As an important complement to the public healthcare system, the Group remains committed to the mission of "fighting cancer and safeguarding the glory of life". We will break down resource barriers through technological innovation, enhance service accessibility through model transformation, and uphold medical benevolence through a sense of responsibility. We believe that, driven by both national healthcare reform and the dedication of our team, the Group will become an indispensable Chinese force in the global landscape of cancer care.

Results Highlights

FINANCIAL HIGHLIGHTS

- Our revenue decreased by 27.9% from RMB538.7 million for the year ended December 31, 2023 to RMB388.3 million for the year ended December 31, 2024.

- Our gross loss increased by 3.3% from RMB65.1 million for the year ended December 31, 2023 to RMB67.2 million for the year ended December 31, 2024.

- Our net loss increased by 13.7% from RMB426.4 million for the year ended December 31, 2023 to RMB484.8 million for the year ended December 31, 2024.

- Our adjusted net loss/(non-HKFRS measure)[(1)] increased by 5.5% from RMB420.6 million for the year ended December 31, 2023 to RMB443.9 million for the year ended December 31, 2024.

Note:

(1) Adjusted net loss (non-HKFRS measure) represents loss for the year adjusted by listing expenses. 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.

Management Discussion and Analysis

BUSINESS REVIEW

Hospital Business

The Group focuses on the high-end oncology healthcare sector. As of the date of this report, the Group owns and operates four offline self-operated medical institutions dedicated to providing comprehensive and specialized medical services to cancer patients. These institutions are primarily located in Guangzhou and Shanghai, covering the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region, delivering high-quality medical care to many patients.

1. *Guangdong-Hong Kong-Macao Greater Bay Area*

In the *Guangdong-Hong Kong-Macao* Greater Bay Area, the Group has independently built and operated the Guangzhou Concord Cancer Hospital, a tertiary specialized cancer hospital with a total planned floor area exceeding 100,000 square meters. Located in the China-Singapore Guangzhou Knowledge City, the hospital is one of the first key high-tech medical service projects launched in the Knowledge City. Leveraging government support policies and industrial park resources, the hospital is equipped with multiple clinical departments and digitally integrated Class 100 laminar flow operating rooms. It employs world-leading treatment modalities such as proton therapy and precision radiotherapy to ensure high-quality diagnostic and therapeutic services for patients. On December 16, 2024, the proton therapy center at Guangzhou Concord Cancer Hospital commenced full-scale clinical operations, marking the first proton therapy system officially operational in South China (excluding Hong Kong and Macao). Patients from across China and even Southeast Asia can now access advanced proton therapy closer to home. This milestone signifies a transformative step for the Group in the high-end medical service market, with expectations for substantial revenue and profit growth, enhanced competitiveness in the same market, and significant benefits for cancer patients.

2. *Yangtze River Delta Region*

In the Yangtze River Delta, the Group's Shanghai Imaging Center utilizes cutting-edge imaging equipment for disease screening and diagnosis. Shanghai GP Clinic collaborates closely with the Imaging Center to provide comprehensive services for patients requiring further examination. Additionally, Shanghai Concord Medical Cancer Center, situated in Shanghai's bustling Xintiandi area, serves as a day-care center for chemotherapy and radiotherapy, offering integrated cancer diagnosis, radiotherapy, and chemotherapy services. The Shanghai Concord Medical Cancer Hospital ("**Shanghai Hospital**") under construction will be a standardized tertiary specialized cancer hospital with a focus on precision radiotherapy. Spanning nearly 160,000 square meters and strategically partnered with the top oncology medical institutions, the hospital will adhere to international healthcare accreditation standards. The Shanghai Hospital has comprehensively relevant departments and is equipped with diagnosis and treatments equipment such as world-leading proton therapy (pending installation), 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 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.

Management Discussion and Analysis

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 second or third-tier cities. Facing the challenge of uneven distribution of oncological 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 launched CSS (Cloud + Software + Service), covering cloud platforms, software, and related services, and improving the efficiency and accuracy of disease diagnosis and treatment through platforms such as Jiahe Yunying and Jiahe Feiyun. By integrating online and offline resources, the Group provides remote services via cloud platforms 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 to meet the specific needs of different customers.

BUSINESS UPDATES

Implementation of Proton Therapy Technology

In 2024, as one of the first private medical institutions approved by China's National Health Commission under the "14th Five-Year Plan" to equip proton therapy systems (note: According to the policy adjustment in February 2024, eight new proton heavy ion equipment configuration licenses for private medical institutions were added nationwide during the 14th Five-Year Plan period, which is implemented on an annual basis), the Group successfully operationalized proton therapy technology. As the first of the five approved institutions in this round to put into clinical application (the first licensing list in September 2024 comprises five private medical institutions including Guangzhou Concord Cancer Hospital), the Proton Center of Guangzhou Hospital was officially opened in December. This progress not only responds to the national policy direction of encouraging private medical institutions to provide differentiated medical services, but also confirms the Group's leading edge in technological reserves and operational capabilities.

Proton therapy, often hailed as the "crown jewel of radiotherapy" for its precision, functions like a "controllable missile". Unlike conventional radiotherapy, which damages healthy tissues as it penetrates the body, proton therapy releases energy precisely at the tumor site and rapidly dissipates, minimizing harm to surrounding organs. It is particularly suitable for pediatric patients and tumors in sensitive areas. Its precision reduces long-term damage to critical organs like the heart and spinal cord, and doctors can also safely increase the radiation dose to the tumor area to enhance the efficacy of difficult-to-treat cancers. Due to lower damage to normal tissues, and the fact that patients suffer fewer side effects and recover faster, it is a preferred option for specific patients to balance efficacy and safety.

As of February 28, 2025, Guangzhou Hospital has served dozens of patients, 15 of whom have successfully completed the entire course of treatment. The age range of patients spans across the age group from as low as 4 years old up to 75 years old and a wide range of solid tumors, including thoracic tumors, gastrointestinal tumors, nasopharyngeal carcinoma, and breast cancer. This wide range of indications and age group coverage not only reflects the universality and advancement of proton therapy technology but also provides diversified treatment options for different types of patients. As the first non-public medical institution in South China to obtain the qualification to operate proton therapy, the Group is promoting precision radiotherapy technology to benefit more patients through the trinity development model of technology introduction, payment innovation and primary care empowerment, helping China's tumor treatment to reach new heights. It also lays a solid foundation for the internationalized development of Concord Healthcare, which will be able to better serve patients around the world in the future.

Management Discussion and Analysis

Three-Dimensional Strategic Deployment to Build Competitive Barriers

The Group has taken the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area as its core strategic pivots, forming a three-dimensional service pattern radiating to Southeast Asia and penetrating the grassroots market. As the first proton therapy center in South China, Guangzhou Hospital, relying on the advantages of location and application of leading tumor diagnostic and treatment technologies, will deepen its services to high-net-worth patients in Guangdong-Hong Kong-Macao Greater Bay Area in 2024, and at the same time explore the Southeast Asian market and establish a green channel for international patient referrals. For highly prevalent tumors in Southeast Asia (e.g. nasopharyngeal cancer), the Group will launch customized diagnostic and treatment packages and build a cross-border medical payment protection system with regional insurance institutions, so as to effectively break down barriers to the accessibility of quality medical resources. In the construction of primary healthcare network, the Group has innovatively implemented the model of "technology empowerment + resource sharing" by establishing "collaborative centers" with public hospitals in second-and third-tier cities, and offering technical services such as remote planning of radiotherapy and multidisciplinary consultation (MDT). We help primary hospitals to improve their radiotherapy capabilities and form a "central hospital-satellite institutions" network, so that quality medical resources can effectively benefit the public and expand the coverage of services.

Industry Chain Synergy and Payment Innovation

Relying on the advantages of group operation, we innovate the whole-cycle management service of medical devices and significantly reduce the operating costs of primary medical institutions through the flexible supply system of radiotherapy supporting equipment. Meanwhile, the Group has joined hands with a leading Chinese medical imaging equipment company to carry out joint research on proton therapy supporting equipment, breaking through the monopoly and dependence on imported equipment and realizing the leapfrog development of China-made key equipment.

In terms of medical payment and insurance innovation, the Group has cooperated with well-known insurance companies to launch "Proton Therapy Specialized Insurance", which has significantly increased the accessibility of international advanced diagnostic and therapeutic technologies to middle-class patients. On the other hand, the Group is actively exploring an insurance model based on efficacy: for indications such as early-stage lung cancer, payment will be made in installments according to the efficacy of treatment. These two types of innovations break down the barriers to resource accessibility from the supply side and the payment side respectively, and build a synergistic healthcare-insurance ecosystem.

Continuous Output of Scientific Research

In 2024, the Group formed a three-tier research and development system comprising "national research projects, international research cooperation and clinical trials". During the year, the Group was selected by the Ministry of Industry and Information Technology and the National Health Commission of the People's Republic of China to participate in the "2024 High-end Medical Equipment Promotion and Application Project", giving full play to the Group's technological advantages in the field of precision radiotherapy for tumors, and promoting the research and development as well as the clinical application of precision medical equipment, so as to ensure that technological research and development are always in line with clinical needs, and contributing to the independent innovation and development of the radiotherapy industry in China. Meanwhile, the project of "Demonstration of Tumor Radiotherapy Application 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)", one of the special projects of "Diagnostic and Therapeutic Equipment and Biomedical Materials" of the national key research and development program, in which the Group participated, has been approved and funded. The Group will focus on the application of informatization, intelligence and remote technology of radiotherapy based on domestically produced innovative equipment, comprehensive demonstration and construction of hierarchical diagnosis and treatment system.

Management Discussion and Analysis

At the level of international cooperation, the research project jointly carried out by Guangzhou Hospital and Mayo Clinic of the United States was approved by the National Institutes of Health of the United States for the R01 project, which has gained recognition for its research strength in the international arena.

At the clinical research level, four new special clinical studies on proton therapy and one quality assurance study on radiotherapy were conducted. During the year, the Company was awarded 2 national utility model patents and published 16 SCI papers, of which 9 were first-authored (including co-authored) and corresponding authors.

Crossing Borders, Building Bridges for Medical Cooperation

During the Reporting Period, the Group continued to deepen its cooperation and communication with top international medical institutions:

(1) Successfully deepened the cooperation with top medical oncology institutions: 1) the Group organized the 4th Joint Annual Academic Conference, with online viewers exceeding 1 million; 2) top medical oncology institutions participated in the publicity activities for the prevention and treatment of cancer patients in China, with nearly 5,000 attendees participating in the exchanges; 3) regular oncology symposiums: symposiums on medical oncology and radiotherapy are conducted almost monthly; 4) workshop exchanges on hospital operation and management (human resource management, performance evaluation, etc.)

(2) On the other hand, we have successfully deepened the cooperation with top comprehensive medical institution in the United States: 1) we continue to provide international consulting services for patients in need, and invite international experts to provide second opinions for patients; 2) experts from top comprehensive medical institution in the United States have been invited to carry out international academic exchanges as guests of the first “International Forum on Proton Radiotherapy”

Medical Equipment, Software and Related Services Business

Relying on its regional network advantage, the Group has formed a deep coverage in key regions such as Eastern China and Southern China, serving nearly 100 medical institutions in total. The Group’s speed of localized response is industry-leading and has won high recognition from its customers. The Group’s service chain covers a wide range of areas such as equipment maintenance, talent cultivation and departmental co-construction, forming a close customer relationship and increasing customer stickiness. The Group has responded to the national policy on primary care capacity building by expanding its business scope and extending its services to second-and third-tier cities. In particular, the Group is committed to sharing standardized imaging and radiotherapy department construction solutions to county hospitals, which has effectively filled the disadvantages of oncology diagnosis and treatment that is difficult for primary care providers to tackle. With the recent comprehensive cooperation with Shenmu Hospital in Shaanxi Province (one of the first batch of “Thousand Counties Project” Class 3B hospitals (“千縣工程”三級乙等醫院) in China), the Group’s Guangzhou Hospital will continue to provide comprehensive support to Shenmu Hospital, promote the interoperability of technology, talents and management experience, and actively contribute to the overall enhancement of the clinical diagnosis and treatment capabilities of the two hospitals, as well as the gradual sharing of healthcare resources, so as to jointly enhance the healthcare experience of oncology patients in the region.

Management Discussion and Analysis

In response to the lack of standardization in planning quality control, equipment quality control and process quality control of low-tier cities and county-level medical institutions, the Group continued to improve the remote quality control platform. The platform can realize the automatic collection and centralized management of quality control data, and help primary medical institutions achieve standardized quality control management. At the same time, the Group has developed an automatic review software for radiotherapy data, which not only saves manpower and time costs, but also avoids deviations caused by manual review. With the help of advanced radiotherapy equipment, the platform can also complete the 3D verification of the patient's treatment plan, as well as the quality assurance in the implementation of high-precision treatments such as Intensity-Modulated Radiation Therapy (IMRT) and Volumetric Modulated Arc Therapy (VMAT).

The Group's radiotherapy quality control cloud platform not only ensures that the radiotherapy plan can accurately irradiate the patient's tumor site, but also effectively ensures the accuracy and stability of the mechanical properties and radiation quality of the radiotherapy equipment. By unifying the quality control standards of different medical institutions and standardizing the quality control process, the quality of life of patients is maximized. In addition, the platform also helps primary medical institutions to master the use of medical equipment such as imaging radiotherapy more quickly, further improving their medical service capabilities and levels.

AI Business

The Group has given full play to its advantages of "high-quality medical data + real application scenarios", and has started to train a large tumor model with proton diagnosis and treatment as the core based on open source large models such as Deepseek and Qianwen, which will provide patients and doctors with accurate professional information related to tumor diseases, especially proton radiotherapy, in the future.

The medical artificial intelligence cloud platform (MAICOP) developed by the Group aggregates core products such as self-developed AINS-CARE (Magnetic Resonance Imaging Assisted Diagnosis Software for Nervous System Lesions), MAICOP Brain (3D Visualization Image Processing Software for Brain), Brain Age Assessment System and PETCT Assisted Diagnosis Software, as well as AI products related to chest, limb and bone age of strategic partners, which has made breakthrough the technical barriers of multi-mode imaging integration. PET-CT, MR, CT and other imaging equipment are adapted to provide medical institutions with a one-stop medical AI cloud platform solution. At the same time, the Group's self-developed AI-assisted diagnosis product lines of upper abdominal CT, mammography and gastroscopy have been fully launched, aiming to provide more comprehensive and complete AI cloud platform services for medical institution customers.

Moving forward, the Group will focus on the research and development of AI applications in the fields of oncology diagnosis and treatment and rehabilitation management, taking into account the Group's own strengths. In terms of strategic ecological construction, the Group will deepen industrial synergy: on one hand, the Group will carry out software and hardware integration innovation with renowned equipment manufacturers to deeply integrate AI diagnostic systems into medical equipment terminals; on the other hand, the Group will join hands with renowned integrated healthcare service industry groups to push forward the research and development of medical large models to realize technological empowerment.

Talent Development

During the Reporting Period, the Group conducted a comprehensive talent pool review and established a file system for senior managers and key doctors in the hospital, laying a solid foundation for the construction of the talent pool. The Group has integrated basic medical courses into the training system for new employees, continuously improved the professional quality of medical and nursing technicians, and the pass rate of continuing education has steadily increased to more than 98%. At the same time, the Group organized a number of special training courses to focus on medical quality and safety, effectively improving the clinical practice ability and risk prevention awareness of physicians and comprehensively ensuring the quality of medical care.

The Group conducted in-depth exchanges with the world's top cancer medical institutions at the level of human resource management, conducted special discussions on leadership and management, and learned valuable experience from the world's leading cancer medical institutions in the construction and implementation of the hospital's talent echelon.

Social Responsibility

During the Reporting Period, the Group took a series of practical and effective measures to fulfill its social responsibility and enhance public relations, demonstrating the hospitals' high sense of social responsibility and good public image.

In terms of social responsibility, the Group's hospitals make regular donations to a number of charitable organizations every year, with a focus on supporting educational and medical humanities research projects, aiming to promote the development of medical humanities and the advancement of medical technology. The "Medicine and Humanity Research and Education Fund of Guangzhou Concord (廣州泰和醫學人文研究教育基金)", a project funded by the Group in 2024, has gained widespread attention and support from all sectors of the community. During the open application period, 119 outstanding applications were received nationwide, covering renowned universities such as Peking University, Tsinghua University, Renmin University of China, Sun Yat-sen University, Fudan University and many other medical organizations. After rigorous evaluation, 16 topics were finally awarded this year's fund, injecting new vitality into the innovation and development of medical humanities and medical technology. In addition, the Group also organizes free clinics on a regular basis for the benefit of residents in the surrounding communities.

In terms of the establishment of charitable funds, the hospitals have demonstrated the spirit of love without boundaries. On the one hand, the hospitals have set up a special fund for impoverished oncology patients to provide financial assistance to oncology patients with financial difficulties and help the disadvantaged groups to improve their living conditions; on the other hand, the hospitals have set up a special fund for life science summer camp activities. By integrating educational resources, the hospitals organized students from underdeveloped mountainous areas to explore the history and forefront of medical development in the form of a "life science summer camp" to enhance students' understanding of life and health and to stimulate young people's interest in the healthcare industry, and contribute to the building of talents in the healthcare industry.

Management Discussion and Analysis

In terms of public relations maintenance, Guangzhou Hospital, as a high-end medical institution featuring proton therapy, has actively strengthened communication and cooperation with governments at all levels through various forms such as symposiums, official letters, and direct requests for instructions, and has effectively promoted the implementation of the hospital's proton project. The Proton Center officially opened to the public on December 16 and began to accept patients from all over the country and overseas, marking a solid step forward in the field of high-end medical services. At the same time, the hospital also actively participated in community activities, carried out Health Tour with Hospital and Enterprises (醫企健康行) in various districts, and provided community residents with health consultation, tumor screening, blood pressure measurement and other services.

The Group will continue to focus on the reputation and influence of its medical institutions in the community, building a good brand image and laying a solid foundation for the sustainable development of such medical institutions.

FUTURE OUTLOOK:

Under the multifaceted challenges of intensifying environmental pollution, food safety risks, high-pressure lifestyles, and deepening demographic aging, China's newly diagnosed tumor cases have exhibited a marked upward trend. This pressing reality is compounded by two core contradictions: On one hand, the accelerating aging process has led to prolonged life expectancy and the reconfiguration of chronic disease profiles has generated new demands for tumor prevention and treatment. On the other hand, the uneven regional distribution of high-quality oncology medical resources persists. Class IIIA hospitals have long operated with beds chronically over capacity, placing sustained strain on healthcare delivery capabilities.

Confronting the structural pain points of supply-demand imbalances, our Group has consistently adhered to the social responsibility philosophy of complementing public healthcare and serving public welfare ("補充公立、惠及民生"), dedicating itself to building a multi-tiered cancer prevention and treatment service system. The Group's introduction of globally leading proton therapy systems forms the strategic cornerstone of differentiated service delivery. Through innovative development of a "comprehensive disease management ecosystem", we precisely address patient needs via a differentiated service matrix: establishing a closed-loop service chain spanning early screening education, multidisciplinary consultations, and rehabilitation follow-ups, implementing transparent communication mechanisms for personalized treatment plans, and safeguarding patient dignity and quality of life through human-centered service design – ensuring every patient not only receives professional care but also experiences warmth and respect throughout their treatment journey.

The Group will adopt the following strategies to maintain the leading position:

1. Optimization of Regional Layout

The Group is optimizing regional deployment by prioritizing economically advanced metropolitan clusters while deepening market penetration in second – and third-tier cities and expanding service coverage to cover broader population through collaborative partnerships. Concurrently, we are establishing international oncology treatment centers designed to attract high-net-worth overseas patients, thereby strategically enhancing our international influence.

2. Service Capability Enhancement

By leveraging internationally advanced technologies such as proton therapy and immunotherapy, we promote multidisciplinary collaborative diagnosis and treatment to deliver one-stop therapeutic services for patients. Concurrently, we are enhancing specialized clinical capabilities in key disciplines such as breast surgery, while providing humanistic and personalized medical care tailored to meet the needs of specific patient populations.

3. Continuous Improvement of Patient Care Experience

We consolidate diverse service resources to provide full-cycle, comprehensive management services for patients. Through innovative measures including the development of patient follow-up systems, we enhance patients' experience and engagement, thereby strengthening patient trust in and reliance on the Group.

4. Operational Excellence and Brand Development

We continuously refine cost structures to enhance operational efficiency and reduce healthcare expenditures, while intensifying brand-building efforts to elevate market recognition, amplify market influence, and establish benchmark standards within the sector.

5. Innovation Exploration and Global Partnerships

We actively develop integrated "medical + insurance" innovative products to meet patients' diverse healthcare needs. Concurrently, we strengthen strategic collaborations with international partners to accelerate the transformation and localization of advanced medical technologies, and also expand cooperative sectors to bolster global competitiveness. We will continue to explore AI-enabled efficiency enhancement and improve the related product matrix.

In terms of talent cultivation and exchange, the Group will continue to increase its investment in despatching outstanding talents for international exchange and training to enhance the professionalism of the team. At the same time, the Group will establish a two-way mobility mechanism for doctors to promote domestic and international academic exchanges and cooperation.

As a critical supplementary force within the public healthcare system, the Group remains committed to its mission of fighting cancer and safeguarding the glory of life (抗擊癌症，守護生命光彩) and the vision of becoming the most trusted partner of patients in the fight against cancer, to explore innovative models for the "integration of medical treatment and disease prevention". By applying technology penetration, resource sharing and service extension, the Group contributes wisdom and commitment to solving the difficult problems of cancer prevention and treatment, thus enabling high-quality healthcare resources to benefit a wider range of people.

Management Discussion and Analysis

FINANCIAL REVIEW

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

Revenue

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

Our revenue decreased by 27.9% from RMB538.7 million for the year ended December 31, 2023 to RMB388.3 million for the year ended December 31, 2024. The following table set forth a breakdown of our revenues by service offerings for the years ended December 31, 2023 and 2024.

	Year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Hospital business				
– Medical institutions	**271,579**	**69.9**	319,967	59.4
Medical equipment, software and related services				
– Sales and installation of medical equipment and software	**99,281**	**25.6**	178,326	33.1
– Management and technical support	**6,969**	**1.8**	23,164	4.3
– Operating lease	**10,476**	**2.7**	17,193	3.2
Total	**388,305**	**100.0**	538,650	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 decreased by 15.1% from RMB320.0 million for the year ended December 31, 2023 to RMB271.6 million for the year ended December 31, 2024, primarily due to the concentration of resources on the establishment of proton business and the adjustment of the operational strategies through reducing some departments of the hospital in Guangzhou and saving the relevant staff cost, which led to the fluctuations in the revenue from hospital business.

- *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 46.6% from RMB218.7 million for the year ended December 31, 2023 to RMB116.7 million for the year ended December 31, 2024, primarily due to the decrease in the overall business demand in the current macroeconomic environment.

    - *Sales and installation of medical equipment and software.* Our revenue generated from sales and installation of medical equipment and software decreased by 44.3% from RMB178.3 million for the year ended December 31, 2023 to RMB99.3 million for the year ended December 31, 2024, primarily due to the decrease in the overall business demand in the current macroeconomic environment.

- *Management and technical support.* Our revenue generated from management and technical support decreased by 69.9% from RMB23.1 million for the year ended December 31, 2023 to RMB7.0 million for the year ended December 31, 2024, primarily due to the decrease in the overall business demand in the current macroeconomic environment.

- *Operating lease.* Our revenue generated from operating lease decreased by 39.1% from RMB17.2 million for the year ended December 31, 2023 to RMB10.5 million for the year ended December 31, 2024, primarily because operating leases business would no longer be a main business of the Company and the originally expired contracts would not be renewed.

Cost of revenue

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

Our cost of sales decreased by 24.5% from RMB603.7 million for the year ended December 31, 2023 to RMB455.6 million for the year ended December 31, 2024. The following table sets forth a breakdown of our cost of sales by nature for the years ended December 31, 2023 and 2024.

	Year ended December 31,			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Variable Cost				
– Cost of medical equipment and software	**93,584**	**20.5**	154,996	25.6
– Cost of pharmaceuticals, consumables and other inventories	**87,057**	**19.1**	111,941	18.5
– Utilities and office expenses	**1,244**	**0.3**	1,790	0.3
– Others(1)	**25,127**	**5.5**	24,589	4.1
Sub-total	**207,012**	**45.4**	293,316	48.5
Fixed Cost				
– Employee benefit expenses	**112,786**	**24.8**	164,874	27.3
– Depreciation and amortization.	**114,062**	**25.0**	113,001	18.8
– Leasing, repair and maintenance	**21,693**	**4.8**	32,548	5.4
Sub-total	**248,541**	**54.6**	310,423	51.5
Total	**455,553**	**100.0**	603,739	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 39.6% from RMB155.0 million for the year ended December 31, 2023 to RMB93.6 million for the year ended December 31, 2024, primarily due to the decrease in cost as a result of the decrease in revenue generated from Medical equipment, software and related 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 31.6% from RMB164.9 million for the year ended December 31, 2023 to RMB112.8 million for the year ended December 31, 2024, 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 0.9% from RMB113.0 million for the year ended December 31, 2023 to RMB114.1 million for the year ended December 31, 2024.

- *Cost of pharmaceuticals, consumables and other inventories.* Cost of pharmaceuticals, consumables and other inventories represents the cost of procuring pharmaceuticals and medical consumables used by our medical institutions. Our cost of pharmaceuticals, consumables and other inventories decreased by 22.2% from RMB111.9 million for the year ended December 31, 2023 to RMB87.1 million for the year ended December 31, 2024, primarily due to the decrease in the demands along with the decrease in revenue generated from hospital business.

- *Leasing, repair and maintenance.* Leasing, repair and maintenance represents the leasing, repair and maintenance cost of our medical institutions in operation and the medical equipment under our medical equipment, software and related services. Our leasing, repair and maintenance decreased by 33.3% from RMB32.5 million for the year ended December 31, 2023 to RMB21.7 million for the year ended December 31, 2024, primarily due to the reduction in rent in 2024.

- *Utilities and office expenses.* Our utilities and office expenses decreased by 30.3% from RMB1.8 million for the year ended December 31, 2023 to RMB1.2 million for the year ended December 31, 2024, primarily due to the improved efficiency of administration and the Group's implementation of the concept of improved efficiency and reduced costs.

Gross loss and gross margin

Our gross loss increased by 3.3% from RMB65.1 million for the year ended December 31, 2023 to RMB67.2 million for the year ended December 31, 2024.

The following table sets forth a breakdown of our gross profit/(loss) and gross margin by service offerings for the years ended December 31, 2023 and 2024.

	Year ended December 31,			
	2024		2023	
	Amount	Gross margin (%)	Amount	Gross margin (%)
	(RMB in thousands, except for the percentages)			
Hospital business	(64,882)	(23.9)	(85,591)	(26.7)
– Medical institutions	(64,882)	(23.9)	(85,591)	(26.7)
Medical equipment, software and related services	(2,366)	(2.0)	20,502	9.4
– Sales and installation of medical equipment and software	5,405	5.4	18,460	10.4
– Management and technical support	(9,119)	(130.9)	283	1.2
– Operating lease	1,348	12.9	1,759	10.2
Total	(67,248)	(17.3)	(65,089)	(12.1)

- *Hospital business.* Our gross loss and gross margin for hospital business decreased from RMB85.6 million and negative 26.7% for the year ended December 31, 2023 to RMB64.9 million and negative 23.9% for the year ended December 31, 2024, primarily due to the implementation of the concept of improved efficiency and reduced costs.

- *Medical equipment, software and related services.* Our gross profit and gross margin for medical equipment, software and related services decreased from RMB20.5 million and 9.4% for the year ended December 31, 2023 to gross loss of RMB2.4 million and negative 2.0% for the year ended December 31, 2024, primarily because the revenue from the relevant segment decreased, while the fixed cost remained relatively high.

  - *Sales and installation of medical equipment and software.* Our gross profit and gross margin for sales and installation of medical equipment and software decreased from RMB18.5 million and 10.4% for the year ended December 31, 2023 to RMB5.4 million and 5.4% for the year ended December 31, 2024, primarily because the revenue from the relevant segment decreased, while the fixed cost remained relatively high.

- *Management and technical support.* We recorded gross profit and gross margin for management and technical support of RMB0.3 million and 1.2% for the year ended December 31, 2023, as compared to gross loss of RMB9.1 million and negative 130.9% for the year ended December 31, 2024, primarily because the revenue from the relevant segment decreased, while the fixed cost remained relatively high.

- *Operating lease.* Our gross profit and gross margin for operating lease remained relatively stable at RMB1.8 million and 10.2% for the year ended December 31, 2023 and RMB1.3 million and 12.9% for the year ended December 31, 2024, primarily due to the Group's implementation of the concept of improved efficiency and reduced costs.

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 12.7% from RMB56.0 million for the year ended December 31, 2023 to RMB48.9 million for the year ended December 31, 2024, which was primarily attributable to the decrease in staff cost and the Group's implementation of the concept of improved efficiency and reduced costs.

Administrative expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, and physicians, professional nurses and caretaking staff and other medical professionals at our medical institutions prior to opening, (ii) depreciation and amortization, (iii) office, travel and miscellaneous expenses, (iv) consultancy and professional service fees and (v) leasing, repair and maintenance expenses. Our administrative expenses increased by 9.0% from RMB191.2 million for the year ended December 31, 2023 to RMB210.5 million for the year ended December 31, 2024, which was primarily attributable to the increase of consultation fee recognized in 2024.

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 14.4% from RMB36.4 million for the year ended December 31, 2023 to RMB31.2 million for the year ended December 31, 2024, which was primarily attributable to the decrease in the expenses in relation to software system development in 2024.

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 increased by 528.1% from RMB10.0 million for the year ended December 31, 2023 to RMB62.7 million for the year ended December 31, 2024, which was primarily attributable to gain on disposal of subsidiaries.

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 increased by 50.6% from RMB8.9 million for the year ended December 31, 2023 to RMB13.4 million for the year ended December 31, 2024, which was primarily attributable to the recognized expected credit losses as a result of increasing balance with 1-2 years aging.

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 reversal of impairment loss on other receivables of RMB2.0 million for the year ended December 31, 2023 and provision for impairment loss on other receivables of RMB9.7 million for the year ended December 31, 2024. The change was primarily attributable to provision of impairment loss recognized, which is offset by the reversal as a result of disposal of subsidiaries.

Reversal of/(provision for) 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. We recorded reversal of impairment loss on amounts due from related parties of RMB28.5 million for the year ended December 31, 2023 and provision for impairment loss on amounts due from related parties of RMB16.1 million for the year ended December 31, 2024, which was primarily attributable to the increasing balance of amounts due from related parties.

Share of associates' results

Our share of associates' results primarily consisted of share of loss of associates. Our share of associates' results decreased from RMB1.7 million for the year ended December 31, 2023 to RMB1.0 million for the year ended December 31, 2024, which was primarily attributable to less loss occurred by our associates in year 2024.

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 increased by 1.2% from RMB108.0 million for the year ended December 31, 2023 to RMB109.3 million for the year ended December 31, 2024.

Income tax credit

Our income tax credit decreased by 83.4% from RMB6.2 million for the year ended December 31, 2023 to RMB1.0 million for the year ended December 31, 2024, 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 increased by 13.7% from a net loss of RMB426.4 million for the year ended December 31, 2023 to a net loss of RMB484.8 million for the year ended December 31, 2024.

Non-HKFRS measures

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

We define adjusted net loss (non-HKFRS measure) as loss for the year adjusted by adding back listing expenses. 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,	
	2024	2023
	(RMB in thousands)	
Loss for the year	**(484,818)**	(426,394)
Add:		
Listing expenses	**40,959**	5,807
Adjusted net loss (non-HKFRS measure)	**(443,859)**	(420,587)

FINANCIAL POSITION

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, 2023 and 2024, we financed our capital expenditures and working capital requirements primarily through (1) cash generated from our operating activities, (2) the proceeds from the Global Offering and (3) bank loans and other borrowings. 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, 2024, the Group had not used any financial instruments for hedging purposes.

We have continued to maintain a healthy and sound financial position and have followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our current liabilities decreased from approximately RMB1,204.5 million as of December 31, 2023 to approximately RMB1,135.9 million as of December 31, 2024, primarily due to the decrease of bank and other borrowings.

Cash flows

As of December 31, 2024, our cash and cash equivalents primarily consisted of cash on hand and cash at banks, and were substantially all denominated in RMB and USD. Our total cash and cash equivalents increased by 404.1% from RMB40.6 million as of December 31, 2023 to RMB204.5 million as of December 31, 2024. The increase was primarily attributed to net cash generated from financing activities.

The following table provides the information regarding the Group's cash flow for the years ended December 31, 2023 and 2024.

	Year ended December 31,	
	2024	2023
	(RMB in thousands)	
Net cash generated from/(used in) operating activities	**(185,964)**	201,853
Net cash used in investing activities	**(668,087)**	(182,341)
Net cash (used in)/generated from financing activities	**1,018,018**	(105,431)
Net increase/(decrease) in cash and cash equivalents	**163,967**	(85,919)
Cash and cash equivalents at the beginning of the year	**40,577**	126,496
Cash and cash equivalents at the end of the year	**204,544**	40,577

For the year ended December 31, 2024, our net cash used in operating activities was RMB186.0 million, as compared to the net cash generated from operating activities of RMB201.9 million for the year ended December 31, 2023, which was primarily attributable to the decrease in the overall revenue.

For the year ended December 31, 2024, our net cash used in investing activities was RMB668.0 million, representing an increase of RMB409.4 million from the net cash used in investing activities of RMB182.3 million for the year ended December 31, 2023, which was primarily attributable to purchase of property, plant and equipment, capital injections to a joint venture, and purchase of financial assets at FVTPL.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB1,018.0 million, as compared to the net cash used in financing activities of RMB105.4 million for the year ended December 31, 2023, which was primarily attributable to the proceeds from bank and other borrowings and proceeds from issue of new shares.

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, USD and HKD. 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.

Management Discussion and Analysis

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, 2024, our total capital expenditure was approximately RMB305.4 million, compared to approximately RMB416.9 million for the year ended December 31, 2023. 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,	
	2024	2023
	(RMB in thousands)	
Acquisition of property, plant and equipment	**16,682**	19,036
Capital injection in an associate	**260,099**	260,099

Contingent liabilities

As of December 31, 2024, we did not have any material contingent liabilities, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in (i) the section headed "Future Plans and Use of Proceeds" in the Prospectus, (ii) the announcement of the Company dated August 29, 2024 in relation to, among other things, the change in use of proceeds, (iii) the section headed "III. Proposed Change in Use of Proceeds" in the circular of the Company dated September 10, 2024, (iv) the 2024 interim results announcement of the Company dated August 29, 2024, (v) the section headed "Other Information – Use of Net Proceeds from Listing" in the 2024 interim report, (vi) the poll results announcement dated September 30, 2024, in relation to, among others, approving the change in use of proceeds, and (vii) this report, as of December 31, 2024, we did not have detailed future plans for material investments or capital assets.

Material acquisitions and disposals and significant investment

Save as disclosed in the announcement of the Company dated April 26, 2024 and May 14, 2024 relating to formation of partnership and deemed disposal of interests in subsidiaries, we did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2024.

Pledge of assets

As at 31 December 2024, bank borrowings totalling RMB1,479.9 million (2023: RMB1,051.9 million) are secured mostly by the issued share capital of the Group's subsidiaries, 100% of SHCC and 100% of Shanghai Meizhong Jiahe Medical Image Diagnosis Limited, guaranteed by the Company, Shanghai Administration Center of Policy Financing guarantee Funds for SMEs, and a medical imaging equipment owned by the Group.

As at 31 December 2024, bank borrowings totalling RMB1,072.2 million (2023: RMB858.7 million) are secured mostly by the revenue of the Group's subsidiaries, Shanghai Meizhong Jiahe Medical Image Diagnosis Limited and Shanghai Outpatient Center.

As at 31 December 2024, bank and other borrowings totalling RMB220.0 million (2023: RMB41.3 million) are guaranteed by Dr. Yang Jianyu, a controlling shareholder and the chairman of the Board of Director of the Company.

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

	As of December 31,	
	2024	2023
	(RMB in thousands)	
Property, plant and equipment	**2,195,646**	2,171,150
Right-of-use asset	**377,254**	386,613
Restricted cash	**46,211**	29,998
Trade receivables	**33,162**	9,071
Total	**2,652,273**	2,596,832

Net current liabilities

As of December 31, 2024, we had net current liabilities of RMB422.2 million, compared to net liabilities of RMB844.7 million as of December 31, 2023, mainly attributable to (1) the increase in amounts due from related parties, (2) the increase in financial assets at fair value through profit or loss , and (3) the increase in cash and cash equivalents.

Amounts due from related parties

As of December 31, 2024, we had amounts due from related parties of RMB314.2 million, increasing from RMB73.8 million as of December 31, 2023, mainly attributable to (1) the increase in the prepayment for purchase of property, plant and equipment from Shanghai Medstar and (2) the investment prepayment to Shanghai Epu Supply Chain Technology Co., Ltd. (上海峨浦供應鏈科技有限公司) for the acceleration of capital injection purpose.

Borrowings and indebtedness

As of December 31, 2024, our indebtedness consisted primarily of bank and other borrowings, convertible bonds and lease liabilities, and the borrowings were all made in RMB. As of December 31, 2024, 16.2% of the indebtedness (RMB520.7 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,	
	2024	2023
	(RMB in thousands)	
Current indebtedness		
Bank loans and other borrowings	**372,629**	461,527
Convertible bonds	**19,600**	19,233
Lease liabilities	**10,388**	21,317
Non-trade amounts due to related parties	**4,114**	31,023
Subtotal	**406,731**	533,100
Non-current indebtedness		
Bank loans and other borrowings	**2,705,590**	1,910,296
Lease liabilities	**101,712**	184,308
Subtotal	**2,807,302**	2,094,604
Total	**3,214,033**	2,627,704

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

	December 31, 2024		December 31, 2023	
	Balance	**%**	Balance	%
	(RMB in thousands, except for the percentages)			
Within one year	**372,630**	**12.1**	461,527	19.5
After one year but within two years	**195,652**	**6.4**	390,230	16.4
Over two years but within five years	**1,137,304**	**36.9**	1,424,547	60.1
Over five years	**1,372,633**	**44.6**	95,519	4.0
Total	**3,078,219**	**100.0**	2,371,823	100.0

Key financial ratios

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

	As of/for the year ended December 31,	
	2024	2023
Profitability ratios		
Gross margin[(1)]	**(17.3)%**	(12.1)%
Net margin[(2)]	**(124.9)%**	(79.2)%
Liquidity ratios		
Current ratio[(3)]	**0.63**	0.30
Quick ratio[(4)]	**0.60**	0.27
Gearing ratio[(5)]	**67.8%**	64.3%

Notes:

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

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

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

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

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

Directors, Supervisors and Senior Management

Below are the brief profiles of the current Directors, Supervisors and senior management of the Group.

DIRECTORS

The Board currently consists of nine Directors, comprised of three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth information regarding the Directors:

Name	Age	Position	Date of Appointment as Director
Executive Directors			
Dr. YANG Jianyu (楊建宇)	54	Chairman of the Board and executive Director	July 23, 2008
Ms. FU Xiao (付驍)	58	Executive Director, general manager and president	April 7, 2020
Mr. CHANG Liang (常亮)	44	Executive Director and vice president	April 29, 2022
Non-executive Directors			
Mr. WANG Lei (王雷)	49	Non-executive Director and vice chairman of the Board	September 5, 2018
Mr. CHEN Hongzhang (陳宏章)	49	Non-executive Director	April 7, 2020
Mr. SHI Botao (施波濤)	50	Non-executive Director	June 20, 2023
Independent non-executive Directors			
Ms. LI Xuemei (李雪梅)	57	Independent non-executive Director	May 9, 2022 *(Note)*
Mr. SUN Yansheng (孫延生)	62	Independent non-executive Director	May 9, 2022 *(Note)*
Mr. NG Kwok Yin (吳國賢)	50	Independent non-executive Director	May 9, 2022 *(Note)*

Note: Each of Ms. Li, Mr. Sun and Mr. Ng was elected as our independent non-executive Director in May 2022 and such appointment was effective from the Listing Date.

Executive Directors

Dr. YANG Jianyu (楊建宇), aged 54, is our chairman of the Board and executive Director. He is primarily responsible for the overall strategy planning and business development of our Group. Dr. Yang was appointed as a director of our Company since the establishment of our Company in July 2008, and also served as the general manager of our Company from July 2008 to August 2015. He has also served as a director and general manager of certain of our subsidiaries, including serving as the executive director and general manager of Internet Hospital since November 2020 and as a director and chairman of the board of Shanghai Outpatient Center, Shanghai Hospital and Guangzhou Hospital since October 2018, March 2014 and June 2011, respectively.

Dr. Yang has served as the chief executive officer and a director of Concord Medical since March 2008, and as the chairman of its board since November 2011. He also serves as a director in the several subsidiaries of Concord Medical, including Beijing Century Friendship Technology Development Co., Ltd. (北京世紀友好科技開發有限公司), Beijing Concord, Tianjin Concord and Shanghai Medstar since March 2020, October 2015, April 2010 and October 2009, respectively.

Prior to joining our Group, Dr. Yang served as the president at Eguard Resources Development Co., Ltd. (合加資源發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 0826), from January 2003 to January 2007, where he was primarily responsible for its overall management.

Dr. Yang obtained a master's degree of business administration from Yale University in May 2015, a doctoral degree and a master's degree in economics from Liaoning University (遼寧大學) in June 1999 and July 1996, respectively. He obtained a bachelor's degree in economics from Inner Mongolia University of Finance and Economics (內蒙古財經大學) in July 1993. Dr. Yang is a senior economist recognized by Beijing Senior Professional and Technical Position Evaluation Committee (北京市高級專業技術職務評審委員會) in September 2001.

Ms. FU Xiao (付驍), aged 58, is our executive Director, general manager and president. She is primarily responsible for the overall business operation and management of our Group. Ms. Fu joined our Group in April 2009 as a vice president of our Company and was appointed as a Director in April 2020. She has served as the general manager and president of our Company since February 2021 and January 2021, respectively.

Ms. Fu served as the vice president at Shanghai Medstar from March 2003 to June 2009. She served as a senior vice president at Concord Medical from July 2009 to March 2019 and as the chief operating officer from March 2019 to January 2021.

Ms. Fu graduated from the nursing school of The Second Military Medical University (第二軍醫大學) in July 1986, and the nursing school of Chinese PLA Postgraduate Medical School (解放軍軍醫進修學院) in October 1993. Ms. Fu also obtained a certificate of completion on EMBA Advanced Seminar on Hospital Management (醫院管理 EMBA 高級研修班) from Peking University in March 2014.

Mr. CHANG Liang (常亮), aged 44, is our executive Director and vice president. He is primarily responsible for the overall management of medical equipment, software and related services of our Group. Mr. Chang joined our Group in June 2009 and has served as our vice president since August 2015. He was appointed as our executive Director in April 2022.

Prior to joining our Group, Mr. Chang worked at German Medtech (Beijing) Co., Ltd. (德邁特醫學技術(北京)有限公司), a company primarily engaged in the development, manufacturing and sale of medical products, from April 2008 to March 2009, and worked at Vaillant (China) Heating and Refrigeration Environmental Technology Co., Ltd. (威能(中國)供熱製冷環境技術有限公司), a company primarily engaged in the manufacturing of heating and air conditioning equipment, from December 2004 to April 2007. He also worked as an auditor at Shanxi Baopeng Certified Public Accountants' Firm (山西寶鵬會計師事務所有限公司) from January 2003 to September 2004.

Mr. Chang obtained a bachelor's degree in accounting from Nankai University (南開大學) in June 2002 and a master's degree in hospital management from Flinders University in Australia in May 2018.

Directors, Supervisors and Senior Management

Non-executive Directors

Mr. WANG Lei (王雷), aged 49, is our non-executive Director and vice chairman of the Board. He is primarily responsible for providing guidance and advice on the business strategies of our Group. Mr. Wang was appointed as a Director of our Company in September 2018.

Mr. Wang has served as a managing director at CICC Capital Management Co., Ltd. (中金資本運營有限公司) since March 2019, and successively served as a vice president, an executive director and a managing director at CICC Jia Cheng Investment Management Co., Ltd. (中金佳成投資管理有限公司) from November 2010 to January 2011, from January 2011 to January 2015 and from January 2015 to March 2019, respectively. From December 2009 to November 2010, he also served as the vice general manager at China International Capital Corporation Limited, a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908). Prior to that, he served as a deputy director at Standard Chartered Private Equity Managers (Hong Kong) Limited (渣打私募股權(香港)有限公司) from April 2009 to December 2009, and as an analyst at investment banking department of China International Capital Corporation Limited from June 2000 to September 2004. Mr. Wang also served as a director at Hangzhou Onechance Tech Co., Ltd. (杭州壹網壹創科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300792), from February 2017 to April 2021, and as a non-executive director at Freetech Road Recycling Technology (Holdings) Limited (英達公路再生科技(集團)有限公司), a company listed on the Stock Exchange (stock code: 6888), from December 2013 to February 2021.

Mr. Wang obtained a bachelor's degree in international finance from Central University of Finance and Economics (中央財經大學) in July 1999 and a master's degree in business administration from St. Hugh's College, the University of Oxford in September 2005.

Mr. CHEN Hongzhang (陳宏章), aged 49, is our non-executive Director. He is primarily responsible for providing guidance and advice on the business strategies of our Group. Mr. Chen was appointed as a Director of our Company in April 2020.

Since August 2018, Mr. Chen has been working in various positions at CITIC Industrial Investment Group Corp., Ltd., an indirectly wholly-owned subsidiary of CITIC Limited, a company listed on the Stock Exchange (stock code: 0267), or its subsidiaries, including as the vice general manager at the investment department of CITIC Industrial Investment Group Corp., Ltd. from August 2018 to December 2019, as the vice general manager at CITIC Private Equity Investment (Shanghai) Co., Ltd (中信創業投資(上海)有限公司) from January 2021 to December 2021, and as the manager of Ningbo Xinyu Jiahui Enterprise Management Co., Ltd. (寧波信鈺嘉慧企業管理有限公司) from March 2020 to January 2023. During the period from November 2017 to August 2018 and from March 2013 to June 2014, Mr. Chen worked at CITIC Securities Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030). He also served as a director at Gold Stone Investment Co., Ltd. (金石投資有限公司) from July 2014 to October 2017, worked at the Beijing office of Deloitte China (德勤諮詢(上海)有限公司) from January 2006 to February 2013, and worked at Industrial and Commercial Bank of China (中國工商銀行), a company listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code: 1398), from January 2003 to September 2004.

Mr. Chen obtained a bachelor's degree in accounting from Renmin University of China (中國人民大學) in July 1998 and a master's degree in accounting and finance from London School of Economics and Political Science in July 2005.

Directors, Supervisors and Senior Management

Mr. SHI Botao (施波濤), aged 50, is our non-executive Director and was re-designated as a non-executive Director on August 29, 2024. He is primarily responsible for the overall management of corporate governance and secretarial matters of our Group. Mr. Shi joined our Group in August 2015 as the board secretary of our Company until August 2024. He was appointed as our executive Director in June 2023 and re-designated as a non-executive Director in August 2024. He has also served as the supervisor at Shanghai Hospital, Guangzhou Hospital, Ningbo Jiahe Hospital Management Ltd. (寧波佳和醫院管理有限公司) and Internet Hospital, and a director at Shenzhen Aohua Medical Technology Development Co., Ltd. (深圳傲華醫療科技發展有限公司) and Beijing Yundu Internet Technology Co., Ltd. (北京雲度互聯科技有限公司) since December 2013, April 2011, November 2020, November 2020, January 2018, and April 2018, respectively.

Mr. Shi served as the board secretary and the general manager of asset management department at Concord Medical from October 2007 to July 2015.

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

Independent non-executive Directors

Ms. LI Xuemei (李雪梅), aged 57, is our independent non-executive Director. She is primarily responsible for supervising and providing independent opinion to our Board.

Ms. Li has been a professor at the School of Economics and Business Administration (經濟與工商管理學院), Chongqing University (重慶大學) since January 2025. Ms. Li served as a professor at the School of Economics and Management (經濟管理學院) of Beijing Jiaotong University (北京交通大學) since December 1995, and has been a professor since November 2010. She served as an independent non-executive director of CCID Consulting Company Limited (賽迪顧問股份有限公司), a company listed on the Stock Exchange (stock code: 2176), from November 2011 to March 2024. Ms. Li was a visiting scholar at the University of Nevada from August 2014 to December 2014 and a visiting professor at Dartmouth College from December 2014 to August 2015.

Ms. Li obtained a doctoral degree in management from Beijing Jiaotong University in January 2008.

Mr. SUN Yansheng (孫延生), aged 62, is our independent non-executive Director. He is primarily responsible for supervising and providing independent opinion to our Board.

Mr. Sun worked as a member and researcher at planning and development committee of the China Securities Regulatory Commission from February 2013 to April 2016. He also worked as a partner at Beijing Tianyin Law Firm (北京市天銀律師事務所) from December 2002 to March 2013.

Mr. Sun has served as an independent non-executive director of China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司), a company listed on the Stock Exchange (stock code: 1432) since July 2021. From June 2018 to July 2024, Mr. Sun served as an independent non-executive director of Steve Leung Design Group Ltd. (梁志天設計集團有限公司), a company listed on the Stock Exchange (stock code: 2262). He has also served as an independent director of Mudanjiang Hengfeng Paper Co., Ltd. (牡丹江恒豐紙業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600356), and as an independent director of Gansu Lanke Petrochemical High-tech Equipment Co., Ltd. (甘肅藍科石化高新裝備股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601798), since May 2021 and December 2020, respectively. From August 2020 to August 2023, Mr. Sun served as an independent director of Newonder Special Electric Co. Ltd. (新華都特種電氣股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301120). From September 2017 to June 2022, Mr. Sun served as an independent director of Arctech Solar Holding Co., Ltd. (江蘇中信博新能源科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688408).

Mr. Sun obtained a bachelor's degree in law from Inner Mongolia University (內蒙古大學) in July 1986. He further obtained a graduate diploma in political economics from Harbin Institute of Technology (哈爾濱工業大學) in May 1999 and a master's degree in law from Renmin University of China in July 2003. Mr. Sun obtained his lawyer license granted by the Ministry of Justice of the PRC in June 1994.

Mr. Sun was a director of China Art Industry (Group) Co., Limited (中國美術產業(集團)有限公司), which ceased to carry on business and was dissolved by way of deregistration. It was solvent at the time of its dissolution. Mr. SUN Yansheng was also the supervisor and a shareholder of Beijing Aidilong Investment Consultant Co., Ltd. (北京艾狄龍投資顧問有限公司), a company established in the PRC principally engaged in consulting services which has its business license revoked in December 2008 due to its failure to conduct annual inspection, and such company was deregistered. As confirmed by Mr. Sun, to the best of his knowledge, (1) the company above was inactive and solvent at the time of its revocation of business license; (2) there was no wrongful act on his part leading to the revocation of business license; (3) he has not received any notification in respect of penalty, acting or proceeding from the PRC authorities as a result of such revocation of business license; and (4) he is not aware of any actual or potential claim which has been or will be made against him as a result of such revocation of business license.

Mr. NG Kwok Yin (吳國賢), aged 50, is our independent non-executive Director. He is primarily responsible for supervising and providing independent opinion to our Board.

Mr. Ng has served as a director and chief financial officer at Zhangmen Education Inc., a company listed on the New York Stock Exchange (symbol: ZME), from November 2020 to July 2021. He also served as a chief financial officer at Meten Edtechx Education Group Ltd., a company listed on the New York Stock Exchange (symbol: METX), from July 2019 to July 2020, and as a chief financial officer at Ming Yang Smart Energy Group Limited (明陽智慧能源集團股份公司), a company listed on the Shanghai Stock Exchange (stock code: 601615), from November 2014 to July 2019. Prior to that, he worked as a senior audit manager at KPMG from October 1999 to August 2012.

Mr. Ng obtained a bachelor's degree in accounting from the Hong Kong University of Science and Technology (香港科技大學) in November 1999. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2003. He also obtained the board secretary certificate awarded by the Shanghai Stock Exchange in April 2019.

Directors, Supervisors and Senior Management

SUPERVISORS

The PRC Company Law requires our Company to establish a supervisory committee that is responsible for supervising, among others, the performance of our directors and senior management and the Company's financial operations. Our Supervisory Committee consists of three Supervisors, including one employee representative Supervisor. Our Supervisors are elected for a term of three years and are subject to re-election upon the expiry of such term. The following table sets forth information regarding our Supervisors.

Name	Age	Position	Date of Appointment
Supervisors			
Mr. TENG Shengchun (滕勝春)	47	Chairman of the Supervisory Committee	August 2018
Mr. YU Yue (于越)	41	Supervisor	August 2018
Ms. JIANG Li (蔣瓅)	36	Employee representative Supervisor	April 2022

Mr. TENG Shengchun (滕勝春), aged 47, is a Supervisor of our Company. He is primarily responsible for the monitoring the Company's operations and supervising of the performance of our directors and senior management. Mr. Teng was appointed as a supervisor of our Company in August 2018. He previously served as a director of Shanghai Concord Medical Diagnostic Imaging Limited (上海美中嘉和醫學影像診斷有限公司) from November 2017 to April 2021 and a director of Shanghai Concord Medical Cancer Center Co., Ltd. (上海美中嘉和腫瘤門診部有限責任公司) from May 2016 to July 2018.

Mr. Teng has served as the executive president at Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) since June 2021. He served as the president at Zhongrong Guofu Investment Management Co., Ltd. (中融國富投資管理有限公司) from September 2017 to June 2021. He also served as a senior investment director at Ping An Trust Co., Ltd. (平安信託有限責任公司), a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), which is listed on the Shanghai Stock Exchange (stock code: 601318) and the Stock Exchange (stock code: 2318), from May 2014 to February 2015. He worked as an executive director at China International Capital Corporation Limited, a company listed on the Shanghai Stock Exchange (stock code: 601995) and Stock Exchange (stock code: 3908), from September 2007 to October 2013. He also worked as a senior executive at CapitaLand Financial Limited China Office from February 2005 to August 2007. Prior to that, Mr. Teng worked as a business manager at China Construction First Group Corporation Limited (中國建築一局集團有限公司) from July 2000 to September 2003.

Mr. Teng obtained a bachelor's degree in engineering management from Harbin Institute of Technology (哈爾濱工業大學) in July 2000, and a master's degree in business administration from Tsinghua University (清華大學) in July 2005.

Mr. YU Yue (于越), aged 41, is a Supervisor of our Company. He is primarily responsible for monitoring the Company's operations and supervising of the performance of our directors and senior management. Mr. Yu was appointed as a Supervisor of our Company in August 2018.

Mr. Yu has served as a director of Concord Medical since May 2021. Mr. Yu currently serves as a partner and chief executive officer at WisdoMont Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司) since July 2014. He worked at GF Fund Management Co., Ltd. (廣發基金管理有限公司) from August 2013 to June 2014. He also worked at HSBC Jintrust Fund Management Company Limited (滙豐晉信基金管理有限公司) from January 2011 to July 2013.

Mr. Yu obtained a bachelor's degree in finance in June 2006 and a master's degree in management in January 2013 from Beijing Normal University (北京師範大學), respectively.

Ms. JIANG Li (蔣瓅), aged 36, is a Supervisor of our Company. She is primarily responsible for monitoring the Company's operations and supervising of the performance of our Directors and senior management. Ms. Jiang joined our Group in November 2015 and has worked at the financial management center of our Company since then. She is currently working at the Office of the Board of our Company. She was appointed as a Supervisor of our Company in April 2022.

Prior to joining our Group, Ms. Jiang worked at the finance department at Beijing Ddb Needham Advertising Co., Ltd. (北京恒美廣告有限公司) and Beijing Century Fortunet Network Technology Co., Ltd. (北京世紀新幹線網絡技術有限公司) from July 2011 to March 2015 and from April 2015 to September 2015, respectively.

Ms. Jiang obtained a bachelor's degree in economics from Star College of Harbin Normal University (哈爾濱師範大學恒星學院) (currently known as Heilongjiang International University (黑龍江外國語學院)) in June 2011, and a bachelor's degree in science from Harbin Normal University (哈爾濱師範大學) in December 2012.

SENIOR MANAGEMENT

Ms. FU Xiao (付驍), aged 58, is our executive Director, general manager and president. See "Directors, Supervisors and Senior Management – Directors" for her biographical details.

Mr. CHANG Liang (常亮), aged 44, is our executive Director and vice president. See "Directors, Supervisors and Senior Management – Directors" for his biographical details.

Ms. CHANG Ying (常穎), aged 42, is our chief financial officer. She is primarily responsible for the overall management of financial and accounting affairs of our Group. Ms. Chang joined our Group in March 2015 and successively served as a senior manager and then as a general manager at financial department of our Company, and she has been serving as the chief financial officer of our Company since March 2019.

Ms. Chang worked as an auditor at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天(特殊合夥)會計師事務所) from October 2012 to February 2015.

Ms. Chang obtained a bachelor's degree in management from Central University of Finance and Economics (中央財經大學) in July 2005 and a master's degree in management from the University of Texas at Dallas in the United States in August 2011. Ms. Chang is a certified public accountant recognized by California Board of Accountancy in September 2011 and a certified management accountant recognized by Institute of Certified Management Accountants in January 2020.

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

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

JOINT COMPANY SECRETARIES

Mr. PAN Lichen (潘立臣) is a joint company secretary of our Company and the secretary of the Board. See "Directors, Supervisors and Senior Management – Senior Management" for his biographical details.

Ms. HO Wing Nga (何詠雅) is a joint company secretary of our Company. Ms. Ho has over 25 years of experience in corporate governance services. She currently serves as the Managing Director of Computershare Hong Kong Development Limited and the joint company secretary and company secretary for various companies listed on the Stock Exchange.

Ms. Ho obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in December 2006 and became an associate of The Hong Kong Chartered Governance Institute (the "HKCGI", previously known as the Hong Kong Institute of Chartered Secretaries) in the same month. In March 2015, Ms. Ho became a fellow of both the HKCGI and The Chartered Governance Institute. She is also a holder of the practitioner's endorsement of HKCGI and a member of The Hong Kong Institute of Directors.

Report of the Directors

The Board is pleased to present this Report together with the consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Company was established as a limited liability company in the PRC on July 23, 2008 and converted as a joint stock company with limited liability in the PRC on August 27, 2015. The Group is an oncology healthcare service provider in China serving both cancer patients and third-party medical institutions. The Company was listed on the Main Board of the Stock Exchange on January 9, 2024 with stock code 2453.

The activities and particulars of the Company's principal subsidiaries are set out in Note 40 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2024 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report. There were no significant changes in the nature of the Company's principal activities during the Reporting Period.

BUSINESS REVIEW AND RESULTS AND FUTURE DEVELOPMENT

A review of the business of the Group during the Reporting Period is provided in the section headed "Management Discussion and Analysis – Business Overview" of this annual report. An analysis of the Group's performance during the Reporting Period is provided in the section headed "Management Discussion and Analysis – Financial Review" of this annual report.

The results of the Group for the Reporting Period are set out in the consolidated financial statements in this annual report.

The future development in the Company's business is provided in the sections headed "Management Discussion and Analysis – Business Overview" and "Management Discussion and Analysis – Outlook" of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

We are subject to market risks brought by, among others, uncertainties of the economic outlook, evolving regulations and policies.

We conduct our business in a strictly regulated industry and are subject to ongoing compliance costs.

We are undertaking a number of large-scale hospital construction projects, which require a large amount of operational and financial resources. Construction projects may also be delayed or affected by various factors.

The regulatory policies of the medical service industry in the PRC, in particular, may be further amended and changed by public medical insurance schemes or healthcare reform policies, which may have a material adverse effect on our business operations and future expansion.

As we implement a voluntary price matching policy, certain medical services and products we provide are subject to effective price control, which may adversely affect our results of operations.

Our operations are subject to inherent risks such as medical disputes, medical incidents and legal proceedings, which may result in high costs and materially and adversely affect our business and reputation.

Any negative publicity about us, our medical institutions or the medical service industry could harm our brand image and reputation, which could materially and adversely affect our business and prospects.

Changes in economic, political and social conditions may materially affect our business, results of operations and financial condition.

Since the above is not an exhaustive list, investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For more details of other risks and uncertainties faced by the Company, please refer to the section headed "Risk Factors" of the Prospectus.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period,

(i) the Group's largest supplier accounted for 20.5% (2023: 13.7%) of its total purchases, and the five largest suppliers accounted for 43.1% of its total purchases (2023: 39.0%); and

(ii) the Group's largest customer accounted for 15.4% (2023: 12.7%) of its total sales, and the five largest customers accounted for 26.9% of its total sales (2023: 28.3%).

To the best of the knowledge of our Directors, none of the Group's Directors, Supervisors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of the Group's five largest customers and suppliers for the year ended December 31, 2024.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

For details of relationships with the employees, customers and suppliers, please refer to "Major Customers and Suppliers," and "Employee, Training and Remuneration Policies" in this annual report and the 2024 Environmental, Social and Governance Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL

On January 9, 2024, the Company issued 39,420,200 new H Shares at the offer price of HKD14.28 per Share by the Global Offering.

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 31 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the Reporting Period.

In December, 2021, Beijing Healthingkon, a subsidiary of the Company issued a 4.75% convertible bond with a principal amount of RMB20 million to an independent third party. The convertible bond is denominated in RMB and is unsecured. The Subscriber has the right to convert the convertible bond in whole or in part into equity interests in Beijing Healthingkon. The convertible bond will mature in five years from the issue date (i.e. December 2026). See Note 29 to the consolidated financial statements of the Group included in this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to its Shareholders as of December 31, 2024 amounted to nil.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company during the Reporting Period are set out in Note 30 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Debentures" above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

Report of the Directors

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, the Supervisors and senior management during the Reporting Period and up to the date of this Report are:

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

Supervisors

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

Senior Management

Ms. FU Xiao
Mr. CHANG Liang
Ms. CHANG Ying
Mr. PAN Lichen

Biographical details of Directors, Supervisors and senior management are set out in "Directors, Supervisors and Senior Management" of this annual report.

On August 29, 2024, Mr. SHI Botao due to change of work assignment, (i) has been re-designated from an executive Director to a non-executive Director and (ii) resigned as the secretary of the Board. Following Mr. Shi's resignation as the secretary of the Board, Mr. PAN Lichen was appointed as the secretary of the Board. For details, please refer to the announcement of the Company dated August 29, 2024.

Save as disclosed above, there was no changes to information which are required to be disclosed by Directors or Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the Reporting Period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of our Directors and Supervisors has entered into a service contract with our Company. Each service contract is for an initial term of three years from the approval at the general meeting until the end of the terms of the corresponding board of directors or supervisory committee. Subject to the re-election, such term may be renewed. The service contracts may be renewed in accordance with their respective terms, the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in the section headed "Relationship with our Controlling Shareholders – Business Delineation and Competition" in the Prospectus, none of the Directors were interested in any business which competes or is likely to compete with the businesses of the Group during the Reporting Period.

SIGNIFICANT CONTRACTS

None of the Directors or Supervisors or their respective connected entities (as defined in the Listing Rules) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting during or at the end of the Reporting Period to which the Company or any of its subsidiaries was a party.

During the Reporting Period, save as disclosed in the section headed "Report of the Directors – Continuing Connected Transactions" of this annual report, the Group has not entered into any contract of significance with the controlling shareholders of the Company or any of their respective subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that for the related party transactions falling under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules, it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. We set out below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

Consulting Agreement

On January 1, 2021, Concord HK, one of our Controlling Shareholders, and Shanghai Hospital entered into a consulting agreement (as supplemented by a supplemental agreement dated May 26, 2022, collectively the "Consulting Agreement") in furtherance of an oversea consulting agreement entered into between Concord HK and a world-renowned medical institution, namely The University of Texas MD Anderson Cancer Center ("MD Anderson" or the "MI") on December 17, 2020 (the "Oversea Consulting Agreement"). Pursuant to the Consulting Agreement, it is agreed that, among others, (i) Shanghai Hospital shall receive such oncology services directly from the MI, (ii) Shanghai Hospital shall pay Concord HK for such consideration as required to compensate the MI under the Oversea Consulting Agreement on a quarterly basis, and (iii) Shanghai Hospital shall be exclusively entitled to all rights, interests, benefits and entitlements granted by the MI to Concord HK under the Oversea Consulting Agreement. The Consulting Agreement has a term of commencing from the date of signing to December 31, 2030. Please refer to "Connected Transactions – Continuing Connected Transactions" section in the Prospectus for details.

The total amount payable by Shanghai Hospital to Concord HK under the Consulting Agreement is US$14,640,000, including US$1,320,000 per year in the first two years (i.e., the years of 2021 and 2022) in eight equal quarterly payments and US$1,500,000 per year in the remaining eight years (i.e., the years from 2023 to 2030) in thirty-two equal quarterly payments. The payment arrangement pursuant to the Consulting Agreement is solely to pay Concord HK for its advance of funds to compensate the MI under the Oversea Consulting Agreement. Concord HK did not take any advantages from the transactions contemplated under the Oversea Consulting Agreement and the Consulting Agreement, and is only participating in such transactions by passing through the funds.

The transactions contemplated under the Consulting Agreement constitute continuing connected transactions of our Company under the Listing Rules upon Listing as Concord HK, a party to the Consulting Agreement, is an associate of a connected person of the Group pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Consulting Agreement constitute continuing connected transactions of our Company under the Listing Rules upon Listing.

Our Directors estimate that the total fees to be paid by our Group to Concord HK under the Consulting Agreement will not exceed US$1.25 million during the year ended December 31, 2024. The actual transaction amount incurred in accordance with the Consulting Agreement for the year ended December 31, 2024 was US$0.375 million.

Annual review by independent non-executive Directors and the auditor

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above pursuant to Rule 14A.55 of the Listing Rules and confirmed that the aforesaid continuing connected transactions:

(i) were entered into in the ordinary and usual course of business of the Group;

(ii) were on normal commercial terms or better to the Group; and

(iii) were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The Company has provided a copy of the auditor's letter to the Stock Exchange. In respect of the aforesaid continuing connected transactions, the auditor of the Company has confirmed that:

(i) nothing has come to their attention that cause them to believe that the aforesaid continuing connected transactions have not been approved by the Board;

(ii) nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the aforesaid continuing connected transactions; and

(iii) with respect to the aggregate actual transaction amount of each of the aforesaid continuing connected transactions, nothing has come to their attention that causes them to believe that such actual transaction amounts have exceeded the relevant annual caps.

Internal control measures

The Company has adopted the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

(1) the Board and various internal departments of the Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;

(2) the Board and the finance department of the Company are regularly monitoring the connected transactions and the management of the Company will regularly review the pricing policies to ensure the connected transactions to be performed in accordance with the relevant agreements;

(3) the Company has engaged external independent auditor which will, and the independent non-executive Directors also will, conduct annual review on the connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and

(4) the Company will continue to comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions, and comply with the conditions prescribed under the wavier submitted to the Stock Exchange in connection with the continuing connected transactions in this regard.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The remuneration of the Directors is paid in the form of fees, salaries, allowances and benefits in kinds, discretionary bonus and retirement scheme contributions. The Company has established the Remuneration and Appraisal Committee to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors, Supervisors and senior management.

Details of the emoluments of the Directors and five highest paid individuals are set out in Note 14 to the consolidated financial statements.

None of the Directors or Supervisors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors, Supervisors or other individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

EMPLOYEE, TRAINING AND REMUNERATION POLICIES

The Group had 567 employees as at December 31, 2024, as compared to 733 employees as at December 31, 2023.

The Group provides both in-house and external trainings for our employees to improve their skills and knowledge. Remuneration packages for our employees mainly comprise base salary and performance-related bonus. We set performance targets for our employees primarily based on their position and department and periodically review their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals.

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

We attach great importance to the radiation safety and protection of radiation therapy and continuously put great efforts into creating a safe, comfortable and first-class diagnosis and treatment environment for our patients. We have adopted comprehensive internal control mechanisms to ensure our compliance with relevant regulations.

In 2024, we have been in compliance with the currently applicable PRC laws and regulations with respect to environmental matters in all material respects. We will continuously communicate with the relevant regulatory authorities regarding the evolving ESG-related regulatory requirements to keep abreast of the last developments and ensure our ongoing compliance.

The 2024 Environmental, Social and Governance Report of the Company was prepared in accordance with Appendix C2 of the Listing Rules.

THE GROUP'S SUBSIDIARIES AND FACILITIES

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 40 to the consolidated financial statements.

As of December 31, 2024, we owned the land use rights of two parcels of land with a site area of approximately 47,867.1 square meters and 33,333.0 square meters each (totaling 81,200.10 square meters) in respect of which we have two construction projects with a gross floor area of approximately 41,323.2 square meters and 144,288.0 square meters, respectively, upon completion of the construction, in Guangzhou and Shanghai, respectively. As of the same date, we operated our businesses through 24 leased properties with a total gross floor area of approximately 28,045.0 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as the operation of our medical institutions and our offices, registered addresses and staff accommodations for our business operations.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OF OUR COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY AND ITS ASSOCIATED CORPORATIONS

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

Name	Our Company/ name of associated corporation	Class of Shares	Capacity/Nature of interest	Number of Shares held[(1)]	Approximate percentage of total shareholdings in the Company[(2)]	Approximate percentage shareholding in the relevant class of Shares of the Company[(3)]
Dr. Yang	Our Company	Domestic Shares	Interest in controlled corporation	205,607,968 (L)	28.70%	43.77%
		H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Mr. TENG Shengchun	Beijing Healthingkon	–	Beneficial interest	–	0.98%	–

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

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

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

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

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

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

Name	Class of Shares	Capacity/Nature of interest	Number of Shares held[1]	Approximate percentage of total shareholdings in the Company[2]	Approximate percentage shareholding in the relevant class of Shares of the Company[3]
Ascendium Group Limited[4][5][6]	Domestic Shares	Interest in controlled corporation	205,607,968 (L)	28.70%	43.77%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Concord Medical[4]	Domestic Shares	Interest in controlled corporation	205,607,968 (L)	28.70%	43.77%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Morgancreek[4]	Domestic Shares	Interest in controlled corporation	205,607,968 (L)	28.70%	43.77%
	H Shares	Interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Ms. ZHANG Bi[4]	Domestic Shares	Interests of spouse; interest in controlled corporation	205,607,968 (L)	28.70%	43.77%
	H Shares	Interests of spouse; interest in controlled corporation	96,518,100 (L)	13.47%	39.15%
Shanghai Medstar[5]	Domestic Shares	Beneficial interest	96,137,318 (L)	13.42%	20.46%
	H Shares	Interest in controlled corporation	28,115,800 (L)	3.92%	11.40%
	Domestic Shares	Interest in controlled corporation	13,333,332 (L)	1.86%	2.84%
	Domestic Shares	Other	96,137,318 (L)	13.42%	20.46%
Beijing Concord[6]	H Shares	Beneficial interest	68,402,300 (L)	9.55%	27.74%
Concord HK[6]	H Shares	Interest in controlled corporation	68,402,300 (L)	9.55%	27.74%

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

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

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

(1)–(3) See "Report of the Directors – Interests and Short Positions of the Directors, Supervisors and the Chief Executive of Our Company in the Shares, Underlying Shares and Debentures of Our Company and Its Associated Corporations" in this annual report for more information.

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

(5) Shanghai Medstar is deemed to be interested in (i) the 192,274,636 Shares directly held by it, (ii) the 28,115,800 Shares held by Tianjin Concord, which is wholly owned by Shanghai Medstar, and (iii) the 13,333,332 Shares held by Shanghai Xinhe by holding 72.73% partnership interests in Shanghai Xinhe as a limited partner. Among the 192,274,636 Shares directly held Shanghai Medstar, a total of 96,137,318 Domestic Shares were pledged in favor of China Credit Trust Co., Ltd. (中誠信託有限責任公司) as security for a loan facility. Please refer to the announcements of the Company dated July 10, 2024, October 14, 2024 and January 24, 2025 for details.

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

(7) CICC Jiatai is a limited partnership established in the PRC and the general partner of which is CICC Capital Management Co., Ltd. (中金資本運營有限公司), a wholly-owned subsidiary of China International Capital Corporation Limited, which is a company listed on the Shanghai Stock Exchange (stock code: 601995) and Stock Exchange (stock code: 3908). Central Huijin Investment Ltd. (中央匯金投資有限責任公司) is deemed to be interested in the entire interest held by China International Capital Corporation Limited for the purpose of the SFO.

(8) Ningbo Xinyu is a limited liability company established in the PRC and is a wholly-owned subsidiary of CITIC Industrial Investment Group Corp., Ltd., which is in turn wholly owned by CITIC Corporation Limited. CITIC Corporation Limited is wholly owned by CITIC Limited, a company listed on the Stock Exchange (stock code: 0267), which is in turn owned as to 32.53% by CITIC Polaris Limited and as to 25.60% by CITIC Glory Limited. Each of CITIC Polaris Limited and CITIC Glory Limited is wholly owned by CITIC Group Corporation Limited.

(9) Gefei Yunnuo is a limited partnership established in the PRC and the general partner of which is Wuhu Gopher Asset Management Co., Ltd., a wholly-owned subsidiary of Gopher Asset Management Co., Ltd., which is in turn wholly owned by Shanghai Noah Investment Management Co., Ltd. Shanghai Noah Investment Management Co., Ltd. is controlled by Noah Holdings Limited, a company listed on the Stock Exchange (stock code: 6686) and the New York Stock Exchange (symbol: NOAH).

(10) Wuhu Juncheng Investment Center (Limited Partnership) is deemed to be interested in the entire interests held by Gefei Yunnuo by holding 43.6009% partnership interests as a limited partner in Gefei Yunnuo. Each of Shanghai Jingmu Enterprise Management Co., Ltd. and Shanghai Jingmu Investment Management Co., Ltd. owns 50% of the partnership interests in Wuhu Juncheng Investment Center (Limited Partnership). Shanghai Jingmu Enterprise Management Co., Ltd. is wholly owned by Shanghai Jingmu Investment Management Co., Ltd.; and Shanghai Jingmu Investment Management Co., Ltd. is wholly owned by Shanghai Taiming Asset Management Co., Ltd., which is in turn wholly owned by TAN Wenhong.

(11) CSPC NBP Pharmaceutical Co., Ltd. is a company established in the PRC with limited liability and is a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, which is a company listed on the Stock Exchange (stock code: 1093).

(12) WisdoMont Asset Management (Shanghai) Co., Ltd. is the general partner of Jiaxing Shengshi Equity Investment Partnership (Limited Partnership) (嘉興盛識股權投資合夥企業(有限合夥)) ("Jiaxing Shengshi"), Suzhou Juepu Investment Center (Limited Partnership) (蘇州覺普投資中心(有限合夥)) ("Suzhou Juepu") and Hangzhou Lanhai Youfang Equity Investment Fund Partnership (Limited Partnership) (杭州藍海有方股權投資基金合夥企業（有限合夥）) ("Lanhai Youfang"), and also controls the general partner of Suzhou Shengshan Huiying Venture Capital Partnership (Limited Partnership) (蘇州盛山湊贏創業投資企業(有限合夥)) ("Shengshan Huiying"). Accordingly, WisdoMont Asset Management (Shanghai) Co., Ltd. is deemed to be interested in the entire interests held by Jiaxing Shengshi, Suzhou Juepu, Lanhai Youfang and Shengshan Huiying. WisdoMont Asset Management (Shanghai) Co., Ltd. is owned as to 51% by GAN Shixiong (甘世雄).

(13) The general partner of Shanghai Guanyou is Shanghai Epu Supply Chain Technology Co., Ltd. Shanghai Epu Supply Chain Technology Co., Ltd. is owned by QI Wenyuan and MA Yu as to 90% and 10%, respectively.

(14) Changsheng Assets is deemed to be interested in the entire interests held by Lanhai Youfang by holding 88.44% partnership interests as a limited partner in Lanhai Youfang. Changsheng Assets is owned by Nantong Wulan Power Fuel Co., Ltd., Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. and Inner Mongolia Linguang Asset Management Co., Ltd. (內蒙古霖廣資產管理有限公司) as to 39%, 33% and 28%, respectively. Nantong Wulan Power Fuel Co., Ltd. is owned by Batu and Hasige Riletu (哈斯格日勒圖) as to 90% and 10%, respectively. Manchuria Jinsheng Coal Supply and Marketing Co., Ltd. was owned by MA Fei and WANG Qiang as to 85% and 15%, respectively.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report during and at the end of the year ended December 31, 2024, neither the Company nor any of its subsidiaries was a party to any arrangement that would enable the Directors or any of their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the Reporting Period. As at December 31, 2024, the Company did not hold any treasury shares.

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 31 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed in the announcement of the Company dated April 26, 2024 and May 14, 2024 relating to formation of partnership and deemed disposal of interests in subsidiaries, we did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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.

As disclosed in (i) the announcement of the Company dated August 29, 2024, in relation to, among other things, the change in use of proceeds, (ii) the section headed "III. Proposed Change in Use of Proceeds" in the circular of the Company dated September 10, 2024, (iii) the 2024 interim results announcement of the Company dated August 29, 2024, (iv) the section headed "Other Information – Use of New Proceeds from Listing" in the 2024 interim report, and (v) the poll results announcement dated September 30, 2024, in relation to, among others, approving the change in use of proceeds, the Board and the Shareholders have approved to adopt the change of use of net proceeds from the Global Offering. Save as disclosed therein, the intended use of other items of the net proceeds of the Global Offering remains unchanged.

As of December 31, 2024, approximately HK$183.21 million of the net proceeds has not been utilized. The following table sets forth the revised planned use and actual use of the net proceeds from the Global Offering as of December 31, 2024:

	Percentage of net proceeds from the Global Offering after reallocation	Net proceeds from the Global Offering after reallocation	Utilized amount from the Listing Date to December 31, 2024	Unutilized amount as of December 31, 2024	Expected timeline of full utilization
			(HKD in millions)		
Repaying part of the interest-bearing bank borrowings	49.4%	230.42	121.32	109.10	By December 31, 2025
Financing the construction of Shanghai Hospital	30.6%	142.71	140.00	2.71	By December 31, 2025
Working capital and other general corporate purposes	20.0%	93.23	21.83	71.40	By December 31, 2025
Total		**466.36**	**283.15**	**183.21**	

The Board currently expects full utilization of the net proceeds raised from the Global Offering by December 31, 2025, subject to changes in light of the Company's evolving business needs and changing market conditions. The expected timeline for fully utilizing the unutilized amount disclosed above is based on the reasonable estimates made by the Board pursuant to the latest information up to the date of this report. For details, please refer to (i) the section headed "Future Plans and Use of Proceeds" in the Prospectus, (ii) the announcement of the Company dated August 29, 2024 in relation to, among other things, the change in use of proceeds, (iii) the section headed "III. Proposed Change in Use of Proceeds" in the circular of the Company dated September 10, 2024, (iv) the 2024 interim results announcement of the Company dated August 29, 2024, (v) the section headed "Other Information – Use of Net Proceeds from Listing" in the 2024 interim report, and (vi) the poll results announcement dated September 30, 2024, in relation to, among others, approving the change in use of proceeds.

As disclosed in the 2024 interim results announcement of the Company dated August 29, 2024 and the announcement dated October 28, 2024, the Company held nine principal-protected and low-risk financial products from nine different fund companies for treasury management purpose, the fair value of which amounted to an aggregate of RMB207.2 million as of June 30, 2024. The financial products were redeemable on demand. As of the date of this report, all of such nine financial have been redeemed and settled. The Company would like to stress that the deviation from its use of IPO proceeds was inadvertent and unintentional. To prevent similar cases from occurring in the future, the Company has implemented certain remedial actions with immediate effect. See "Corporate Governance Report" in this annual report for details.

LITIGATION AND COMPLIANCE

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

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, May 27, 2025. A notice convening the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.concordmedical.com), and will be dispatched to the Shareholders who have requested corporate communications in printed copy in accordance with the requirements 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, 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, May 22, 2025 to Tuesday, May 27, 2025 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 Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, May 21, 2025. Domestic Share Shareholders should contact the secretary to the Board for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: Room 26A1-26A5, East Tower, Hanwei Building, No. 7 Guanghua Road, Chaoyang District, Beijing, PRC; telephone No.: (86) 010-5903 6688.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

Report of the Directors

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance policies for its Directors and senior management during the Reporting Period. Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted.

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 January 9, 2024, the public float percentage was approximately 16.73%. Based on the information that is publicly available to the Company and to the best knowledge of its Directors at of the date of this report, at least 20.94% of the Company's total number of issued shares are held by the public.

AUDIT COMMITTEE

As of the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Kwok Yin, Mr. SUN Yansheng and Ms. LI Xuemei, with Mr. NG Kwok Yin being the chairman of the Audit Committee. The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2024 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, 2024. 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 report is based on the audited consolidated financial statements of the Group for the year ended December 31, 2024.

AUDITOR

BDO Limited was appointed as the auditor during the Reporting Period. The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by BDO Limited.

A resolution for the re-appointment of BDO Limited as the auditor of the Company will be proposed at the AGM.

DONATION

During the year ended December 31, 2024, the Group made a total of charitable donations of approximately RMB210,000.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

On December 19, 2023, our Controlling Shareholders, namely Dr. Yang, Morgancreek, Concord Medical, Ascendium Group Limited, Shanghai Huifu Technology Development Co., Ltd., Concord HK, Shanghai Medstar, Tianjin Concord, Beijing Concord and Shanghai Xinhe, entered into the deed of non-competition in favor of our Company (the "Non-Competition Undertaking"), pursuant to which our Controlling Shareholders have each undertaken to our Company that they will not and will procure their close associates (except any member of our Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business ("Restricted Business") which competes or may compete directly or indirectly with our core business of operation of medical institutions and provision of oncology-related services, including primarily sales and installing of medical equipment and software, management and technical support, and operating lease that during the Restricted Period. For details of the Deed of Non-Completion, please refer to the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertaking" in the Prospectus.

The Controlling Shareholders have undertaken that they complied with the Non-competition Undertaking during the Reporting Period. The independent non-executive Directors have reviewed the Non-Competition Undertaking and assessed whether the Controlling Shareholders and their close associates have complied with the terms of the Non-Competition Undertaking, and were satisfied that the Controlling Shareholders have complied with their undertakings under the Non-Competition Undertaking during the year ended December 31, 2024.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

EVENTS AFTER THE REPORTING PERIOD

Share Incentive Scheme

On January 22, 2025, the Shareholders considered and approved (i) the adoption of the H Share Incentive Scheme and (2) the authorization to the Board and/or the Delegatee(s) to handle matters pertaining to the H Share Incentive Scheme. For the details, please refer to the Company's circular published on January 6, 2025 and the poll results announcement published on January 22, 2025. The following sets forth summary of principal terms of the H Share Incentive Scheme. Unless otherwise indicated, the capitalized terms shall have the same meaning as those in the relevant circular and announcements.

1. Purposes of the H Share Incentive Scheme

The purposes of the H Share Incentive Scheme are: to promote the achievement of long-term sustainable development and performance goals of the Company; to closely align the interests of the Grantees with those of the Shareholders, investors and the Company, thereby enhancing the cohesion of the Company and facilitating the maximization of the value of the Company; and to improve the Company's incentive mechanism to attract, motivate and retain Directors, supervisors, senior management and employees of the Group who have made outstanding contributions to the sustainable operation, development and long-term growth of the Company.

2. *Duration*

Subject to any early termination as may be determined by the Board according to the Scheme Rules, the H Share Incentive Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date (i.e. the date on which the adoption of the Scheme is approved by the Shareholders' general meeting) (the "Scheme Period"), after which no additional Awarded Shares shall be granted, if there are any Awarded Shares that are granted but unvested by the end of the H Share Incentive Scheme term, the H Share Incentive Scheme will be extended until such Awarded Shares have vested.

3. *Sources of Funds*

The sources of funds for funding the H Share Incentive Scheme are (i) internal funds of the Company; and/or (ii) amounts payable by the Grantees to the Company (or such other persons as the Board and/or the Delegatee(s) may instruct) in accordance with the terms of the respective Award Letter and/or the Scheme Rules in order to receive the Awarded Shares (the "Scheme Funds").

4. *Source of Target Shares*

The source of the Target Shares under the H Share Incentive Scheme shall be H Shares to be acquired by the Trustee through on-market and/or off-market transactions at the prevailing market price by utilizing the Scheme Funds in accordance with the instructions of the Company and the relevant provisions of the Scheme Rules.

5. *Scheme Limit*

In any event, the maximum number of Awarded Shares which may be granted under the H Share Incentive Scheme shall not exceed 5% of the Company's total Shares in issue as at the Adoption Date (the "Scheme Limit"), which is expected to be 35,816,921 H Shares (assuming no new Shares will be issued from the date of this circular up to the Adoption Date). The Board and/or the Delegatee(s) shall not make any further grant of Awarded Shares which will result in the Scheme Limit being exceeded without Shareholders' approval.

6. *Eligible Participants and Grantees*

Persons who are eligible to participate in the H Share Incentive Scheme include any current director, supervisor, senior management or core employee of the Group (the "Eligible Participants").

A person shall not be considered as an Eligible Participant if, as at the Grant Date:

(i) he/she has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last 12 months;

(ii) he/she has been imposed with administrative penalties by securities regulatory institutions in the last 12 months due to material non-compliance of laws or regulations;

(iii) he/she is prohibited from participating in the H Share Incentive Scheme as required by laws and regulations;

(iv) he/she has committed other material violation of relevant requirements of the Group or caused material damage to the interest of the Group as determined by the Board; or

(v) there exists any other circumstances prescribed by the Board for the purpose of safeguarding the Group's interests and ensuring the Group's compliance with applicable laws and regulations relating to the operation of the Scheme.

The Board and/or the Delegatee(s) may select any Eligible Participant to be a Grantee of the H Share Incentive Scheme in accordance with the Scheme Rules.

7. Administration of the H Share Incentive Scheme

The H Share Incentive Scheme shall be subject to the administration of the following administrative bodies:

(i) the general meeting of the Company is the highest authority of the Company and is responsible for considering and approving the adoption of the H Share Incentive Scheme, and the Board is the executive management body of the H Share Incentive Scheme. Upon the consideration and approval of the H Share Incentive Scheme by the Board, the H Share Incentive Scheme will be implemented after being approved at the general meeting. The Board and/or the Delegatee(s) may handle and implement all relevant matters of the H Share Incentive Scheme within the authorization of the general meeting;

(ii) the independent non-executive Directors are the supervisory body of the H Share Incentive Scheme and are responsible for supervising whether the implementation of the H Share Incentive Scheme is in compliance with the relevant laws, regulations, regulatory documents and the relevant regulatory rules of the places where the Company is established and listed;

(iii) any grant of Awards to the directors or senior management of the Group must first be approved by the Remuneration and Appraisal Committee and the Board, and any grant of Awards to the Directors and any other connected persons of the Company must comply with all applicable laws, rules and regulations, including the Listing Rules and any corresponding codes or securities dealing restrictions adopted by the Company; and

(iv) without prejudice to the general management power of the Board, the Board may delegate the authority to administer the H Share Incentive Scheme (including the power to grant Awards under the H Share Incentive Scheme) to its designated Delegatee(s). The term of office, terms of reference and remuneration (if any) of the Delegatee(s) shall be determined by the Board from time to time in its absolute discretion.

The Company will appoint the Trustee(s) and establish the Trust to facilitate the administration of the H Share Incentive Scheme.

8. Grant of Awarded Shares

Subject to the terms and conditions of the H Share Incentive Scheme, the Board and/or the Delegatee(s) may at their absolute discretion and on such terms and conditions as the Board and/or the Delegatee(s) thinks fit, grant the Awarded Shares to any Eligible Participant at the Grant Price, and the amount of the relevant Grant Price shall be determined by the Board and/or the Delegatee(s) and set forth in the Award Letter. The consideration shall be paid by the relevant Grantee when the Awarded Shares are vested.

After the Board and/or the Delegatee(s) has decided to make a grant of Awarded Shares to any Grantee, the Company shall issue an Award Letter to such Grantee, which shall set out details of the grant, including but not limited to the name of the Grantee, the number of Awarded Shares granted, the vesting criteria and conditions, the vesting date, Grant Price, the conditions for the lapse of Awarded Shares and other terms and conditions to be determined by the Board and/or the Delegatee(s) that are not inconsistent with the H Share Incentive Scheme. The Grantee shall confirm in writing his acceptance of such grant.

9. Vesting of Awarded Shares

Subject to all applicable laws, rules or regulations, the Board and/or the Delegatee(s) may determine the vesting criteria and conditions and the vesting periods for the Awarded Shares to be granted to each Grantee pursuant to the H Share Incentive Scheme. Save for any other resolution of the Board, the vesting period in respect of any Awarded Shares granted shall be no less than 12 months from (and including) the Grant Date.

The Board considers that such discretion gives the Company more flexibility to attract talents or reward Eligible Participants with exceptional performance or contribution to the Group with accelerated vesting. Hence, the Board (and the Remuneration and Appraisal Committee in respect of grants of Awarded Shares to the Directors and/or senior management) is of the view that the shorter vesting period is in line with market practice, appropriate and consistent with the purpose of the H Share Incentive Scheme.

Vesting of the Awarded Shares are subject to, among other things, the performance targets as described in "10. Performance targets" below and any other conditions as may be specified in the Award Letter. If a Grantee fails to meet the vesting conditions applicable to the grant of any Awarded Shares, unless waived by the Board and/or Delegatee(s), all or any of the Awarded Shares which shall otherwise be vested during such vesting period shall not be vested and shall lapse immediately in respect of such Grantee and be returned to the Trustee to satisfy other awards under the H Share Incentive Scheme.

The Board and/or the Delegatee will, except in any unforeseen circumstances, give a vesting notice to the relevant Grantee, and the vesting notice shall contain a confirmation of the satisfaction of the vesting conditions by the Grantee and the vesting date, a confirmation of the payment method of the Grant Price and a confirmation of the details of the Grantee's bank account to pay the corresponding cash to the Grantee. The Board and/or the Delegatee will notify the Trustee of the Vesting Notice within such reasonable period as the Trustee and the Board and/or the Delegatee may agree from time to time before any Vesting Date.

After the relevant Awarded Shares are duly vested in accordance with the aforementioned procedures, subject to compliance with the relevant laws, regulations, rules and regulatory documents of the places where the Company is established and listed, as well as the articles of association of the Company, the Trustee shall transfer and/or dispose the Awarded Shares vested in the Grantees in accordance with the instructions given by the Board, the Delegatee and/or Grantees (if applicable) through the Company pursuant to the H Share Incentive Scheme.

10. Performance targets

Vesting of the Awarded Shares shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Board from time to time. The Board shall have the authority, after the grant of any Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be considered fair and reasonable by the Board. The performance targets may include the attainment of financial indicators, business plan milestones and market capitalization milestones by the Group, which may vary among the Grantees. The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the unvested Awarded Shares shall lapse automatically.

The Board believes that the above will provide the Board with more flexibility in setting the performance targets under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group. Further, the Board is of the view that the setting of performance targets can provide ample motivations and incentives for the Grantees to improve their performance and contribute to the Group's overall development and business success. Considering the aforesaid, the Board considers that the performance targets are in line with the purpose of the H Share Incentive Scheme and in the interests of the Company and the Shareholders as a whole.

11. Interests in the Awarded Shares

During the Scheme Period, unless and until the Awarded Shares are vested and actually transferred to the Grantees in accordance with the Scheme Rules (if applicable), the Grantees shall not deal with the Awarded Shares granted in any way, including but not limited to the sale, transfer, pledge, mortgage, encumber or to create any benefits for others, or to enter into any agreement to do any of the foregoing.

For the avoidance of doubt, prior to the vesting and transferral of the Awarded Shares (if applicable), all Grantees shall not have any interest or rights (such as voting rights, allotment rights or right issues, etc.) attached to any of the Target Shares except for dividend rights.

The Trustee shall not exercise any voting rights attached to any Target Shares held by the Trustee under the H Share Incentive Scheme.

12. *Restrictions on Grant and Disposal*

No grant or disposal of the Awarded Shares may be made by the Board and/or the Delegatee(s) during the following periods:

(i) at any time when inside information of the Company arises and up to the date of the announcement of such inside information;

(ii) 60 days immediately preceding the publication date of the annual results and ending on the date of publication (both days inclusive);

(iii) during the period commencing 30 days immediately preceding the publication date of the interim results and quarterly results (if applicable) and ending on the date of publication (both days inclusive); or

(iv) other restrictions stipulated by the applicable laws and regulations.

13. *Amendment or Termination of the H Share Incentive Scheme*

Amendments to Clause 2.2 Purpose of the Scheme, Clause 2.4 Term of the Scheme, Clause 4.1 Eligible Participants and Clause 5.2 Source and Maximum Number of the Target Shares, as well as Clause 10.2 Amendment of the Scheme of the H Share Incentive Scheme are subject to the decision of the general meeting, and amendments to other clauses of the H Share Incentive Scheme are subject to the decision of the Board. The Trustee and all Grantees shall be informed in writing of any alteration or supplementation to the H Share Incentive Scheme.

The H Share Incentive Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by way of Board resolution.

The Directors (including the independent non-executive Directors) are of the view that the adoption of the H Share Incentive Scheme will realize the aforesaid goals, and that the terms and conditions of the H Share Incentive Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The H Share Incentive Scheme does not involve any issue of new shares or granting of option for any new Shares. The H Share Incentive Scheme constitutes a share scheme funded by existing shares under Chapter 17 of the Listing Rules, and therefore shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. As of the date of this report, no award was granted to any personnel under the H Share Incentive Scheme.

Other matters

On January 24, 2025, Shanghai Medstar pledged 8,967,318 Domestic Shares, representing approximately 4.66% of total shares directly held by Shanghai Medstar in the Company, in favor of China Credit Trust Co., Ltd. (中誠信託有限責任公司). For the details, please refer to the announcements of the Company dated July 10, 2024, October 14, 2024 and January 24, 2025.

The EGM held on Friday, April 11, 2025 has considered and approved (i) the provision of guarantees by the Company and (ii) authorize the Board and/or its authorized representatives to, in their sole discretion, consider and approve all the specific matters of the Guarantees within the scope of the guaranteed amount. For the details, please refer to the Company's circular published on March 20, 2025 and the poll results announcement of the Company published on April 11, 2025.

In light of upcoming expiry of the term of the third session of the Board and the Supervisory Committee, according to the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of the Company, the Board and the Supervisory Committee propose to nominate the members of the fourth session of the Board and the Supervisory Committee. For details, please refer to the announcements of the Company dated April 13, 2025 and April 16, 2025.

As of the date of this annual report, 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.

APPRECIATION

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

By order of the Board of Directors
Concord Healthcare Group Co., Ltd.
美中嘉和醫學技術發展集團股份有限公司

Dr. YANG Jianyu
Chairman of the Board and Executive Director

Beijing, the PRC, March 27, 2025

Report of the Supervisory Committee

In 2024, all members of the Supervisory Committee has strictly complied with the relevant requirements of relevant laws such as the Company Law, the Listing Rules and the Articles of Association, abided by the principle of good faith, with an attitude of being responsible to all shareholders, conscientiously performed their supervisory duties, and actively carried out their work of attending meetings of the Supervisory Committee, attending board meetings and general meetings, effectively supervised the company's legal operation, financial status, and the performance of directors and management, and promoted the standardized operation of the Company.

BASIC COMPOSITION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee consists of 3 supervisors. The supervisory committee shall have one chairman, who shall be elected by more than half of all the supervisors. The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee; If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a supervisor jointly nominated by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall include shareholder representatives and an appropriate proportion of the Company's employee representatives, of which the proportion of employee representatives shall not be less than 1/3. The employee representatives on the Supervisory Committee shall be elected by the employees of the company through the employee representative assembly, the employee assembly or other forms by way of democratic election.

The Supervisory Committee consists of three supervisors, as follows:

Shareholder representative supervisors: Mr. TENG Shengchun (Chairman), Mr. YU Yue

Employee representative supervisor: Ms. JIANG Li

GENERAL RESPONSIBILITIES OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is the supervisory body of the Company and performs its duties in strict accordance with the Company Law, the Listing Rules and the Articles of Association. The Supervisory Committee is responsible for supervising the performance of the Board and senior management, the financial operation of the Company, internal control and risk management.

WORK OF THE SUPERVISORY COMMITTEE

In 2024, the Supervisory Board held two meetings, the details of which are summarized below:

On March 27, 2024, the fourth meeting of the third session was held to consider eight resolutions, and all Supervisors were present in person at this meeting to discuss and consider the following: the Resolution on the Work Report of the Supervisory Board for 2023, the Resolution on the Final Financial Accounts for 2023, the Resolution on the 2023 Annual Report, the Resolution on the Determination of Supervisors' Remuneration for 2023, the Resolution on the Financial Budget plan for 2024, the Resolution on the Re-appointment of Auditor, the Resolution on the Compensation Program for the Members of Supervisory Board for 2024, the Resolution on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management. All supervisors attended the meeting.

Report of the Supervisory Committee

At the fifth meeting of the third session on August 29, 2024, four resolutions were considered. All Supervisors attended this meeting in person to discuss and consider the following: the Resolution on the 2024 Interim Results Announcement, the Resolution on the 2024 Interim Report, the Resolution on Not paying an Interim Dividend, the Resolution on Adjusting the Ratio of the Use of Proceeds. All supervisors attended the meeting.

During the Reporting Period, members of the Supervisory Committee attended the general meetings and the board meetings of the Company, put forward relevant opinions and suggestions with a serious and responsible attitude, supervised the procedures and contents of the meeting, and effectively supervised the decision-making procedures of the Company's operations, legal operation, financial position, and conduct of directors and management in the daily operations of the Company, better safeguarding the legitimate interests of the Company and shareholders.

BASIC EVALUATION OF THE SUPERVISORY COMMITTEE ON THE BUSINESS CONDUCT OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

For the year ended December 31, 2024, through the supervision of directors and senior management personnel, the Supervisory Committee believes that: The Company's major business decision-making procedures are legal and effective; When performing the duties of the Company, the Directors and senior management can conscientiously implement the PRC laws and regulations, the Articles of Association and the resolutions of the general meetings and board meetings. There was no behavior that harmed the interests of the Company and shareholders, and no misconduct of directors and senior management was found in the operation.

INDEPENDENT VIEW ON THE COMPANY'S RELEVANT MATTERS DURING THE REPORTING PERIOD

In 2024, the Supervisory Committee supervised the convening procedures of the Company's general meetings and board meetings, resolution items, the implementation of the resolutions of the general meetings by the board of directors and the performance of duties by senior management in accordance with the PRC Company Law and Articles of Association.

The Supervisory Committee believes that the decision-making procedures of the Company complies with the relevant provisions of the PRC Company Law, the Articles of Association and the Listing Rules, and the Board of Directors has standardized operation and legal procedures, made reasonable decisions, and conscientiously implemented the resolutions of the general meetings; Directors and senior management are loyal to their duties, diligent and conscientious when performing their duties, and have not found any violation of laws, regulations, the Articles of Association or damage to the interests of the company; the resolutions of the general meetings are implemented.

INDEPENDENT VIEW OF THE SUPERVISORY COMMITTEE ON THE FINANCIAL POSITION OF THE COMPANY

The Supervisory Committee has supervised the Company's finances and believes that the Company's financial system is sound and its financial operation is in good condition, and believes that the Company has strictly complied with the requirements of the corporate accounting system and accounting standards and other relevant financial regulations. At the same time, the Supervisory Committee has carefully reviewed the relevant materials such as the 2024 financial statements which was audited by the independent auditor with an unmodified opinion to be submitted to the general meeting and believed that the financial report followed the principle of consistency, gave an objective, accurate and true picture of the Company's financial position and operation results.

Report of the Supervisory Committee

INDEPENDENT VIEW OF THE SUPERVISORY COMMITTEE ON THE CONNECTED TRANSACTIONS OF THE COMPANY

The Supervisory Committee has reviewed the relevant information of the connected transactions of the Company during the year. The Supervisory Committee believes that the connected transactions of the Company are strictly implemented in accordance with the relevant systems and agreements of the connected transactions, which is in line with the principles of fairness and reasonableness, and do not harm the interests of the Company and its shareholders.

2025 WORK PLAN

In 2025, the Supervisory Committee will continue to play a good supervisory role, exercise supervisory powers independently in strict accordance with the relevant requirements of the Company Law and other relevant laws, the Listing Rules and the Articles of Association, perform the duty of loyalty and diligence, effectively safeguard the interests of the Company and the majority of shareholders, and ensure the Company's standardized and healthy operation.

1. Carry out daily discussion. Hold a meeting of the Supervisory Committee according to the actual situation of the Company, and do a good job in considering on various proposals;

2. Strengthen the implementation of supervision functions. Strengthen the supervision on directors and senior management personnel in performing their duties, implementing resolutions and complying with laws and regulations, strengthen the supervision and rectification of senior management personnel's violations, dereliction of duty and omissions, and make their decision-making and business activities to be more standardized and legitimate; and carry out key supervision on the implementation of the company's major business decisions, major asset acquisitions, external investment and other matters, regularly understand and review the company's financial reports, and effectively prevent business risks;

3. Learn laws, regulations and related policies in a timely manner. Carefully study the laws, regulations and relevant policies updated from time to time, continuously promote the company to improve the construction of the internal control system, urge the company to improve the long-term mechanism of standardized governance, and ensure the sustainable and healthy development of the Company; and

4. Members of the Supervisory Committee shall be diligent and dutiful. Pay close attention to the company's production, operation, management and major measures on a daily basis, participate in board meetings, general meetings and other important meetings of the company, and actively make opinions or suggestions.

Corporate Governance Report

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders. The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

CORPORATE STRATEGY AND CULTURE

The Company has long been focusing on the research, development, transformation and application of advanced cancer diagnosis techniques to provide a leading domestic oncology medical integrated solution featuring precision radiation therapy, and to build a self-operated oncology specialty medical institution and Internet hospitals combining online and offline, aiming to promote the standardization and internationalization of oncology diagnosis and treatment in China and enable oncology patients to enjoy high-quality medical services. Since the establishment of the Company, the Company has always attached great importance to undertaking the social duties of the enterprise to build the best brand image.

Our Mission: Fighting cancer and safeguarding the glory of life

Our Vision: Work together with leading wisdom and build quality healthcare to become the most trusted anti-cancer partner for patients

Our Values: Collaboration, Responsibility, Respect, Integrity

Good corporate culture is the cornerstone of corporate development, the Company expects and requires all staff to further strengthen the compliance with the corporate culture. We will strengthen our employees ' training programs so that they can better understand our corporate culture, policies, and learn relevant laws and regulations. In addition, the Company will invite external experts to train our employees from time to time to enhance their knowledge and skills.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to good corporate governance. The corporate governance principles of the Company are to implement effective internal control measures and enhance the transparency and accountability of the Board to all shareholders of the Company. The Company has adopted the code provisions of the Corporate Governance Code as its own corporate governance practices. The shares of the Company were listed on the Main Board of the Stock Exchange on 9 January 2024.

During the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code.

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

Corporate Governance Report

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.

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 during the Reporting Period.

CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the roles of Chairman of the Board (the "Chairman") and President (the "President") of the Company were separate and performed by different individuals. Mr. YANG Jianyu is the Chairman of the Board and Ms. FU Xiao is the President of the Company, respectively.

The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The President focuses on the Company's overall business operation and management of the Group. The Company complied with the code provision of the CG Code, which requires that the chairman and president, i.e. chief executive officer shall be different persons.

THE BOARD

Board Composition

As of the date of this report, the Board comprises 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors as follows:

Executive Directors

Dr. YANG Jianyu
Ms. FU Xiao
Mr. CHANG Liang

Non-Executive Directors

Mr. WANG Lei
Mr. CHEN Hongzhang
Mr. SHI Botao (redesignated as a non-executive Director on August 29, 2024)

Independent non-executive directors

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

The biographies of the Directors are set out under the section headed "Directors, Supervisors and Senior Management" of this annual report.

Save as disclosed in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and chief executive.

There has been no change of the composition of our Directors from December 31, 2024 to the date of this annual report.

INDEPENDENCE OF THE BOARD

Pursuant to code provision B.1.4 under part 2 of the CG Code, the Board established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. Going forward, the Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Director has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, formulating the operational plans and investment plans of the Group, formulating the annual financial budgets and final accounts of the Group, formulating the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Board take decisions objectively in the best interest of the Company and the Shareholders as a whole.

The Board is responsible for, and has general powers for, the management and conduct of our business. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees including the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All Board Committees are provided with sufficient resources to perform their duties.

DIRECTORS ' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development and attend related trainings as required to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Ms. LI Xuemei, Mr. SUN Yansheng and Mr. NG Kwok Yin, who were appointed as Independent Non-Executive Directors effective on the Listing Date, attended a training session on March 7, 2024, at which an external legal adviser provided legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as directors of a listed company, their obligations as Directors, and the possible consequences of making false declarations or giving false information to the SFC. Each of them has confirmed his understanding of the information provided by the legal adviser.

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

The Directors confirmed that they have complied with code provision C.1.4 under part 2 of the CG Code on directors ' training and all Directors have participated in appropriate continuous professional development to develop and refresh their knowledge and skills. During the Reporting Period and prior to the Listing, all the Directors attended training session conducted by the Company's legal adviser on directors ' duties, responsibilities and obligations under the Listing Rules, SFO and other relevant laws and regulations. During the Reporting Period and up to the date of this report, the Directors have also participated in the following professional development activities: (a) participating in the training offered by the law firm and related to the Company's business; (b) reading materials on a variety of topics, including corporate governance issues, Directors ' duties, Listing Rules and other relevant laws.

Name of Director	Nature of continuous professional development programmes
Executive Directors	
Dr. YANG Jianyu	A+B
Ms. FU Xiao	A+B
Mr. CHANG Liang	A+B
Non-executive Directors	
Mr. WANG Lei	A+B
Mr. CHEN Hongzhang	A+B
Mr. SHI Botao	A+B
Independent Non-executive Directors	
Ms. LI Xuemei	A+B
Mr. SUN Yansheng	A+B
Mr. NG Kwok Yin	A+B

Notes:

A. Participating in trainings offered by the Company's legal adviser and related to the Company's business.

B. Reading materials on a variety of topics, including corporate governance issues, director's duties, Listing Rules and other relevant laws.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors have entered into a service agreement with the Company, subject to the approval at the general meeting of the Company, to hold office until the expiry of the term of the current Board (unless otherwise agreed or stipulated by laws and regulations). The term of each session of the Board is three years, and the Directors are eligible for re-election upon expiry of the term. Under the Service Agreement, it may be terminated by the Company or the Directors by giving not less than thirty days ' written notice. Each of the independent non-executive Directors is entitled to receive a fixed Director's fee and the non-executive Directors are not entitled to receive any emoluments.

The appointments of the Directors are subject to the provisions under the Articles of Association.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD MEETINGS AND GENERAL MEETINGS

The Board shall meet regularly to discuss the overall strategy as well as the operation and financial performance of the Group. At least four regular Board meetings shall be convened and presided over by the Chairman of the Board of Directors in every year. Directors may participate in meetings either in person or through electronic means of communication. All Directors are given not less than 14 days ' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

During the Reporting Period, eleven Board meetings were held. Two general meetings were held during the Reporting Period.

A summary of the attendance records of the Directors at the board meetings held:

Name of Director	Attendance
Executive Director	
Dr. YANG Jianyu	11/11
Ms. FU Xiao	11/11
Mr. CHANG Liang	11/11
Non-executive Director	
Mr. WANG Lei	11/11
Mr. CHEN Hongzhang	11/11
Mr. SHI Botao	11/11
Independent Non-executive Director	
Ms. LI Xuemei	11/11
Mr. SUN Yansheng	11/11
Mr. NG Kwok Yin	11/11

BOARD COMMITTEES

The Company has established three Board Committees, namely the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. Each of the Board Committees is established with specific written terms of reference which deal clearly with their powers and duties. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Audit Committee comprises three members, namely Mr. NG Kwok Yin, Ms. LI Xuemei and Mr. SUN Yansheng. Mr. NG Kwok Yin (being an independent non-executive Director with appropriate professional qualifications) is the chairman of the Audit Committee.

The main responsibilities of The Audit Committee are to review the Company's accounting policies, financial position and financial reporting procedures, communication and coordination between internal and external audits, to inspect the internal control system and supervise its implementation, to carry out inspection and supervision on the Company's internal audit work, internal audit system and its implementation, to guide the work of internal audit department, to give their opinions on the appointment of external audit institutions, to guide and oversee the work of external auditors, to carry out annual audit for the Company, make judgment on the truthfulness, completeness and accuracy of the financial information, to conduct risk assessment on major investment projects being operated by the Company, and to provide opinions and improvement suggestions to the Board as to the matters relating to the internal control, risk and compliance of the Company.

The Audit Committee is also responsible for performing functions as required by Provision A.2.1 of the CG Code.

As of December 31, 2024, the Audit Committee held a total of two meetings, which are specifically as follows:.

On March 27, 2024, six resolutions were considered. All members were present in person at this meeting to discuss and consider the following: (1) to review the audited consolidated annual results of the Company and its subsidiaries of the Group for the year ended December 31, 2023, and to consider the completeness of the audited consolidated financial statements of the Group for the year ended December 31, 2023, and to review the significant opinions on financial reporting contained in the financial statements; (2) to review the audited consolidated financial statements, the annual report and the annual results announcement of the Group for the year ended 31 December 2023; (3) to assess and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process; (4) to consider the re-appointment of BDO Limited as the auditor of the Company for the forthcoming year and to determine its remuneration; (5) to review and consider the report from the internal audit department on the Company's financial controls, risk management and internal control system; and (6) to review the deed of non-competition undertaking of the Company. All members of the Board attended the meeting.

On August 29, 2024, four resolutions were considered. All members attended this meeting in person to discuss and consider the following: (1) to review the financial report on the Group's interim results for the six months ended June 30, 2024; (2) to review the external auditor's report on the review of the unaudited consolidated financial statements for the six months ended June 30, 2024; (3) to review the unaudited consolidated financial statements, the interim report and interim results announcement for the six months ended June 30, 2024; and (4) to receive a report on the 2024 interim auditor's financial analysis. All members of the Board attended the meeting.

The Audit Committee has reviewed the remuneration of the auditors for 2024 and recommended the Board to re-appoint BDO Limited, as the external auditor of the Company for 2024, subject to the approval of Shareholders at the forthcoming AGM.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee comprises three members, including one executive Director, namely Dr. YANG Jianyu, and two independent non-executive Directors, namely Ms. LI Xuemei and Mr. SUN Yansheng. Ms. LI Xuemei is the chairman of the Remuneration and Appraisal committee.

The main responsibilities of The Remuneration and Appraisal Committee are to study the appraisal and evaluation criteria for directors and senior management, conduct appraisals and make suggestions, study and formulate remuneration plans for directors and senior management, advise the Board and monitor the implementation of the remuneration plans.

During the year ended December 31, 2024, the Remuneration and Appraisal Committee held one meeting to consider the compensation packages of the Board and senior management, as described below:

On March 27, 2024, four resolutions were considered. All members attended this meeting in person to discuss and consider the following: (1) to review the remuneration of all directors and senior management of the Company, the remuneration policy, etc., and to assess the need to recommend any changes to the Board; (2) to review the performance, composition and terms of reference of the Committee and to assess the need to recommend any changes to the Board; (3) with reference to the corporate goals and objectives established by the Board, to discuss the proposed adjustments to the remuneration of senior management; (4) make recommendations to the Board on the remuneration of independent non-executive directors. All members of the Board attended the meeting.

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

Remuneration bands (RMB)	Number of Individuals
Above 20,000,000	0
10,000,001-20,000,000	0
1,000,001-10,000,000	2
0-1,000,000	3

Details of the remuneration to each Director, Supervisor and the five highest paid employees of the Company for the year ended December 31, 2024 are set out in note 14 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises three members, including one executive Director, namely Dr. YANG Jianyu, and two independent non-executive Directors, namely Ms. LI Xuemei and Mr. SUN Yansheng. Mr. SUN Yansheng is the chairman of the committee.

The main responsibilities of the Nomination Committee are to determine procedures and standards for selection and appointment of directors and senior management members of the Company, conduct preliminary examination and verification of the qualifications and suitability of candidates, and advise the Board in relation to the foregoing. It also reviews the structure, number, composition and diversity of the Board and assesses the independence of independent non-executive Directors.

During the year ended December 31, 2024, the Nomination Committee held one meeting to consider matters such as the independence of independent non-executive directors and the structure of the Board, as described below:

On March 27, 2024, five resolutions were considered. All members attended this meeting in person to discuss and consider on the following: (1) to assess the independence of the independent non-executive directors and to report to the Board on the independence of the independent non-executive directors; (2) to review the structure, size and composition of the Board (including in terms of skills, knowledge and experience) and to make an assessment thereof; (3) to review the adequacy of time to be allocated by the directors of the Company in discharging their duties; (4) to consider the independence of the directors of the Company in accordance with the Articles of Association, to consider the retirement by rotation of Directors at the annual general meeting of the Company and to recommend to the Board the Directors to retire by rotation (5) to review the performance, composition and terms of reference of the Committee and to assess the need to recommend any changes to the Board. All members of the Committee attended this meeting.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the Corporate Governance Code.

The Board recognizes that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board performed and executed its corporate governance functions. The Board also reviewed the Company's corporate governance policies and practices, including the training and continuous professional development of Directors and senior management. Additionally, it assessed the Company's policies and practices regarding compliance with legal and regulatory requirements, adherence to the Model Code and the compliance manual applicable to employees, supervisors, and Directors, as well as the Company's compliance with the CG Code and disclosures in this Corporate Governance Report.

DIRECTORS ' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for reviewing the consolidated financial statements of the Group during the Reporting Period.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

SUPERVISORY COMMITTEE

The Company established a Supervisory Committee that is responsible for supervising, among others, the performance of our directors and senior management and the Company's financial operations. As of December 31, 2024, the Supervisory Committee consists of three Supervisors, namely Mr. TENG Shengchun, as Chairman, Mr. YU Yue, as Supervisor; and one employee representative Supervisor, Ms. JIANG Li. The biographies of the Supervisors are set out under the section headed "Directors, Supervisors and Senior Management" of this annual report.

During the Reporting Period, the Supervisory Committee held two meetings. All the Supervisors attended such meetings.

See "Report of the Supervisory Committee" for more information relating to the Supervisory Committee during the Reporting Period.

There has been no change of the composition of our Supervisors during the Reporting Period.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, investment and financing, accounting and financial management. They obtained degrees in various majors including business administration, international journalism, marketing, accounting, business economics and statistics. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Our Board Diversity Policy is well implemented as evidenced by the fact that there are both male and female with different backgrounds, experiences and ages. The Company currently has two female Directors. The Company will endeavor to at least maintain one female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Nomination Committee will review the Board Diversity Policy on an annual basis, to ensure its effectiveness.

During the Reporting Period, the Board comprises two female Directors and seven male Directors. The Board considers that the gender diversity in respect of the Board is satisfactory and will continue to maintain a diverse Board. As at December 31, 2024, the ratio of women to men in the workforce (excluding Directors) was 2:1. For details of gender distribution, please refer to the Environmental, Social and Governance Report of the Company for the year ended December 31, 2024.

JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Mr. PAN Lichen and Ms. HO Wing Nga.

Mr. PAN Lichen works in the Office of the Board of the Company. Ms. HO Wing Nga currently serves as the managing director of Entity Solutions of Computershare Hong Kong Development Limited and the joint company secretary for various companies listed on the Stock Exchange.

The principal corporate contact of the Company are Mr. PAN Lichen and Ms. HO Wing Nga. The biographical details of Mr. PAN Lichen and Ms. HO Wing Nga are set out in the section headed "Directors, Supervisors and Senior Management" of this report.

During the year ended December 31, 2024. Mr. PAN Lichen has undertaken no less than 15 hours of relevant professional training annually pursuant to the requirement of Rule 3.29 of the Listing Rules. Ms. HO Wing Nga has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid or payable to the external auditor of the Company, BDO Limited, for the audit and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit services	
Annual audit	2,000
Non-audit services	
Interim review	1,000

ANTI-CORRUPTION SYSTEM AND WHISTLEBLOWING POLICY

The Group has established and implemented a series of anti-fraud systems, in order to create a culture of integrity and compliance, and continuously strengthen the awareness of integrity and self-discipline of Directors and employees. In addition, we have set up a variety of reporting channels for report and supervision. The Risk Management and Internal Audit Department will promptly follow up and investigate the suspected fraud or corruption cases, and assist the Group in promoting integrity, self-discipline, anti-fraud and anti-corruption culture. To ensure adequate attention to whistleblowing, the Company has established a reporting mechanism to handle and discuss internal whistleblowing of financial reporting, risk management, internal control or other matters. Major internal control deficiencies or whistleblowing issues will be submitted to the Audit Committee for fair and independent investigation and follow-up action.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established risk management and internal control measures in accordance with the requirements under Part II of the CG Code. Such measures are designed to manage rather than eliminate the risk of failure to achieve business objectives and to promote effective and efficient operations, to provide reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations and to safeguard the Group's assets. The Board can only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.

Operational Risk Management

Our business operation is exposed to various risks, such as administration of daily operation, financial reporting and recording, compliance with applicable laws and regulations, and changes in the regulatory environment in the PRC. For more details, see "Risk Factors" in the Prospectus for disclosures on various risks we face.

As risk management is essential to our growth and success, we have implemented detailed policies and procedures that we believe are appropriate for our business operation. To monitor the ongoing implementation of our risk management policies, we have adopted and will adopt robust measures in various aspects of our business operation, such as financial reporting, human resources, intellectual property and information system. We are committed to building and maintaining an effective risk management approach that strictly abides by legal and compliance requirements to facilitate our business growth.

Regulatory Compliance Risk Management

We are subject to evolving regulatory requirements, including requirements to obtain and renew certain licenses, permits for our business operation in various areas. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures.

Our legal team is responsible for regularly monitoring changes in laws, regulations and policies issued by the relevant government authorities in the jurisdictions we operate, to ensure we obtain requisite licenses to operate our business and we have the up-to-date understanding with the applicable requirements. They also review the status of our licenses and permits on a regular basis and renew those licenses and permits that are about to expire.

We provide trainings to our senior management on the listing rules, disclosure management, corporate governance, changes in laws, regulations and policies. We also provide trainings to our employees on the evolving regulatory requirements.

Financial Reporting Risk Management

We have put in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, financial statements preparation policies, treasury management policies, and finance seal management policies. We have designed and maintained consistent procedures for implementation of accounting policies and our finance department reviews our management accounts based on such procedures.

Intellectual Property Rights Risk Management

We are committed to establishing and maintaining intellectual property rights risk management and internal control procedures to protect our intellectual property rights and prevent liabilities resulting from infringement of third-party intellectual property rights. Our legal team is responsible for reviewing and approving contracts and protecting our legal rights, including intellectual property rights. Our legal team also takes the lead in ensuring that all necessary applications or filings for trademark, copyright and patent registrations have been timely made to the competent authorities, and that our intellectual properties are under the protection of relevant laws and regulations.

Human Resources Risk Management

We arrange training courses for our employees to improve their understanding of our internal policies. We have in place an employee handbook which has been distributed to all of our employees. These documents contain internal rules and guidelines regarding issues such as anti-corruption, work ethics, confidentiality, performance evaluation and workplace safety.

Inside Information

We have put in place appropriate internal control procedures and guidelines to avoid improper handling of inside information which may constitute insider trading or breach of any other statutory duty. At any time, access to inside information is limited to the relevant personnel (i.e. the Directors, Supervisors, senior management and relevant employees of the Company) and as the situation requires until it is disclosed or released in accordance with applicable laws and regulations. Directors, Supervisors, senior management and relevant employees of the Company who are in possession of potential inside information and/or inside information are required to take reasonable steps to ensure that adequate safeguards are in place to ensure the strict confidentiality of inside information and that recipients understand their responsibility to keep the information confidential.

Effectiveness of Risk Management and Internal Control

The Board is responsible for the risk management and internal control measures and reviewing their effectiveness, and is also responsible for reviewing the effectiveness of the Group's internal control and risk management measures on an annual basis so as to ensure that internal control and risk management measures in place are adequate. Such measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, to promote effective and efficient operations, to ensure reliable financial reporting and compliance with applicable laws and regulations, as well as to safeguard the Group's assets and Shareholders ' interests.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control measures.

The Group also has a risk management and internal audit department, which conducts objective evaluation on the effectiveness of the Company's risk management and internal control measures.

The Board has conducted a review of the effectiveness of the risk management, internal control measures and internal audit function of the Group during the Reporting Period and will continuously monitor and review the effectiveness of its operation on an annual basis. The review covered all material controls, including financial, operational and compliance controls and risk management functions. During the period from the Listing Date and up to the date of this annual report, as the Company newly listed on the Stock Exchange, it failed to timely disclose certain of its transactions and actions including deemed disposal of assets and purchase of principal-protected and low-risk financial products by using the proceeds from the Listing. Such non-compliance incidents were inadvertent and unintentional. The Company has implemented remedial actions with immediate effect including, among others, circulation of guidance on overseeing use of proceeds from the Listing, enhancement on communication with internal departments and professional parties for timely identification and notification of disclosable matters and implementation of regular meetings to monitor the sufficiency of internal control procedures on quarterly basis. See the Company's announcement dated May 14, 2024 and October 28, 2024 for details. After taking into consideration the aforementioned and considering that the Company has remedied the relevant disclosure deficiency, the Board is of the view that there has been no any deficiency in risk control based on the outcome of the risk management and internal control work implemented by the Group as of the date of this report and the current risk management and internal control measures effectively and adequately cover the existing businesses of the Group, and will continue to be optimized in line with the business development of the Group.

In addition, the Group has established a Hospital Management and Supervisory Committee, which is responsible for the management and supervision of the medical business of the hospitals under the Group, and has continued to improve and implement various regulations and systems for the enhancement of medical quality.

DIVIDEND POLICY

The decision on whether to pay dividends will be made at the discretion of our Directors and will depend primarily upon the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment. The declaration, payment of dividends and the amount of dividends, will be subject to the Articles of Association, the relevant PRC laws and any loan or other agreements that the Group has entered into or may enter into in the future. According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years ' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital.

The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds. We did not declare any dividend during the Reporting Period.

SHAREHOLDERS ' RIGHTS

To safeguard Shareholders ' interests and rights, a separate resolution will be proposed for each issue at general meetings.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Pursuant to Article 48 of the Articles of Association, on the one vote per share basis, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request the Board to convene an EGM and to include proposals in the agenda of the meeting, which shall be submitted in writing to the Board. The Board shall, pursuant to the provisions of laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide a written feedback on whether to agree or disagree with the meeting within ten days upon receipt of the request. If the Board agrees to convene the EGM, the Board shall serve a notice of such meeting within five days after the Board resolution is made. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained. If the Board disagrees to convene an EGM or fails to give a reply within ten days upon receipt of the request, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene the EGM and shall submit their request in writing. If the Supervisory Committee agrees to convene an EGM, the Supervisory Committee shall, with five days upon receipt of the request, issue a notice calling for the meeting. Changes to the original request in the notice shall be subject to the approval of relevant shareholders. If the Supervisory Committee fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Supervisory Committee shall not convene or preside over the general meeting, in which case, the shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

According to Article 53 of the Articles of Association, where the Company convenes a general meeting, the Board, the Supervisory Committee, and the shareholders who individually or collectively hold more than 3% of the Company's shares shall have the right to make proposals to the Company. The shareholders who individually or collectively hold more than 3% of the Company's shares may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal. With respect to the publication of the supplementary notice of the general meeting, if there are special provisions in the securities regulatory rules of the place where the Company's shares are listed, subject to the Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises, and the Guidelines for the Articles of Association of Listed Companies, the provisions thereof shall apply. If the general meeting is to be postponed for the publication of the supplementary notice of the general meeting in accordance with the provisions in the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be postponed in accordance such the provisions. Except for the aforesaid circumstance, after the convener publicizes the notice of the general meeting, the proposals listed in the notice shall not be modified, nor shall any new proposal be added. The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 53 of the Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

According to the Company's shareholders' communication policy, information of the Company is communicated to the Shareholders mainly through annual reports, interim reports, annual general meetings and other general meetings that may be convened, as well as other publications and corporate communications on the website of the Company and the website of the Stock Exchange. Shareholders may make any enquiries with respect to the Company by following the steps set out in the paragraph headed "Putting Forward Enquiries to the Board" below.

The Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period. The Board is of the view that the shareholders' communication policy of the Company is conducive to adequate communication with the shareholders and considers that the policy is effective and sufficient.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company.

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited (the "Computershare"), the Company's H Share branch registrar in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend. The contact details of the Computershare are set out as follows:

Address:	Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website:	www.computershare.com www.computershare.com/hk/contact (for general enquiries)
Tel:	+852-2862 8555
Fax:	+852-2865 0990

CONTACT DETAILS OF THE COMPANY

Shareholders may send their enquiries or requests as mentioned above to the following address:

Room 26A1, East Tower, Hanwei Building, No. 7 Guanghua Road, Chaoyang District, Beijing, PRC (for the Office of the Board), Email: ir2453@ccm.cn

Note: Shareholders ' information may be disclosed as required by law.

CHANGES TO CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting held on September 30, 2024, a special resolution was passed regarding the amendments to the Articles of Association of the Company. Summary of the key amendments to the Articles of Association is set out in the circular of the Company dated September 10, 2024.

The Articles of Association of the Company are available on the websites of the Company (www.concordmedical.com) and the Stock Exchange (www.hkexnews.hk). Save as disclosed in this annual report, there is no other change in constitutional documents of the Company for the year ended December 31, 2024.

Independent Auditor's Report

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To the Shareholders of Concord Healthcare Group Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Concord Healthcare Group Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on page 89 to 182, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidation statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements gives a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountant" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Impairment assessment on Goodwill

Refer to Note 4, Note 5 and Note 18 to the consolidated financial statements.

As at 31 December 2024, the Group has goodwill arising from acquisition of subsidiaries in previous years with carrying amount of approximately RMB509,163,000. Goodwill represented 9% of the total assets of the Group and is quantitatively significant to the Group.

The management is required to test for impairment of goodwill at least annually by comparing the carrying amount and the recoverable amount, which is the higher of the fair value less costs of disposal or value in use, of cash-generating units ("CGUs") to which goodwill has been allocated as set out in Note 18 to the consolidated financial statements.

In determining the recoverable amount, the Group's management assessed the value in use of the CGUs by discounting the estimated future cash flows expected to arise from the CGU to the present value. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate. As a result of the impairment assessment, management has concluded that no impairment of goodwill is required as at 31 December 2024.

We have identified impairment assessment of goodwill as a key audit matter due to significant management judgment involved in the adoption of key assumptions and input data.

Our response

Our procedures in relation to management's impairment assessment on goodwill included the following:

- obtaining the discounted cash flow analysis of the relevant CGU prepared by the management and its external valuation specialists;
- evaluating the competence and objectivity of the management's valuation specialists;
- discussing with the management's valuation specialists to understand and evaluate the appropriateness of their valuation methodology;
- engaging our internal valuation specialists to assist us in evaluating the management's impairment assessment methodology, the appropriateness of the discount rate used, the key assumptions applied and calculations contained with reference to the requirements of the prevailing accounting standards;
- evaluating the historical accuracy of the discounted cash flow analysis made by management and its external valuation specialists by comparing the historical analysis made against the actual performance of the Group; and
- performing sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions.

KEY AUDIT MATTERS (continued)

Impairment assessment of non-financial assets allocated to the CGUs

Refer to Note 4 and Note 5 of the consolidated financial statements.

During the year ended 31 December 2024, the Group sustained a loss for the year amounted to RMB484,818,000 and management considered that there was indicator of impairment of the Group's non-financial assets allocated to CGUs. Accordingly, management is required to assess the recoverable amount of the Group's non-financial assets allocated to CGUs.

In determining the recoverable amount, the Group's management assessed the value in use of the CGUs by discounting the estimated future cash flows expected to arise from the CGU to the present value. Preparing a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating results and in determining an appropriate discount rate. As a result of the impairment assessment, management has concluded that no impairment of the Group's non-financial assets is required as at 31 December 2024.

We identified the impairment assessment of non-financial assets allocated to the CGUs as a key audit matter due to significant management judgment involved in the adoption of key assumptions and input data.

Our response

Our procedures in relation to management's impairment assessment on CGU included the following:

- understanding and evaluating management's impairment assessment through discussion with the management and its external valuation specialists;
- obtaining the discounted cash flow analysis of the relevant CGU prepared by the management and its external valuation specialists;
- evaluating the competence and objectivity of the management's valuation specialists;
- discussing with the management's valuation specialists to understand and evaluate the appropriateness of their valuation methodology;
- engaging our internal valuation specialists to assist us in evaluating the management's impairment assessment methodology, the appropriateness of the discount rate used, the key assumptions applied and calculations contained with reference to the requirements of the prevailing accounting standards;
- evaluating the historical accuracy of the discounted cash flow analysis made by management and its external valuation specialists by comparing the historical analysis made against the actual performance of the Group; and
- performing sensitivity analysis of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions.

KEY AUDIT MATTERS (continued)

Expected credit losses ("ECLs") for trade receivables, deposit and other receivables and amounts due from related parties

Refer to Note 4, Note 5, Note 21, Note 22, Note 25 and Note 38 to the consolidated financial statements.

As at 31 December 2024, the Group had net trade receivables amounting to approximately RMB51,480,000, net deposit and other receivables amounting to approximately RMB44,363,000 and net amounts due from related parties amounting to approximately RMB105,316,000, after making loss allowance of approximately RMB46,505,000, RMB8,854,000 and RMB19,872,000 respectively.

The Group measures the loss allowance based on estimated loss rates for each category of receivables grouped according to the shared credit risk characteristics. The estimated loss rates consider the credit history including default or delay in payments, settlement records and ageing analysis, and forward-looking analysis. Such assessment involves significant management judgement and estimation.

We identified the ECLs for trade receivables, deposits and other receivables and amounts due from related parties as a key audit matter because assessment of ECLs involves significant management judgement and estimates.

Our response

Our procedures in relation to management's assessment on ECLs for trade receivables, deposits and other receivables and amounts due from related parties included the following:

- obtaining an understanding of and evaluating the group's credit policies;
- evaluating the competence and objectivity of the management's valuation specialists;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;
- assessing, on sampling basis, whether the trade receivables, deposits and other receivables and amounts due from related parties were categorised in the appropriate ageing bracket by comparing individual items therein with relevant underlying documentation;
- engaging our internal valuation specialists to assist us in assessing the methodologies and assumptions used by the management to calculate expected credit losses;
- evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statement, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Chan Tsz Hung
Practicing Certificate Number P06693

Hong Kong, 27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**388,305**	538,650
Cost of revenue		**(455,553)**	(603,739)
Gross loss		**(67,248)**	(65,089)
Other income and other net gains	8	**62,682**	9,979
Provision for impairment loss on trade receivables	21	**(13,418)**	(8,907)
(Provision for)/reversal of impairment loss on other receivables	22	**(9,734)**	2,032
(Provision for)/reversal of impairment loss on amounts due from related parties	25	**(16,057)**	28,542
Selling and distribution expenses		**(48,875)**	(55,968)
Administrative expenses		**(210,482)**	(191,190)
Research and development expenses		**(31,184)**	(36,443)
Listing expense		**(40,959)**	(5,807)
Share of associates' results	15	**(953)**	(1,735)
Share of joint venture's result	16	**(354)**	–
Finance costs	9	**(109,267)**	(108,006)
Loss before income tax credit	10	**(485,849)**	(432,592)
Income tax credit	11	**1,031**	6,198
Loss and total comprehensive income for the year		**(484,818)**	(426,394)
Attribute to:			
Owners of the Company		**(443,223)**	(373,090)
Non-controlling interests		**(41,595)**	(53,304)
		(484,818)	(426,394)
Loss per share (expressed in RMB)			
Basic and diluted loss per share	13	**(0.62)**	(0.56)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates	15	88,722	89,679
Interest in a joint venture	16	101,646	–
Property, plant and equipment	17	3,492,817	3,316,973
Right-of-use assets	28	437,532	518,033
Intangible assets	18	826,372	851,667
Deposits, prepayments and other receivables	22	22,275	6,356
Amounts due from related parties	25	207,852	72,571
Deferred tax assets	19	15,726	21,316
		5,192,942	4,876,595
Current assets			
Inventories	20	33,441	40,347
Trade receivables	21	51,480	75,984
Deposits, prepayments and other receivables	22	138,993	171,690
Amounts due from related parties	25	106,376	1,205
Restricted cash	23(b)	46,211	29,998
Financial assets at fair value through profit or loss ("FVTPL")	24	132,575	–
Cash and cash equivalents	23(a)	204,544	40,577
		713,620	359,801
Current liabilities			
Trade payables	26	(112,146)	(127,069)
Accruals and other payables	27	(558,916)	(470,997)
Income tax payable		(2,295)	(2,466)
Contract liabilities	7	(46,426)	(55,941)
Amounts due to related parties	25	(13,464)	(45,967)
Lease liabilities	28	(10,388)	(21,317)
Bank and other borrowings	30	(372,629)	(461,527)
Convertible bond	29	(19,600)	(19,233)
		(1,135,864)	(1,204,517)
Net current liabilities		(422,244)	(844,716)
Total assets less current liabilities		4,770,698	4,031,879

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	28	**(101,712)**	(184,308)
Bank and other borrowings	30	**(2,705,590)**	(1,910,296)
Deferred tax liabilities	19	**(62,586)**	(68,090)
		(2,869,888)	(2,162,694)
Net assets		**1,900,810**	1,869,185
EQUITY			
Capital and reserves			
Share capital	31	**716,338**	676,918
Reserves		**931,559**	922,171
Equity attributable to owners of the Company		**1,647,897**	1,599,089
Non-controlling interests		**252,913**	270,096
Total equity		**1,900,810**	1,869,185

Approved and authorised for issue by the Board of Directors on March 2025

YANG Jianyu

FU Xiao

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital RMB'000 (Note 31)	Capital reserves* RMB'000 (Note a)	PRC statutory reserves* RMB'000 (Note b)	Merger reserves* RMB'000 (Note c)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	648,723	3,919,085	39,867	34,736	(2,957,141)	1,685,270	310,309	1,995,579
Loss and total comprehensive income for the year	–	–	–	–	(373,090)	(373,090)	(53,304)	(426,394)
Changes in non-controlling interests without change in control	–	–	–	–	(6,040)	(6,040)	6,040	–
Deemed disposal of non-controlling interest	–	–	–	–	(7,051)	(7,051)	7,051	–
Issue of shares (Note 29(iii))	28,195	271,805	–	–	–	300,000	–	300,000
At 31 December 2023 and 1 January 2024	**676,918**	**4,190,890**	**39,867**	**34,736**	**(3,343,322)**	**1,599,089**	**270,096**	**1,869,185**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(443,223)**	**(443,223)**	**(41,595)**	**(484,818)**
Capital contribution from non-controlling interest	**–**	**6,867**	**–**	**–**	**–**	**6,867**	**19,019**	**25,886**
Other changes in non-controlling interest without change in control	**–**	**(3,315)**	**–**	**–**	**–**	**(3,315)**	**3,315**	**–**
Partial disposal of a subsidiary with change of control (Note 35(b))	**–**	**463**	**–**	**–**	**–**	**463**	**1,360**	**1,823**
Deemed disposal of non-controlling interest	**–**	**(718)**	**–**	**–**	**–**	**(718)**	**718**	**–**
Issue of shares upon listing	**39,420**	**478,466**	**–**	**–**	**–**	**517,886**	**–**	**517,886**
Expenses attributed to issue of new shares upon listing	**–**	**(29,152)**	**–**	**–**	**–**	**(29,152)**	**–**	**(29,152)**
At 31 December 2024	**716,338**	**4,643,501**	**39,867**	**34,736**	**(3,786,545)**	**1,647,897**	**252,913**	**1,900,810**

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

Notes:

(a) Capital reserves represented the paid up capital of the subsidiaries now comprising the Group attributable to the shareholders and the excess of proceeds received over the nominal value of share of the Company issued, less expenses in connection with the issue of shares.

(b) Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.

(c) The merger reserves of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before income tax credit		(485,849)	(432,592)
Adjustments for:			
Depreciation of property, plant and equipment	10	88,551	93,656
Depreciation of right-of-use assets	10	23,099	29,093
Amortization of intangible assets	10	28,189	29,258
Loss on disposal of intangible asset	8	1,000	–
Provision for impairment loss on trade receivable	21	13,418	8,907
Provision for/(reversal of) impairment loss on other receivables	22	9,734	(2,032)
Provision for/(reversal of) impairment loss on amounts due from related parties	25	16,057	(28,542)
Write-down/(reversal of write-down) of inventories	8	16	(32)
Write-off of property, plant and equipment	8	540	246
Gain on disposal of subsidiaries	8	(37,389)	–
Gain on partial disposal of a subsidiary	8	(3,684)	–
Loss on disposal of an associate	8	124	–
Gain on lease terminations	8	(71)	(144)
Gain on lease modification	8	(11,673)	–
Fair value change on convertible bond – embedded derivatives	8	(599)	(2,033)
Fair value change on financial assets at FVTPL	8	(7,684)	–
Interest income	8	(733)	(7,281)
Share of associates' results	15	953	1,735
Share of joint venture's result	16	354	–
Finance costs	9	109,267	108,006
Operating loss before working capital changes		(256,380)	(201,755)
Decrease in inventories		6,482	44,520
Decrease in trade receivables		10,916	24,456
Decrease/(increase) in deposits, prepayment and other receivables		45,477	(20,166)
Decrease in amounts due from related parties		49	534,517
Decrease in trade payables		(7,552)	(18,789)
Increase in accruals and other payables		46,533	217,008
Decrease in contract liabilities		(9,508)	(41,340)
(Decrease)/increase in amounts due to related parties		(5,594)	888
Increase in restricted cash		(16,213)	(29,998)
Cash (used in)/generated from operations		(185,790)	509,341
Income tax paid		(174)	(98)
Net cash (used in)/generated from operating activities		(185,964)	509,243

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(314,156)**	(177,931)
Purchase of intangible assets		**(11,265)**	(5,817)
Proceeds from disposal of subsidiaries, net	35(a), (c)	**9,868**	–
Proceeds from partial disposal of a subsidiary	35(b)	**476**	–
Proceeds from disposal of an associate		**658**	–
Interest received		**733**	1,407
Capital injections to a joint venture		**(102,000)**	–
Advances to related parties		**(121,277)**	(306,502)
Advances to a former subsidiary		**(6,233)**	–
Purchases of financial asset at FVTPL		**(204,607)**	–
Proceeds from disposal of financial assets at FVTPL		**79,716**	–
Net cash used in investing activities		**(668,087)**	(488,843)
Cash flows from financing activities			
Proceeds from bank and other borrowings	33	**2,230,221**	185,320
Repayment of lease liabilities	33	**(13,142)**	(14,620)
Repayment of bank and other borrowings	33	**(1,515,623)**	(205,029)
Repayment to related parties	33	**(26,909)**	(193,705)
Proceeds from issue of new shares	31	**517,886**	–
Payments of share issue expenses		**(12,068)**	–
Interest paid	33	**(162,347)**	(161,201)
Prepayments of listing expenses		**–**	(17,084)
Issuance of shares		**–**	300,000
Net cash generated from/(used in) financing activities		**1,018,018**	(106,319)
Net increase/(decrease) in cash and cash equivalents		**163,967**	(85,919)
Cash and cash equivalents at beginning of the year		**40,577**	126,496
Cash and cash equivalents at end of the year		**204,544**	40,577

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 became 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 principal activities of subsidiaries are set out in Note 40.

The directors consider the Company's immediate holding company is Medstar (Shanghai) Enterprise Management Co., LTD (previously named as 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 AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") ISSUED

2.1 Adoption of new and amendments to standards – effective on 1 January 2024

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") Hong Kong Accounting Standards (the "HKASs") and interpretations that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ("2020 Amendments") and Non-current Liabilities with Covenants ("2022 Amendments")
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

2. NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") ISSUED (continued)

2.1 Adoption of new and amendments to standards – effective on 1 January 2024 (continued)

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current ("2020 Amendments") and Non-current Liabilities with Covenants ("2022 Amendments"), (collectively the "HKAS 1 Amendments")

The HKAS 1 Amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 Amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 Amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to HKFRS 16 – Lease Liability in a Sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to HKAS 7 – Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

2. NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") ISSUED (continued)

2.2 New standards, interpretations and amendments not yet effective

At the date of the report, certain new and amendments to HKFRSs 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 new and amendments to HKFRSs is provided below.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

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

2 Effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

4 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 Group is currently assessing the effect of these new accounting standards and amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement and going concern assumption

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

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 5.

For the year ended 31 December 2024, the Group incurred a loss of RMB484.8 million and had net current liabilities of RMB422.2 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 2025 (the "Forecast Period"). In the preparation of the cash flow forecast, the following is taken into consideration:

(i) The Group has unused credit line of approximately RMB1,051.3 million at the date of approval of the consolidated financial statements;

(ii) The Group had financial assets at fair value through profit or loss ("FVTPL") amounted to RMB132.6 million as at 31 December 2024 (Note 24), which is readily convertible into cash at its principal amount if required. The financial assets at FVTPL could be realised with minimal transaction cost;

(iii) On 16 December 2024, the proton therapy center at Guangzhou Concord Cancer Hospital commenced full-sale clinical operation. After the start-up of the proton therapy center, the Group would be able to improve its sales performance to ensure the stability and sustainable operation of the Group's business;

(iv) The Group has strengthened its cost control to preserve liquidity by reducing administrative costs and deferring capital expenditures that are not of higher priority. The Group will continue to actively explore additional measures to further enhance cost efficiency.

3. BASIS OF PREPARATION (continued)

3.2 Basis of measurement and going concern assumption (continued)

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.

3.3 Functional and presentation currency

The functional currency of the Company is Renminbi ("RMB"), which is same as the presentation currency of the Company.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries comprising the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Non-controlling interests are identified separately from the Group's equity and are initially measure at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement is made on acquisition-by-acquisition basis. Subsequent to acquisition, profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost and is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.2 Subsidiary

In the note to the consolidated financial statements that disclose Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any.

4.3 Associate and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

4.4 Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date. Goodwill is measured at cost less impairment losses.

4.5 Property, plant and equipment

Property, plant and equipment other than construction in progress ("CIP") are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. CIP represents buildings including but not limited to hospitals or medical equipment under construction and installation and are stated at cost less impairment losses, if any. Cost comprises direct costs of construction and installation incurred as well as borrowing costs capitalized during the periods of construction and installation.

Property, plant and equipment other than CIP are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Shorter of the term of remaining title to the land and useful life
Medical equipment	5 – 20 years
Electronic and office equipment	3 – 5 years
Motor vehicles	5 years
Leasehold improvement	Shorter of the unexpired lease terms and useful lives of 3 to 10 years

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognized in profit or loss on disposal.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.6 Capitalization of borrowings costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalized as part of the cost of those assets until such time when substantially all the activities necessary to prepare that asset for its intended use or sale are completed. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.7 Leases

The Group as lessee

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Group presents the carrying amounts of right-of-use assets as a separate line item on the consolidated statement of financial position.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as lessee (continued)

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liability is measured at amortised cost under the effective interest method and are remeasured to reflect any reassessment or lease modifications. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group as lessor

The Group has leased out certain of its medical equipment to medical institutions. Lease classification is made at the inception date and is reassessed only if there is a lease modification. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. If there are variable lease payments and as a result of which the lessor does not transfer substantially all such risks and rewards, it would be an operating lease. The respective leased assets are included in the consolidated statement of financial position based on their nature.

4.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives other than development in progress are carried at cost less accumulated amortization and accumulated impairment losses. Development in progress represents software under development and is stated at cost less impairment losses, if any. Cost comprises direct costs of development as well as borrowing costs capitalized during the periods of development.

Amortization is provided on a straight-line basis over their useful lives as follows. The amortization expense is recognized in profit or loss and included in cost of revenue and administrative expenses.

Customer relationship	5 – 16 years
Customer contracts	2 – 3 years
Software	3 – 5 years
Operating license	20 years
Patents and technology	5 -20 years

The Group determines the estimated useful lives and consequently the related amortization charges for its operating license, customer relationship, and patents and technology. Management determines the estimated useful life and related amortization charges of the operating license based on the historical renewal experience of operating licenses of similar nature, and considering the current market environment in the PRC and estimations of future changes. Management determines the estimated useful life and related amortization charges of the customer relationship based on the contract terms with existing customers. Management determines the estimated useful life and related amortization charges of the patents and technology based on the duration of patent right and protection period of copyright, and considering the current market environment in the PRC and estimations of future changes and with reference to the estimated periods that the Group intends to derive future economic benefits from the use of patents and technology. Management will increase the amortization charges where useful lives are less than previous estimate, it will write off or write down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortization expenses in future years.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.9 Impairment of assets (other than financial assets, inventories and deferred tax assets)

At each reporting date, the Group reviews the carrying amounts of assets other than financial assets, inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and development in progress are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their value, and are used by the Group in the management of its short-term commitments.

4.11 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.12 Financial instruments

(a) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments including trade receivables, deposit and other receivables and amounts due from related parties that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. They are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The Group derecognises these assets when contractual rights to the cash flows from the asset expire, or when it transfers the asset and substantially all the risks and rewards of ownership of the assets to another entity.

Financial asset at fair value through profit or loss ("FVTPL") include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Impairment loss on financial assets measured at amortized cost

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial assets assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or (ii) the financial asset is significantly past due. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for a security because of financial difficulties of the issuer; or
- the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(c) Financial liabilities

Financial liabilities including trade and other payables and borrowings are initially measured at fair value, net of directly attributable costs incurred. They are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in accordance with accounting policies set out in note 4.6. Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. The Group derecognised financial liabilities when the Group's obligations are discharged, cancelled or expired.

(d) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(e) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

4.13 Revenue recognition

The Group operates two types of business, namely: (i) Hospital Business; and (ii) Medical Equipment, Software and Related Services. Revenue is measured at the consideration received or receivable for the goods or services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales between the group companies. The Group recognizes revenue when it transfers control of the goods or services to a customer. The Group has elected to apply practical expedient not to adjust the transaction price for the existence of significant financing component where the period between the payment and the transfer of the promised goods or services is one year or less.

Hospital Business

Hospital revenue represents medical service income generated from medical institutions under outpatient and inpatient services.

Medical service income include revenue generated from outpatients, such as activities for physical examinations, treatments, surgeries and tests, which are recognized when services are provided.

Revenue that generated from inpatients, such as activities for clinical examinations and treatments, surgeries, and other fees such as room charges and nursing care, are recognized over time during hospitalisation when customers simultaneously receives the services and consumes the benefits provided by the Group's performance as the Group performs.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.13 Revenue recognition (continued)

Medical Equipment, Software and Related Services

(a) Management and technical support

The Group provides management and technical support service to hospitals and radiotherapy centers over the service period – the usual period of service lasts for 8 years to 20 years. The hospital receives and consumes the benefits provided by the Group's performance as the Group performs. The Group uses a time-based measure of progress. Revenue from provision of management and technical support is recognized over the period in which the services are rendered.

For revenue from management and technical support, service fee is calculated based on pre-set formulas set out in the arrangements, which primarily relating to the hospitals and radiotherapy centers' revenue.

(b) Operating lease income

The Group leases radiotherapy equipment to certain hospitals and radiotherapy centers under lease agreements. Such leases are generally negotiated with lease term of 8 to 20 years. The consideration is either fixed or calculated based on pre-set formulas set out in the arrangements, which primarily relating to the hospitals and radiotherapy centers' revenue.

The Group has also signed cooperation agreement with certain hospitals and radiotherapy centers for (i) lease of radiotherapy equipment and (ii) provision of management and technical support. The consideration is calculated based on pre-set formulas set out in the arrangements which primarily relating to the hospitals and radiotherapy centers' revenue. The Group has allocated the lease component and non-lease component on a relative stand-alone selling price basis.

(c) Sales and installation of medical equipment and software

Revenue from the sales and installation of medical equipment and software is recognized when control of the radiotherapy equipment, software or medical consumables has been transferred, being when the radiotherapy equipment or software is installed and accepted by the customers, or when medical consumables are accepted by the customers. Apart from contracted with customers for sales of radiotherapy equipment, software and medical consumables, the Group also contracted with customers for arrangement for sales of equipment. Under the contracts for arrangement for sales of equipment, the Group acquires, on customers' behalf, specific equipment from designated suppliers. The Group provides procurement services (i.e. coordinating with suppliers and managing the equipment ordering and delivery) under this arrangement.

Determining whether such revenue should be reported gross (i.e. the Group is a principal) or net (i.e. the Group is an agent) is based on who controls the equipment before they are transferred to customers.

The Group is a principal if it obtains control of the equipment from third parties that it then transfers to the customer. There are indicators that the Group is a principal, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers.

The Group is an agent if it does not obtain control of the equipment before it is being transferred to the customer. There are indicators that the Group is an agent, when the equipment is directly transferred from the suppliers' warehouse to the customer's destination, and the Group borne no inventory risk.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.14 Income taxes

Income taxes for the year comprise current tax and deferred tax. Income taxes are recognized in profit or loss except when they relate to items recognized in other comprehensive income in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences under liability method. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. Deferred tax is measured at the tax rates that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

4.15 Employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognized in the year when the employees render the related service.

4.16 Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.17 Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative. At initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments (see Note 4.12(e)). Any excess of proceeds over the amount initially recognized as the derivative component is recognized as the host liability component. Transaction costs that relate to the issue of the convertible bond are allocated to the host liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the host liability component is recognized initially as part of the liability. The portion relating to the derivative component is recognized immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with Note 4.12(e). The host liability component is subsequently carried at amortized cost using the effective interest method.

If the bonds are converted, the carrying amount of the derivative liability, which is remeasured to fair value immediately before conversion together with the carrying amount of the host liability, is transferred to equity, with no gain or loss is recognized in profit or loss. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognized in profit or loss.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty are as follows:

(i) Impairment of goodwill and development in progress

The Group tests annually for impairment in accordance with the accounting policy stated in Note 4.9. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgment is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

(ii) Useful lives of intangible assets

The Group amortizes the intangible asset in accordance with the accounting policies stated in Notes 4.8. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of these assets. The management reassesses the estimated useful lives at the end of each of the reporting period.

(iii) Impairment of financial assets

The impairment allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgment in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available historical data, existing market conditions, including forward looking estimates at end of each of the reporting period.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(iv) Impairment of non-financial assets (other than goodwill and development in progress, inventories and deferred tax assets)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Going concern assumption

As explained in Note 3.2, the consolidated financial statement has been prepared on a going concern basis even though as of 31 December 2024 the Company has net current liabilities of RMB422,244,000 (2023: RMB844,716,000).

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will be able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due. Certain measures as stated in Note 3.2 have been and are being taken to manage the Company's liquidity needs and to improve its financial position.

Should the Company be unable to continue as a going concern, adjustment would have to be made to restate the value of assets to their recoverable amounts and to provide for any further liabilities which might arise. The effect of these potential adjustments has not been reflected in these financial statements.

6. SEGMENT INFORMATION

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

As a result of this evaluation, the Group determined that it has operating segments as follows:

– Hospital Business

– Medical Equipment, Software and Related Services

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

The following is an analysis of the Group's revenue and results by reportable segment for years ended 31 December 2024 and 2023:

	For the year ended 31 December 2024		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Revenue	271,579	116,726	388,305
Segment results	(268,380)	(128,618)	(396,998)
Other income and other net gains			62,682
Finance costs			(109,267)
Share of associates' results			(953)
Share of joint ventures results			(354)
Listing expenses			(40,959)
Loss before income tax			(485,849)

6. SEGMENT INFORMATION (continued)

	As at 31 December 2024		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Assets			
Segment assets	3,958,584	1,100,146	5,058,730
Goodwill	140,942	368,221	509,163
			5,567,893
Deferred tax assets			15,726
Interests in associates			88,722
Interest in a joint venture			101,646
Financial assets at fair value through profit or loss			132,575
Total Assets			5,906,562
Liabilities			
Segment liabilities	(2,107,695)	(1,833,176)	(3,940,871)
Income tax payable			(2,295)
Deferred tax liabilities			(62,586)
Total Liabilities			(4,005,752)

6. SEGMENT INFORMATION (continued)

	For the year ended 31 December 2024		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Other segment information			
Depreciation of property, plant, and equipment	**(81,554)**	**(6,997)**	**(88,551)**
Depreciation of right-of-use assets	**(18,599)**	**(4,500)**	**(23,099)**
Amortization of intangible assets	**(15,361)**	**(12,828)**	**(28,189)**
Reversal of/(provision for) impairment loss on trade receivable	**45**	**(13,463)**	**(13,418)**
Reversal of/(provision for) impairment loss on other receivables	**6,389**	**(16,123)**	**(9,734)**
(Provision for)/reversal of impairment loss on amounts due from related parties	**(147)**	**(15,910)**	**(16,057)**

6. SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Revenue	319,967	218,683	538,650
Segment results	(250,092)	(82,738)	(332,830)
Other income and net gains/(losses)			9,979
Finance costs			(108,006)
Share of associates' results			(1,735)
Loss before income tax			(432,592)

	As at 31 December 2023		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Assets			
Segment assets	4,189,854	423,771	4,613,625
Goodwill	143,555	368,221	511,776
	4,333,409	791,992	5,125,401
Deferred tax assets			21,316
Interests in associates			89,679
Total Assets			5,236,396
Liabilities			
Segment liabilities	(2,532,405)	(764,250)	(3,296,655)
Income tax payable			(2,466)
Deferred tax liabilities			(68,090)
Total Liabilities			(3,367,211)

6. SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023		
	Hospital Business RMB'000	Medical Equipment, Software and Related Services RMB'000	Total RMB'000
Other segment information			
Depreciation of property, plant, and equipment	(85,585)	(8,071)	(93,656)
Depreciation of right-of-use assets	(23,631)	(5,462)	(29,093)
Amortization of intangible assets	(21,932)	(7,326)	(29,258)
Reversal of/(provision for) impairment loss on trade receivable	1,822	(10,729)	(8,907)
Reversal of/(provision for) impairment loss on other receivables	2,376	(344)	2,032
(Provision for)/reversal of impairment loss on amounts due from related parties	(3,290)	31,832	28,542

Information about major customers

Revenue from each major customer, which accounted for, 10% or more of the Group's revenue for each of the reporting period is set out below:

	2024 RMB'000	2023 RMB'000
Customer A	**59,901**	68,526

Geographical information

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

7. REVENUE

The disaggregation of revenue from contracts with customers by major service and product lines and from other sources lines and timing of revenue recognition are as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
By major service and product lines		
Hospital Business		
Cancer hospital and clinics	271,579	319,967
Medical Equipment, Software and Related Services		
Sales and installation of medical equipment and software	99,281	178,326
Management and technical support	6,969	23,164
	377,829	521,457
Revenue from other source		
Medical Equipment, Software and Related Services		
Operating lease income	10,476	17,193
Total revenue	388,305	538,650

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Over time	82,315	117,943
At a point in time	295,514	403,514
Revenue from contracts with customers	377,829	521,457

7. REVENUE (continued)

(a) Unsatisfied performance obligations

For management and technical support services, 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.

(b) Assets recognized from incremental costs to obtain a contract

For years ended 31 December 2024 and 2023, there was no significant incremental costs to obtain a contract.

(c) Details of contract liabilities

	2024 **RMB'000**	2023 RMB'000
Contract liabilities	**46,426**	55,941

	2024 **RMB'000**	2023 RMB'000
Balance as at 1 January	**55,941**	97,281
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	**(32,093)**	(78,859)
Increase in contract liabilities as a result of billing in advance of sales of goods or provision of services	**22,585**	37,519
Decrease in contract liabilities as a result of disposal of subsidiaries (Note 35)	**(7)**	–
Balance as at 31 December	**46,426**	55,941

The contract liabilities mainly relate to the advance consideration received from customers while the underlying goods or services are yet to be provided.

8. OTHER INCOME AND OTHER NET GAINS

	2024 RMB'000	2023 RMB'000
Other income:		
Interest income	733	7,281
Government grants (Note (a))	1,250	654
Other net gains:		
Additional VAT deduction	(49)	177
Compensation expense	(1,093)	–
(Write-down)/reversal of write-down of inventories	(16)	32
Gain on disposal of subsidiaries (Note 35(a), (c))	37,389	–
Gain on partial disposal of a subsidiary (Note 35(b))	3,684	–
Loss on disposal of an associate (Note 15(a))	(124)	–
Loss on disposal of intangible asset	(1,000)	–
Write-off of property, plant and equipment (Note 17)	(540)	(246)
Gain on lease terminations (Note 28)	71	144
Gain on lease modification (Note 28)	11,673	–
Fair value change on convertible bond – embedded derivatives (Note 29)	599	2,033
Fair value change on financial asset at FVTPL	7,684	–
Exchange loss	(1,092)	(38)
Others	3,513	(58)
	62,682	9,979

Note:

(a) Government grants represented the financial support received from local government as an incentive for business development and there has no unfulfilled conditions attached to the government grants.

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest charge on bank and other borrowings	151,101	150,834
Interest charge on lease liabilities (Note 28)	10,531	14,489
Interest charge on convertible bond (Note 29)	966	950
Total interest expenses for liabilities not classified as at FVTPL	162,598	166,273
Less: amounts included in the cost of qualifying assets	(53,331)	(58,267)
	109,267	108,006

10. LOSS BEFORE INCOME TAX CREDIT

Loss before income tax credit is arrived at after charging the following:

	2024 RMB'000	2023 RMB'000
Auditors' remuneration	2,000	2,000
Depreciation of property, plant and equipment (Note 17)	88,551	93,656
Depreciation of right-of-use assets (Note 28)	23,099	29,093
Short-term leases expenses (Note 28)	3,851	5,865
Amortization of intangible assets (Note 18)	28,189	29,258
Cost of inventories recognized as expenses	180,641	266,937
Listing expense	40,959	5,807
Staff costs (including directors' emoluments – Note 14):		
Salaries, wages and other benefits	198,213	237,309
Retirement scheme contribution (Note (a))	45,964	53,979
	244,177	291,288

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

11. INCOME TAX CREDIT

	2024 RMB'000	2023 RMB'000
Current tax		
Current year	3	66
Overprovision for previous years	–	–
Deferred tax (Note 19)		
Credited to profit or loss for the year	(1,034)	(6,264)
	(1,031)	(6,198)

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

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

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

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

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

The income tax credit for the years can be reconciled to the loss before income tax credit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Loss before income tax credit	(485,849)	(432,592)
Notional tax on loss calculated at the applicable tax rate	(102,417)	(103,028)
Tax effect of share of results in associates	177	360
Tax effect of share of results in a joint venture	53	–
Tax effect of (income not taxable)/ expense not deductible, net	(3,825)	2,224
Tax losses not recognized	105,219	95,398
Utilisation of tax losses previously not recognized	(238)	(1,152)
Income tax credit	(1,031)	(6,198)

12. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of reporting period.

13. LOSS PER SHARE

	2024	2023
Loss attributable to the owners of the Company (RMB'000)	**(443,223)**	(373,090)
Weighted average number of ordinary shares in issue (thousand shares)	**715,475**	664,712
Basic loss per share attributable to the owners of the Company (RMB per share)	**(0.62)**	(0.56)

Note:

(i) Diluted loss per share were the same as the basic loss per share as the assumed conversion of convertible bonds issued by Beijing Healthingkon Technology Co., Ltd. ("Beijing Healthingkon") will result in reduction in loss per share for the years ended 31 December 2024 and 2023.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' emoluments

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2024					
Executive directors					
Dr. YANG Jianyu	–	943	36	491	1,470
Ms. FU Xiao	–	1,282	520	–	1,802
Mr. CHANG Liang	–	772	304	152	1,228
Mr. SHI Botao	–	324	–	205	529
Non-executive directors					
Mr. WANG Lei	–	–	–	–	–
Mr. CHEN Hongzhang	–	–	–	–	–
Mr. SHI Botao	–	171	36	168	375
Independent non-executive directors					
Ms. LI Xuemei	–	200	–	–	200
Mr. SUN Yansheng	–	200	–	–	200
Mr. NG Kwokyin	–	200	–	–	200
Supervisors					
Mr. TENG Shengchun	–	–	–	–	–
Mr. YU Yue	–	–	–	–	–
Ms. JIANG Li	–	161	31	75	267
	–	4,253	927	1,091	6,271

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and supervisors' emoluments (continued)

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2023					
Executive directors					
Dr. YANG Jianyu	–	915	360	491	1,766
Ms. FU Xiao	–	1,056	724	–	1,780
Mr. CHANG Liang	–	563	220	152	935
Mr. SHI Bo Tao	–	212	360	169	741
Non-executive directors					
Mr. WANG Lei	–	–	–	–	–
Mr. CHEN Hongzhang	–	–	–	–	–
Mr. YIN Zhe	–	–	–	–	–
Supervisors					
Mr. TENG Shengchun	–	–	–	–	–
Mr. YU Yue	–	–	–	–	–
Ms. JIANG Li	–	156	31	73	260
	–	2,902	1,695	885	5,482

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and supervisors' emoluments (continued)

Notes:

(i) No directors and supervisors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023. No directors and supervisors waived or agreed to waive any emoluments during both years.

(ii) Mr. YIN Zhe was resigned as a non-executive director of the Company due to his other business commitments on 17 July 2023.

(iii) Mr. SHI Bo Tao was appointed as an executive director of the Company on 20 June 2023 and has redesignated from an executive director to non-executed director on 29 August 2024.

(iv) In addition to the directors' remuneration disclosed above, certain directors are not paid directly by the Company but receive remuneration from the Company's holding company, in respect of their services to the larger group which includes the Company and its subsidiaries. No apportionment has been made as the qualifying services provided by these directors to the Company and its subsidiaries are incidental to their responsibilities to the larger group.

(v) Ms. Li Xuemei was appointed as a independent non-executive directors of the Company on 9 January 2024.

(vi) Mr. Sun Yansheng was appointed as a independent non-executive directors of the Company on 9 January 2024.

(vii) Mr. Ng Kwokyin was appointed as a independent non-executive directors of the Company on 9 January 2024.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) The five highest paid individuals

The five highest paid individuals of the Group during both years are analysed as follows:

	2024 Number of individuals	2023 Number of individuals
Director	**–**	1
Non-directors, non-supervisors, the highest paid individuals	**5**	4
	5	5

Details of the emoluments of the above non-directors and non-supervisors, the highest paid individuals for both years are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowance and benefits in kind	**6,475**	4,969
Discretionary bonuses	**5,172**	4,381
Retirement scheme contributions	**352**	526
	11,999	9,876

Note: None of the above non-directors, non-supervisors, the highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) The five highest paid individuals (continued)

The number of the highest paid non-directors and non-supervisors fell within the following emolument band:

	2024 Number of individuals	2023 Number of individuals
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**2**	2
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	–
	5	4

15. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
At 1 January	**89,679**	91,414
Addition due to partial disposal of a subsidiary (note 35(b))	**778**	–
Disposal of an associate (note a)	**(782)**	–
Share of results	**(953)**	(1,735)
At 31 December	**88,722**	89,679

Note:

a) After the disposal of 50% equity interest in Guangzhou Concord Hospital Management Co. Ltd. ("Guangzhou Concord") as set out in Note 35(b), in November 2024, the Group entered into an agreement to further disposed of the remaining entire 20% interest of Guangzhou Concord held by the Group to another independent third party at a consideration of RMB658,000. A loss on disposal of an associate of RMB124,000 was recognized in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. Following the completion of the disposal, the Group has no interest in Guangzhou Concord.

15. INTERESTS IN ASSOCIATES (continued)

Particulars of the Group's associates are as follows:

Name	Issued and paid up capital	Place of registration and business	Percentage of ownership interest attributable to the Group 2024	2023	Principal activity
Guangdong Hengjian Hezi Medical Industry Co., Ltd. ("Hengjian Hezi")	RMB610,178,000	PRC	**14.20%**	14.20%	Medical treatment and service
Wuxi Meizhong Jiahe Cancer Center ("Wuxi Meizhong Jiahe")	RMB112,110,000	PRC	**7.93%**	2.68%	Medical treatment and service
Shanghai Changshengshu Enterprise Management Co., Ltd. ("SH CSS")	RMB10,000,000	PRC	**4.67%**	4.67%	Medical treatment and service
Guangzhou Yicheng Biological Immunity Technology Co., Ltd. ("Guangzhou Yicheng")	RMB1,000,000	PRC	**30.00%**	30.00%	Medical technology development and medical service

Although the Group's ownership interest in Hengjian Hezi is only 14.2%, the Group is entitled to appoint two out of five directors to the board of directors of Hengjian Hezi, so that the Group has significant influence over it. The directors of the Company therefore treated Hengjian Hezi as an associate.

Although the Group's ownership interest in Wuxi Meizhong Jiahe is only 7.93%, the Group is entitled to appoint one out of three directors to the board of directors of Wuxi Meizhong Jiahe, so that the Group has significant influence over it. The directors of the Company therefore treated Wuxi Meizhong Jiahe as an associate.

Although the Group's ownership interest in SH CSS is only 4.67%, the Group's subsidiary directly hold 20% of SH CSS ownership interest and the operating and financing decision must be approved by 50% of the shareholder board. In this regard, Shanghai Concord Medical Diagnosis Imaging Limited ("SHMDI") has significant influence over SH CSS, hence the Group also has significant influence over it. The directors of the Company therefore treated SH CSS as an associate.

15. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associate, adjusted for any difference in accounting policies:

Hengjian Hezi

	2024 RMB'000	2023 RMB'000
Current assets	27,677	91,490
Non-current assets	789,155	760,910
Current liabilities	224,688	257,409
Non-current liabilities	20,000	20,000
Net assets	572,144	574,991
Group's share of the net assets of the associate	81,244	81,649
Goodwill	4,537	4,537
Carrying amount of the Group's interest	85,781	86,186

	2024 RMB'000	2023 RMB'000
Revenue	–	–
Post-tax loss	(2,847)	(913)
Total comprehensive income	(2,847)	(913)
Share of loss of associate	(405)	(129)

15. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of immaterial associates:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**2,941**	3,493

	2024 RMB'000	2023 RMB'000
Revenue	**–**	–
Post-tax loss	**(2,764)**	(4,467)
Total comprehensive income	**(2,764)**	(4,467)
Share of loss of associates	**(548)**	(1,606)

16. INTEREST IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
At 1 January	**–**	–
Capital injections	**102,000**	–
Share of results	**(354)**	–
At 31 December	**101,646**	–

Particulars of the Group's joint venture is as follows:

Name	Issued and paid up capital	Place of registration and business	Percentage of ownership interest attributable to the Group 2024	 2023	Principal activity
Hebei CSPC Concord Hospital Management Co. Ltd. ("Hebei CSPC")	RMB200,000,000	PRC	**51%**	–	Dormant

16. INTEREST IN A JOINT VENTURE (continued)

Although the Group's ownership interest in Hebei CSPC is 51%, and the Group is entitled to appoint three out of five directors to the board of directors of Hengjian Hezi, the relevant activities Hebei CSPC needed to be passed by 66% voting right of the board of directors of Hengjian Hezi and the remaining interest is held by a single party independent to the Group. Hence, there is joint control and the directors of the Company therefore accounted for the Group's interest in Hebei CSPC as a joint venture.

	2024 RMB'000
Current assets (including cash and cash equivalents of RMB102,229,000)	162,277
Non-current assets	38,028
Current liabilities	1,000
Non-current liabilities	–
Net assets	199,305
Group's share of the net assets of the joint venture	101,646
Goodwill	–
Carrying amount of the Group's interest	101,646

	2024 RMB'000
Revenue	–
Depreciation and amortization	
Other operating expense	–
Interest income	–
Interest expense	–
Income tax expense	(4)
Post-tax loss	(695)
Total comprehensive income	(695)
Share of loss of joint venture	(354)

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Medical equipment RMB'000	Electronic and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
COST							
As at 1 January 2023	754,971	601,315	52,502	2,203	41,662	1,843,903	3,296,556
Additions	–	1,879	1,485	–	1,613	390,899	395,876
Transfer	25,214	145	–	–	2,269	(27,628)	–
Write-off	–	(17)	(535)	–	–	–	(552)
As at 31 December 2023 and 1 January 2024	**780,185**	**603,322**	**53,452**	**2,203**	**45,544**	**2,207,174**	**3,691,880**
Additions	**–**	**1,576**	**44**	**105**	**1,183**	**288,742**	**291,650**
Transfer	**6,251**	**436,081**	**–**	**–**	**–**	**(442,332)**	**–**
Disposed through disposal of subsidiaries (Note 35)	**–**	**(51,095)**	**(3,002)**	**–**	**(11,427)**	**–**	**(65,524)**
Disposal	**–**	**–**	**–**	**(260)**	**–**	**–**	**(260)**
Write-off	**–**	**(21,535)**	**(119)**	**–**	**–**	**–**	**(21,654)**
As at 31 December 2024	**786,436**	**968,349**	**50,375**	**2,048**	**35,300**	**2,053,584**	**3,896,092**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 1 January 2023	(27,784)	(209,094)	(18,945)	(1,553)	(24,181)	–	(281,557)
Charge for the year	(18,385)	(62,712)	(8,153)	(158)	(4,248)	–	(93,656)
Write-off	–	3	303	–	–	–	306
As at 31 December 2023 and 1 January 2024	**(46,169)**	**(271,803)**	**(26,795)**	**(1,711)**	**(28,429)**	**–**	**(374,907)**
Charge for the year	**(21,313)**	**(58,028)**	**(6,502)**	**(160)**	**(2,548)**	**–**	**(88,551)**
Disposed through disposal of subsidiaries (Note 35)	**–**	**36,615**	**2,194**	**–**	**–**	**–**	**38,809**
Eliminated on disposal	**–**	**–**	**–**	**260**	**–**	**–**	**260**
Write-off	**–**	**21,002**	**112**	**–**	**–**	**–**	**21,114**
As at 31 December 2024	**(67,482)**	**(272,214)**	**(30,991)**	**(1,611)**	**(30,977)**	**–**	**(403,275)**
NET BOOK VALUE							
As at 31 December 2024	**718,954**	**696,135**	**19,384**	**437**	**4,323**	**2,053,584**	**3,492,817**
As at 31 December 2023	734,016	331,519	26,657	492	17,115	2,207,174	3,316,973

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Medical equipment and construction in progress which are held for own use is situated in the PRC. Assets with carrying amounts of RMB2,195,646,000 (2023: RMB2,171,150,000) were pledged as collateral for Group's bank and other borrowings (Note 30).

Depreciation of the Group's property, plant and equipment has been recognized in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024	2023
	RMB'000	RMB'000
Cost of revenue	**79,871**	85,033
Administrative expenses	**8,680**	8,623
	88,551	93,656

18. INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationship RMB'000	Customer contracts RMB'000	Software RMB'000	Operating license RMB'000	Patents and technology RMB'000	Development in progress RMB'000	Total RMB'000
COST								
As at 1 January 2023	511,776	18,125	7,813	37,527	253,440	132,537	10,673	971,891
Additions	–	–	–	2,198	–	10	3,959	6,167
Transfer	–	–	–	1,871	–	–	(1,871)	–
As at 31 December 2023 and 1 January 2024	**511,776**	**18,125**	**7,813**	**41,596**	**253,440**	**132,547**	**12,761**	**978,058**
Additions	**–**	**–**	**–**	**11,265**	**–**	**–**	**–**	**11,265**
Disposed through disposal of a subsidiary (Note 35)	**(2,613)**	**–**	**–**	**(2,324)**	**(5,000)**	**–**	**–**	**(9,937)**
Disposal	**–**	**–**	**–**	**(1,000)**	**–**	**–**	**–**	**(1,000)**
Written off	**–**	**–**	**–**	**(566)**	**–**	**–**	**–**	**(566)**
Transfer	**–**	**–**	**–**	**1,000**	**–**	**–**	**(1,000)**	**–**
As at 31 December 2024	**509,163**	**18,125**	**7,813**	**49,971**	**248,440**	**132,547**	**11,761**	**977,820**
ACCUMULATED AMORTIZATION AND IMPAIRMENT								
As at 1 January 2023	–	(18,125)	(5,218)	(11,553)	(48,932)	(13,305)	–	(97,133)
Amortization for the year	–	–	(2,595)	(7,336)	(12,672)	(6,655)	–	(29,258)
As at 31 December 2023 and 1 January 2024	**–**	**(18,125)**	**(7,813)**	**(18,889)**	**(61,604)**	**(19,960)**	**–**	**(126,391)**
Amortization for the year	**–**	**–**	**–**	**(8,987)**	**(12,547)**	**(6,655)**	**–**	**(28,189)**
Disposed through disposal of a subsidiary (Note 35)	**–**	**–**	**–**	**1,503**	**1,063**	**–**	**–**	**2,566**
Written off	**–**	**–**	**–**	**566**	**–**	**–**	**–**	**566**
As at 31 December 2024	**–**	**(18,125)**	**(7,813)**	**(25,807)**	**(73,088)**	**(26,615)**	**–**	**(151,448)**
NET BOOK VALUE								
As at 31 December 2024	**509,163**	**–**	**–**	**24,164**	**175,352**	**105,932**	**11,761**	**826,372**
As at 31 December 2023	511,776	–	–	22,707	191,836	112,587	12,761	851,667

18. INTANGIBLE ASSETS (continued)

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2024	2023
	RMB'000	RMB'000
Guangzhou Concord CGU	**–**	2,613
SHMDI CGU	**41,998**	41,998
Beijing Healthingkon CGU	**368,221**	368,221
Shanghai Concord Medical Cancer Center Co., Ltd. ("Shanghai Outpatient Center") CGU	**98,944**	98,944
	509,163	511,776

The goodwill has been tested for impairment by management. The recoverable amount of each cash generating unit ("CGU") has been assessed by an independent valuer, Asia-Pacific Consulting and Appraisal Limited, and determined based on value-in-use ("VIU") calculation. The calculation used cash flow projections based on financial budget covering period of 5-9 years approved by management. Management extended the five-year projections for additional four years projections after taking into consideration of past experience of the management and the useful life of the operating licenses and technology, the additional periods would reflect the expected pattern of consumption of the assets and certain CGUs with projections exceeded 5 years are still at an early stage of the development. The management believes the extended cash flow projection captures the development stage of the Group's business during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management has over 15 years of experience in the healthcare service industry and they leveraged their extensive experiences in healthcare service industry and provided forecast for an extended period based on past performance and their expectation of future business plans and market developments. These provide a reasonable basis for management to forecast cash flows reliably over a longer period. Cash flows beyond the projection period are extrapolated using an estimated long term growth rate of 3%, with reference to certain external data. This rate does not exceed the average long-term growth rate for the relevant markets for all CGUs during the years ended 31 December 2024 and 2023.

18. INTANGIBLE ASSETS (continued)

The following table sets forth each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	2024	2023
For Guangzhou Concord CGU:		
Long-term growth rate	**n/a**	2.5%
Pre-tax discount rate	**n/a**	17.2%

	2024	2023
For SHMID CGU:		
Long-term growth rate	**2.5%**	2.5%
Pre-tax discount rate	**17.5%**	16.4%

	2024	2023
For Beijing Healthingkon CGU:		
Long-term growth rate	**2.5%**	2.5%
Pre-tax discount rate	**19.8%**	20.9%

	2024	2023
For Shanghai Outpatient Center CGU:		
Long-term growth rate	**2.5%**	2.5%
Pre-tax discount rate	**18.6%**	18.7%

18. INTANGIBLE ASSETS (continued)

The following table sets out the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of each CGU as at the dates indicated. The Group showed the headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) as at the end of each year or period by applying a 0.5% and 1.0% decrease in long-term growth rate and applying a 0.5% and 1.0% increase in pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the Group believes that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of each CGU.

	2024 **RMB'000**	2023 RMB'000
For Guangzhou Concord CGU:		
Long-term growth rate decrease		
0.5%	**n/a**	6,797
1%	**n/a**	5,944
Pre-tax discount rate increase		
0.5%	**n/a**	6,561
1%	**n/a**	5,484

	2024 **RMB'000**	2023 RMB'000
For SHMDI CGU:		
Long-term growth rate decrease		
0.5%	**114,665**	213,746
1%	**88,374**	202,741
Pre-tax discount rate increase		
0.5%	**127,497**	211,010
1%	**112,780**	197,281

18. INTANGIBLE ASSETS (continued)

	2024 RMB'000	2023 RMB'000
For Beijing Healthingkon CGU:		
Long-term growth rate decrease		
0.5%	104,777	67,304
1%	90,117	53,040
Pre-tax discount rate increase		
0.5%	86,769	48,388
1%	55,429	16,641

	2024 RMB'000	2023 RMB'000
For Shanghai Outpatient Center CGU:		
Long-term growth rate decrease		
0.5%	14,202	55,119
1%	5,536	45,326
Pre-tax discount rate increase		
0.5%	12,226	52,823
1%	1,585	40,739

18. INTANGIBLE ASSETS (continued)

As at 31 December 2023, the recoverable amounts of the Guangzhou Concord CGU calculated based on VIU exceeded carrying amount by approximately RMB7,717,000.

As at 31 December 2024, the recoverable amounts of the SHMDI CGU calculated based on VIU exceeded carrying amount by approximately RMB143,233,000 (2023: RMB225,632,000).

As at 31 December 2024, the recoverable amounts of the Beijing Healthingkon CGU calculated based on VIU exceeded carrying amount by approximately RMB120,382,000 (2023: RMB82,487,000).

As at 31 December 2024, the recoverable amounts of the Shanghai Outpatient CGU calculated based on VIU exceeded carrying amount by approximately RMB23,562,000 (2023: RMB65,695,000).

The headroom of each CGU that was subject to impairment assessment at the end of each reporting period is not less than 8.9% during the year ended 31 December 2024 (2023: 9.5%). In the opinion of the directors of the Company, any reasonably possible change in key parameters on which the recoverable amount is based would not cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2024 and 2023.

19. DEFERRED TAX

Details of the deferred tax assets and liabilities recognized and movements during the year is as follows:

Deferred tax assets

	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	48,145	48,145
Credited to profit or loss for the year (Note 11)	161	161
At 31 December 2023 and 1 January 2024	**48,306**	**48,306**
Disposed through disposal of subsidiaries (Note 35)	**(6,234)**	**(6,234)**
Charged to profit or loss for the year (Note 11)	**(14,841)**	**(14,841)**
At 31 December 2024	**27,231**	**27,231**

19. DEFERRED TAX (continued)

Deferred tax liabilities

	Amortization of patent RMB'000	Amortization of operating license RMB'000	Amortization of favourable lease RMB'000	Right of use asset RMB'000	Total RMB'000
At 1 January 2023	(17,847)	(51,127)	(3,667)	(28,542)	(101,183)
Credited to profit or loss for the year (Note 11)	991	3,168	392	1,552	6,103
At 31 December 2023 and 1 January 2024	**(16,856)**	**(47,959)**	**(3,275)**	**(26,990)**	**(95,080)**
Disposed through disposal of subsidiaries (Note 35)	**–**	**984**	**–**	**4,130**	**5,114**
Credited to profit or loss for the year (Note 11)	**991**	**3,137**	**392**	**11,355**	**15,875**
At 31 December 2024	**(15,865)**	**(43,838)**	**(2,883)**	**(11,505)**	**(74,091)**

As at 31 December 2024, the Group had unused tax losses of approximately RMB1,514,103,586 (2023: RMB1,431,394,000), available to offset against future profits.

The Group has not recognized deferred tax assets in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

For the purpose of presentation in the consolidation statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purpose:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**15,726**	21,316
Deferred tax liabilities	**(62,586)**	(68,090)
	(46,860)	(46,774)

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Medicine	**2,740**	4,036
Medical materials	**858**	689
Medical equipment	**29,410**	35,568
Medical software	**159**	6
Low-value consumables	**865**	623
	34,032	40,922
Less: inventory write-down	**(591)**	(575)
	33,441	40,347

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**97,985**	109,145
Less: allowance for impairment	**(46,505)**	(33,161)
	51,480	75,984

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

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**12,630**	25,660
3-6 months	**7,362**	18,723
6-12 months	**9,409**	18,907
1-2 years	**22,079**	12,694
Total	**51,480**	75,984

21. TRADE RECEIVABLES (continued)

The Group recognized expected credit losses based on the accounting policy stated in Note 4.12.

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

	2024 RMB'000	2023 RMB'000
At the beginning of year	33,161	24,254
Impairment loss recognized, net	13,418	8,907
Disposal of subsidiaries	(74)	–
At the end of the year	46,505	33,161

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

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Up to 1 year	1 to 2 year	Over 2 years	Total
At 31 December 2024				
Expected loss rate	12.9%	52.9%	100%	
Gross carrying amount (RMB'000)	33,760	46,890	17,335	97,985
Loss allowance provision (RMB'000)	4,359	24,811	17,335	46,505
At 31 December 2023				
Expected loss rate	16.7%	46.5%	100%	
Gross carrying amount (RMB'000)	75,949	23,709	9,487	109,145
Loss allowance provision (RMB'000)	12,659	11,015	9,487	33,161

Further details on the Group's credit policy are set out in Note 38(b).

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Non-current assets		
Deposits	1,607	6,842
Other receivables	1,090	1,379
	2,697	8,221
Less: allowance for impairment	(908)	(1,865)
	1,789	6,356
Prepayment for property, plant and equipment	20,486	–
	22,275	6,356
Current assets		
Deposits	5,273	8,656
Advance to employees	2,106	1,440
Other tax recoverable	46,255	41,512
Other receivables	8,454	5,858
Amount due from a former subsidiary	34,687	–
	96,775	57,466
Less: allowance for impairment	(7,946)	(3,041)
	88,829	54,425
Prepayments	50,164	117,265
	138,993	171,690

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

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

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

	2024 RMB'000	2023 RMB'000
At the beginning of year	**4,906**	6,938
Provision/(reversal) of impairment loss recognized, net	**9,734**	(2,032)
Disposal of subsidiaries	**(5,786)**	–
At the end of the year	**8,854**	4,906

The Group recognized expected credit losses based on the accounting policy stated in Note 4.12. Further details on the Group's credit policy are set out in Note 38(b).

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Cash on hand	**103**	297
Cash at bank	**204,441**	40,280
	204,544	40,577

Note: Cash on hand and at bank are denominated in RMB placed in the PRC. RMB is not freely convertible to other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorized to conduct foreign exchange business.

(b) Restricted cash

Cash that is restricted as to withdrawal for use and pledged as security is reported separately on the face of consolidated statement of financial position, and is not included in the cash and cash equivalents in the consolidated statement of cash flows.

	2024 RMB'000	2023 RMB'000
Cash deposited for bank and other borrowings	**46,211**	29,998

Note: The balance is restricted from withdrawal by the Group until the related bank borrowings are fully repaid.

24. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Financial products	**132,575**	–
	132,575	–

The financial assets measured at FVTPL represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments – US treasury bond. The expected yield rates ranged from 0.5% to 5.5% per annum as at 31 December 2024.

25. AMOUNTS DUE FROM/TO RELATED PARTIES

The balances mainly represent the amounts due from/to associates and other related parties which are unsecured, interest-free and repayable on demand except for an amount of RMB207,852,000 (2023: RMB72,571,000) which represent prepayment for purchase of property, plant and equipment and are classified under non-current assets.

The movement in loss allowance for impairment of amounts due from related parties are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**3,815**	32,357
Provision for/(reversal of) impairment loss recognized, net	**16,057**	(28,542)
At the end of the year	**19,872**	3,815

Further details on the Group's credit policy and credit risk analysis arising from amounts due from related parties are set out in Note 38(b).

26. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**112,146**	127,069
	112,146	127,069

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

	2024 RMB'000	2023 RMB'000
Within 1 year	**40,223**	101,678
More than 1 year but within 2 years	**59,290**	24,401
More than 2 years but within 3 years	**11,719**	922
More than 3 years	**914**	68
	112,146	127,069

27. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Accruals and other payables (note)	**179,352**	154,238
Payables for property, plant and equipment	**294,613**	214,683
Salaries payables	**77,460**	95,674
Other tax payable	**7,491**	6,402
	558,916	470,997

Note: Included in accruals and other payables as at 31 December 2023 there were amounts due to non-controlling shareholders of a subsidiary of RMB25,886,000. These amounts were extinguished by way of capital contribution to this subsidiary.

28. LEASE

The Group as a lessee

The Group leases properties and a land use right to operate its business. Leased properties such as offices and medical institutions are typically made for fixed terms of 2 to 18 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased properties may not be used as security for borrowing purpose. The Group's lease agreements include fixed payments and do not contain material residual value guarantees. The Group's leases do not contain restrictions or covenants that restrict the Group from incurring other financial obligation. The leases do not contain any variable lease payments.

The Group's land use rights are located in Guangzhou and Shanghai, PRC, with lease periods of 50 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	Leased properties RMB'000	Land use rights RMB'000	Total RMB'000
At 1 January 2023	137,194	395,972	533,166
Additions	14,819	–	14,819
Depreciation charge	(19,734)	(9,359)	(29,093)
Termination of lease	(859)	–	(859)
At 31 December 2023 and 1 January 2024	**131,420**	**386,613**	**518,033**
Additions	**446**	**–**	**446**
Depreciation charge	**(13,740)**	**(9,359)**	**(23,099)**
Termination of lease	**(1,551)**	**–**	**(1,551)**
Effect of lease modification	**(35,468)**	**–**	**(35,468)**
Disposed through disposal of subsidiaries (Note 35)	**(20,829)**	**–**	**(20,829)**
At 31 December 2024	**60,278**	**377,254**	**437,532**

28. LEASE (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the years ended 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at the beginning of year	205,625	202,307
Addition of new leases	446	14,819
Termination of lease	(1,622)	(1,003)
Accretion of interest recognized during the year (Note 9)	10,531	14,489
Lease payments	(23,673)	(24,987)
Effect of lease modification	(47,141)	–
Disposed through disposal of subsidiaries (Note 35)	(32,066)	–
Carrying amount at the end of year	112,100	205,625

Future lease payments are due as follows:

	2024 RMB'000	2023 RMB'000
Future lease payments due		
Not later than one year	21,405	35,824
Later than one year and not later than two years	15,272	29,372
Later than two years and not later than five years	128,235	24,501
Later than five years	–	216,448
	164,912	306,145
Less: future finance charges	(52,812)	(100,520)
	112,100	205,625
Present value of lease liabilities	112,100	205,625
– Current	10,388	21,317
– Non-current	101,712	184,308

28. LEASE (continued)

The Group as a lessee (continued)

(c) The amounts recognized in profit or loss in the relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest charge on lease liabilities	**10,531**	14,489
Depreciation charge of right-of-use assets	**23,099**	29,093
Short-term leases expense	**3,851**	5,865
Total amount recognized in profit or loss	**37,481**	49,447

The Group as a lessor

The Group leases its medical equipment in the PRC under non-cancellable operating lease arrangements with fixed and variable considerations.

Minimum lease payments receivables on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within the first year	**3,263**	2,765
In the second year	**2,300**	2,765
In the third year	**–**	2,051
	5,563	7,581

29. CONVERTIBLE BOND

In December, 2021, Beijing Healthingkon, a subsidiary of the Company issued a 4.75% convertible bond with a principal amount of RMB20 million to an independent third party (the "Subscriber"). The convertible bond is denominated in RMB and is unsecured. The convertible bond will mature in five years from the issue date (i.e. December 2026). Unless previously redeemed (subject to the Subscriber's approval) or converted, Beijing Healthingkon will redeem all the convertible bond at its principal amount together with any accrued but unpaid interest. Bond interest shall be paid upon maturity or upon early redemption. The Subscriber has the right to convert the convertible bond in whole or in part of the outstanding principal amount of the convertible bond into ordinary shares of Beijing Healthingkon at a conversion price based on i) 100% equity valuation of Beijing Healthingkon at the date of issuance should the Subscriber exercise its right to convert during the period from the issuance date to the end of its third anniversary of the issuance; or ii) 80% equity valuation of Beijing Healthingkon at the date of conversion should the Subscriber exercise its right to convert during the period from the beginning of its fourth anniversary of issuance date to its maturity.

29. CONVERTIBLE BOND (continued)

The fair value of the embedded derivative liability representing the conversion option is determined first and the residual amount is assigned to the debt host liability. The fair value of the conversion right was calculated using binomial model. The debt liability component is subsequently carried at amortized cost using the effective interest method, and embedded derivative liability is subsequently measured at fair value through profit or loss.

The convertible bond recognized in the consolidated statement of financial position is calculated as follows:

	Liability component RMB'000	Embedded derivatives RMB'000	Total RMB'000
At 1 January 2023	16,706	3,610	20,316
Interest expense (Note 9)	950	–	950
Change in fair value of embedded derivatives (Note 8)	–	(2,033)	(2,033)
At 31 December 2023 and 1 January 2024	17,656	1,577	19,233
Interest expense (Note 9)	**966**	**–**	**966**
Change in fair value of embedded derivatives (Note 8)	**–**	**(599)**	**(599)**
At 31 December 2024	**18,622**	**978**	**19,600**

The Company has engaged an independent valuer to determine the fair value of the embedded derivatives. The discounted cash flow method was used to determine the total equity value of the Company and the binomial model was adopted to determine the fair value of the embedded derivatives.

Key valuation assumptions used to determine the fair value of the embedded derivatives are as follows:

	2024	2023
Risk-free interest rate	**1.13%**	2.28%
Volatility	**48.27%**	49.02%
Stock price (RMB)	**13.6**	12.6

30. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Short-term borrowing		
Secured bank loan	128,976	106,699
Unsecured bank borrowings	60,856	5,000
Current portion of long term borrowing		
Secured bank loan	122,520	164,522
Secured other borrowings from related parties	4,563	169,324
Secured other borrowings	45,879	15,982
Unsecured other borrowings from related parties	9,835	–
Non-current portion of long term borrowing		
Secured bank loan	2,056,880	1,746,078
Secured other borrowings from related parties	19,283	154,221
Secured other borrowings	554,061	9,997
Unsecured other borrowings from related parties	75,366	–
	3,078,219	2,371,823

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

	2024 RMB'000	2023 RMB'000
On demand or within 1 year	372,629	461,527
Current portion	372,629	461,527
After 1 year but within 2 years	195,653	390,230
After 2 years but within 5 years	1,137,304	1,424,547
Over 5 years	1,372,633	95,519
Non-current portion	2,705,590	1,910,296
Total	3,078,219	2,317,823

30. BANK AND OTHER BORROWINGS (continued)

Notes:

(i) As at 31 December 2024, the total banking facilities and financial institution facility of the Group was RMB4,404 million (2023: RMB4,063 million). They were utilized to the extent of RMB2,773 million (2023: RMB: 2,117 million) respectively.

(ii) The bank borrowings bear interest at fixed or floating interest rates. Their effective interest rates as at the 31 December 2024 ranged from 2.2% to 7.3% (excluding one short-term loan where the interest rate is 0.05% per day) (2023: from 3.8% to 6.5%) per annum. Floating interest rate is adopted with People's Bank of China's benchmark interest rate, or Loan Prime Rate.

(iii) Other borrowings from related parties as at 31 December 2024 included RMB79.0 million (2023: RMB89.1 million) from Zhejiang Marine Leasing Co. Ltd. ("Zhejiang Marine"). Zhejiang Marine is an associate of the Group's ultimate controlling shareholder, Concord Medical Services Holdings Limited.

The effective rates ranged from 5.6% to 6.3% as at the 31 December 2024 (2023: from 6.7% to 10.1%). The borrowings are secured by certain Group's property, plant and equipment.

(iv) Other borrowings from related parties as at 31 December 2024 included RMB Nil (2023: RMB281.3 million) from Medstar (Guangzhou) Medical Technology Services Ltd. ("Guangzhou Medstar"). Guangzhou Medstar has a common controlling shareholder with the Group, Shanghai Medstar.

As at 31 December 2023, the effective rates ranged from 6.9% to 11.98%. The borrowing is secured by certain Group's property, plant and equipment.

(v) Other borrowings from related parties as at 31 December 2024 included RMB30.0 million (2023: RMB Nil) from Shijiazhuang Hi-tech Cancer Center Co., Ltd ("Shijiazhuang Hi-tech"). Shijiazhuang Hi-tech is a subsidiary of the Group's joint venture, Hebei CSPC.

As at 31 December 2024, the interest rate is fixed at 3.45% per annum.

(vi) The secured bank and other borrowings are secured by the following assets of the Group, whose carrying amounts are as follows:

	2024 **RMB'000**	2023 RMB'000
Property, plant and equipment	**2,195,646**	2,171,150
Right-of-use assets	**377,254**	386,613
Restricted cash	**46,211**	29,998
Trade receivables	**33,162**	9,071
	2,652,273	2,596,832

30. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(vii) As at 31 December 2024, bank borrowings totalling RMB1,479.9 million (2023: RMB1,051.9 million) are secured mostly by the issued share capital of the Group's subsidiaries, 100% of SHCC and 100% of Shanghai Meizhong Jiahe Medical Image Diagnosis Limited, guaranteed by the Company, Shanghai Administration Center of Policy Financing guarantee Funds for SMEs, and a medical imaging equipment owned by the Group.

(viii) As at 31 December 2024, bank borrowings totalling RMB1,072.2 million (2023: RMB858.7 million) are secured mostly by the revenue of the Group's subsidiaries, Shanghai Meizhong Jiahe Medical Image Diagnosis Limited and Shanghai Outpatient Center.

(ix) As at 31 December 2024, bank and other borrowings totalling RMB220.0 million (2023: RMB41.3 million) are guaranteed by Dr. Yang Jianyu, a controlling shareholder and the chairman of the Board of Director of the Company.

31. SHARE CAPITAL

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

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

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

32. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended 31 December 2024 and 2023, the Group entered into the following transactions with related parties:

(a) Name and relationship

Name of related parties	Relationship with the Group
Concord Medical	Intermediate holding company of the Group
Beijing Concord	Immediate holding company
Shanghai Medstar	Immediate holding company of the Group
Guangzhou Medstar	A company controlled by Shanghai Medstar
Beijing Century Friendship	A company controlled by Concord Medical
Zhejiang Marine	An associate of Concord Medical
Guangdong Proton International Hospital Management Co., Ltd. ("Guangdong Proton")	A subsidiary of an associate
Shanghai Changshengshu Enterprise Management Co., Ltd.	An associate
Guangzhou Yicheng Biological Immunity Technology Co., Ltd.	An associate
Shanghai Epu Supply Chain Technology Co., Ltd	Minority shareholder of the Company and subsidiaries
Shijiazhuang Hi-tech Cancer Center Co., Ltd.	A subsidiary of a joint venture

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Related parties transactions

	Notes	2024 RMB'000	2023 RMB'000
Shanghai Medstar			
– Purchase of property, plant and equipment		**129,196**	148,859
Guangdong Proton			
– Interest income on borrowing		**–**	(5,873)
Shanghai Changshengshu Enterprise Management Co., Ltd.			
– Medical service income		**(1,013)**	–
Guangzhou Medstar			
– Interest expense on borrowing		**7,338**	30,877
Zhejiang Marine			
– Interest expense on borrowing and financing guaranteed expense		**6,615**	7,878
Shijiazhuang Hi-tech Cancer Center Co., Ltd.			
– Interest expense on borrowing		**322**	–

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Related parties balances

(i) Amounts due from related parties (Note 25)

	2024 RMB'000	2023 RMB'000
Shanghai Medstar		
– Trade	**208,912**	73,680
Shanghai Changshengshu Healthcheck Center Co., Ltd		
– Non-trade	**990**	–
Shanghai Changshengshu Health Management Co., Ltd		
– Non-Trade	**46**	–
Shanghai Epu Supply Chain Technology Co., Ltd		
– Non-Trade	**104,280**	–
Guangzhou Medstar		
– Non-Trade	**–**	96

The trade and non-trade balance of amounts due from related parties:

	2024 RMB'000	2023 RMB'000
Trade	**208,912**	73,680
Non-trade	**105,316**	96

The maximum balance outstanding of amounts due from related parties:

	2024 RMB'000	2023 RMB'000
Shanghai Medstar	**208,913**	274,872
Shanghai Changshengshu Healthcheck Center Co., Ltd	**1,137**	–
Shanghai Changshengshu Health Management Co., Ltd	**53**	–
Shanghai Epu Supply Chain Technology Co., Ltd	**124,000**	–
Guangzhou Medstar	**–**	96

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Related parties balances (continued)

(ii) Amounts due to related parties (Note 25)

	2024 RMB'000	2023 RMB'000
Shanghai Medstar		
– Trade	**(5,126)**	(14,944)
– Non-trade	**(1,814)**	(30,723)
Shanghai Changshengshu Enterprise Management Co., Ltd.		
– Non-trade	**(2,000)**	–
Guangzhou Yicheng Biological Immunity Technology Co., Ltd.		
– Non-trade	**(300)**	(300)
Wuxi Concord Medical Development Co., Ltd		
– Trade	**(4,224)**	–

The trade and non-trade balance of amounts due to related parties:

	2024 RMB'000	2023 RMB'000
Trade	**(9,350)**	(14,944)
Non-trade	**(4,114)**	(31,023)

(iii) Other loans from related parties (Note 30)

	2024 RMB'000	2023 RMB'000
Guangzhou Medstar		
– Non-trade	**–**	(245,557)
Zhejiang Marine		
– Non-trade	**(79,047)**	(77,988)
Shijiazhuang Hi-tech Cancer Center Co., Ltd.		
– Non-trade	**(30,000)**	–

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Related parties balances (continued)

(iii) Other loans from related parties (Note 30) (continued)

Note:

a) The English names of all related parties established in the PRC are translated for identification purpose only.

b) The outstanding balances of non-trade nature are interest free, unsecured and repayable on demand. There is no guarantee being given or received regarding the above mentioned related party transactions.

c) The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in Notes 14(a) and 14(b) respectively.

d) Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2024 and 2023 or at the end of each financial year.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amounts due to related parties RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Convertible bond RMB'000	Total RMB'000
As at 1 January 2023	224,728	2,391,532	202,307	20,316	2,838,883
Changes from financing cash flows:					
Proceeds from bank and other borrowings	–	185,320	–	–	185,320
Payments of lease liabilities	–	–	(14,620)	–	(14,620)
Repayment of bank and other borrowings	–	(205,029)	–	–	(205,029)
Repayment to related parties	(193,705)	–	–	–	(193,705)
Interest paid	–	(150,834)	(10,367)	–	(161,201)
Total changes from financing cash flows	(193,705)	(170,543)	(24,987)	–	(389,235)
Non-cash changes:					
Interest expense	–	92,567	14,489	950	108,006
Interest expense capitalized	–	58,267	–	–	58,267
Recognition of lease liabilities	–	–	14,819	–	14,819
Termination of lease	–	–	(1,003)	–	(1,003)
Change in fair value	–	–	–	(2,033)	(2,033)
Total non-cash changes	–	150,834	28,305	(1,083)	178,056
As at 31 December 2023 and 1 January 2024	31,023	2,371,823	205,625	19,233	2,647,704

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Amounts due to related parties RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Convertible bond RMB'000	Total RMB'000
Changes from financing cash flows:					
Proceeds from bank and other borrowings	–	2,230,221	–	–	2,230,221
Payments of lease liabilities	–	–	(13,142)	–	(13,142)
Repayment of bank and other borrowings	–	(1,515,623)	–	–	(1,515,623)
Repayment to related parties	(26,909)	–	–	–	(26,909)
Interest paid	–	(151,816)	(10,531)	–	(162,347)
Total changes from financing cash flows	(26,909)	562,782	(23,673)	–	512,200
Non-cash changes:					
Disposed through disposal of subsidiaries (Note 35)	–	(7,487)	(32,066)	–	(39,553)
Interest expense	–	97,770	10,531	966	109,267
Interest expense capitalized	–	53,331	–	–	53,331
Recognition of lease liabilities	–	–	446	–	446
Termination of lease	–	–	(1,622)	–	(1,622)
Effect of lease modification	–	–	(47,141)	–	(47,141)
Change in fair value	–	–	–	(599)	(599)
Total non-cash changes	–	143,614	(69,852)	367	74,129
As at 31 December 2024	4,114	3,078,219	112,100	19,600	3,214,033

34. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure of the Group authorized and contracted for at the end of the financial year but not recognized as liabilities:		
– Acquisition of property, plant and equipment	16,682	19,036
– Capital injection in an associate	260,099	260,099

35. DISPOSAL OF SUBSIDIARIES

(a) Shenzhen Concord Medical Investment Limited ("Shenzhen Concord")

In June 2024, the Company entered into a sale and purchase agreement with an independent third party to transfer 100% interest of Shenzhen Concord, a wholly owned subsidiary of the Group with a consideration of RMB10,000,000. Upon completion of the transaction, Shenzhen Concord ceased to be a subsidiary of the Group.

Gain on disposal of a subsidiary was determined as follows:

	RMB'000
Property, plant and equipment (Note 17)	19,182
Deferred tax assets (Note 19)	6,234
Right of use assets (Note 28)	16,521
Intangible assets (Note 18)	284
Inventories	219
Trade receivables	169
Deposits, prepayment, and other receivables	16,044
Cash and cash equivalents	632
Trade payables	(3,119)
Accruals and other payables	(24,031)
Deferred tax liabilities (Note 19)	(4,130)
Contract liabilities (Note 7(c))	(5)
Lease liabilities (Note 28)	(26,435)
Net assets disposed of:	1,565
Consideration satisfied by:	
Cash consideration	10,000
Amount due from Shenzhen Concord	28,454
	38,454
Gain on disposal of a subsidiary (Note 8)	36,889

Net cash inflow on disposal of a subsidiary:

	RMB'000
Cash consideration received	10,000
Less: cash and cash equivalents disposed of	(632)
	9,368

35. DISPOSAL OF SUBSIDIARIES (continued)

(b) Guangzhou Concord Hospital Management Co. Ltd. ("Guangzhou Concord")

In April 2024, the Company entered into an agreement to transfer 50% interest of Guangzhou Concord, a non-wholly owned subsidiary of the Group which was originally 70% held by the Company, to an independent third party at a consideration of RMB1,945,000. Upon the completion of the transaction, the Group lost control over Guangzhou Concord and the Group's interest in Guangzhou Concord was reduced from 70% to 20%, for which the Group retained significant influence over Guangzhou Concord. Accordingly, the interest in Guangzhou Concord was accounted for as an associate of the Group thereafter.

Gain on disposal of a subsidiary was determined as follows:

	RMB'000
Property, plant and equipment (Note 17)	7,533
Right of use assets (Note 28)	4,308
Intangible assets (Note 18)	7,087
Inventories	189
Trade receivables	1
Deposits, prepayment, and other receivables	696
Cash and cash equivalents	1,469
Trade payables	(4,252)
Accruals and other payables	(5,711)
Contract liabilities (Note 7(c))	(2)
Borrowings (Note 33)	(7,487)
Deferred tax liabilities (Note 19)	(984)
Lease liabilities (Note 28)	(5,631)
Net liabilities disposed of:	(2,784)
Release of: – capital reserve	463
– non-controlling interest	1,360
	(961)
Consideration satisfied by:	
Cash consideration	1,945
Fair value of 20% retained interest	778
	2,723
Gain on partial disposal of a subsidiary (Note 8)	3,684

35. DISPOSAL OF SUBSIDIARIES (continued)

(b) Guangzhou Concord Hospital Management Co. Ltd. ("Guangzhou Concord") (continued)

Net cash inflow on disposal of a subsidiary:

	RMB'000
Cash consideration received	1,945
Less: cash and cash equivalents disposed of	(1,469)
	476

(c) Chengdu Wenjiang Hexinkang Internet Hospital Co., LTD ("Wenjiang Hexinkang")

In July 2024, the Company entered into an agreement to transfer 100% interest of Wenjiang Hexinkang to an independent third party at a consideration of RMB500,000. Upon completion of the transaction, Wenjiang Hexinkang ceased to be a subsidiary of the Group.

	RMB'000
Deposits, prepayment, and other receivables	-*
Cash and cash equivalents	-*
Net asset disposed were:	-*
Consideration satisfied by:	
Cash consideration	500
Gain on disposal of a subsidiary (Note 8)	500

Net cash inflow on disposal of a subsidiary:

	RMB'000
Cash consideration received	500
Less: cash and cash equivalents disposed of	-*
	500

* represent balance less than RMB1,000.

36. NON-CONTROLLING INTEREST

Details of particular of material non-controlling interest are as follows:

Name of subsidiary	Ownership interest held by non-controlling interests 2024	2023
SHMDI	**50.38%**	54.3%

Summarized financial information in relation to the NCI of SHMDI, before intra-group eliminations, is presented below:

	2024 RMB'000	2023 RMB'000
Revenue	**66,024**	66,016
Post-tax loss	**(29,471)**	(34,501)
Total comprehensive income	**(29,471)**	(34,501)
Loss allocated to NCI	**(14,625)**	(21,706)
Cash flows from operating activities	**186**	13,028
Cash flows from investing activities	**(352)**	(4,237)
Cash flows from financing activities	**(25)**	(11,882)
Net cash outflows	**(191)**	(3,091)

	2024 RMB'000	2023 RMB'000
Current assets	**13,771**	10,486
Non-current assets	**241,489**	308,643
Current liabilities	**(83,685)**	(82,769)
Non-current liabilities	**(190,021)**	(246,166)
Net liabilities	**(18,446)**	(9,806)
Accumulated non-controlling interests	**(59,482)**	(48,889)

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance, as well as to meet the requirements of the financial covenants.

The directors of the Company review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

	2024 RMB'000	2023 RMB'000
Current liabilities		
Trade payables	112,146	127,069
Accruals and other payables	558,916	470,997
Income tax payable	2,295	2,466
Contract liabilities	46,426	55,941
Amounts due to related parties	13,464	45,967
Lease liabilities	10,388	21,317
Bank and other borrowings	372,629	461,527
Convertible bond	19,600	19,233
	1,135,864	1,204,517
Non-current liabilities		
Lease liabilities	101,712	184,308
Bank and other borrowings	2,705,590	1,910,296
Deferred tax liabilities	62,586	68,090
	2,869,888	2,162,694
Total debt	4,005,752	3,367,211
Less: Cash and cash equivalents	(204,544)	(40,577)
Net debt	3,801,208	3,326,634
Total equity	1,900,810	1,869,185
Capital and net debt	5,702,018	5,195,819

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table shows the carrying amount of financial assets and liabilities:

	2024 RMB'000	2023 RMB'000
Financial assets at amortized cost:		
Trade receivables	51,480	75,984
Deposits and other receivables	44,363	19,269
Amounts due from related parties	105,316	1,205
Restricted cash	46,211	29,998
Cash and cash equivalents	204,544	40,577
	451,914	167,033
Financial assets at fair value through profit or loss		
Financial products	132,575	–
	584,489	167,033
Financial liabilities at amortized cost:		
Trade payables	112,146	127,069
Accruals and other payables	473,965	368,921
Amounts due to related parties	13,464	45,967
Lease liabilities	112,100	205,625
Bank and other borrowings	3,078,219	2,371,823
Convertible bond – liability component	18,622	17,656
	3,808,516	3,137,061
Financial liabilities at fair value through profit or loss		
Convertible bond – embedded derivatives component	978	1,577
	3,809,494	3,138,638

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, amounts due from/(to) related parties, restricted cash, cash and cash equivalents, trade payables, accruals and other payables, and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Interest rate risk

The Group has no significant interest – bearing assets other than bank deposits and financial products. Bank balances and financial products at floating rates expose the Group to cash flow interest rate risk. Management monitors the interest rate risk and performs sensitivity analysis on a regular basis.

The Group's interest-rate risk mainly arises from bank and other borrowings as disclosed in Note 30. Certain bank and other borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group also has cash flow interest-rate risk arised from borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's lease liabilities, bank and other borrowings and convertible bond are disclosed in Notes 28, 30 and 29 to the financial statements respectively.

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after taxation and would have decreased/increased total equity by approximately RMB24,225 (2023: RMB19,650,000), in response to the general increase/decrease in interest rates.

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of reporting date.

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, amounts due from related parties, and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash deposits are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

The Group's trade receivable are mainly from providing medical service to patients as well as providing services to the radiotherapy centers and trustee hospitals. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, with one customer whose transactions have exceeded 10% of the Group's revenue. However, the Group has concentrated debtor's portfolio, as majority patients will claim their medical bill from public medical insurance program. The reimbursement from these organizations may take one to twelve months. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective organizations' policy, provided fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also has controls to closely monitor the patients' billings and claim status to minimise the credit risk.

For other receivables and amount due from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties as the Group closely monitors their repayment.

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on the other financial instruments of the borrower
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024 and 2023.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	97,985	97,985
Deposits and other receivables**	52,521	–	696	–	53,217
Amounts due from related parties**	125,188	–	–	–	125,188
Restricted cash	46,211	–	–	–	46,211
Cash and cash equivalents	204,544	–	–	–	204,544
	428,464	–	696	97,985	527,145

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	109,145	109,145
Deposits and other receivables**	22,920	432	823	–	24,175
Amounts due from related parties**	5,020	–	–	–	5,020
Restricted cash	29,998	–	–	–	29,998
Cash and cash equivalents	40,577	–	–	–	40,577
	98,515	432	823	109,145	208,915

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 21 to the financial statements.

** Deposits and other receivables and amounts due from related parties is considered to be "stage 1" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Therefore, a loss allowance at an amount equal to 12-month ECL is recognized for these financial assets. Otherwise, the financial assets is considered to be "stage 2" or "stage 3" and lifetime ECL is recognized.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 21 to the consolidated financial statements.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region.

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

Movement in the loss allowance account in respect of other receivables and amounts due from related parties during the year is as follows:

Loss allowances

	Stage 1 12 months ECLs RMB'000	Stage 2 Lifetime ECL, non-credit impaired RMB'000	Stage 3 Lifetime ECL, credit-impaired RMB'000	Total RMB'000
Balance as at 1 January 2023	38,301	329	665	39,295
Transfer from stage 1 to stage 2	(79)	79	–	–
Transfer from stage 2 to stage 3	–	(18)	18	–
Derecognition or repaid	(34,739)	(320)	(34)	(35,093)
New financial assets	3,644	9	174	3,827
Changes in PDs/LGDs	709	(17)	–	692
Balance as at 31 December 2023 and 1 January 2024	7,836	62	823	8,721
Transfer from stage 1 to stage 2	**(696)**	**696**	**–**	**–**
Transfer from stage 2 to stage 3	**–**	**(696)**	**696**	**–**
Derecognition or repaid	**(5,045)**	**(62)**	**(823)**	**(5,930)**
New financial assets	**31,721**	**–**	**–**	**31,721**
Disposal of subsidiaries	**(5,786)**	**–**	**–**	**(5,786)**
Balance as at 31 December 2024	**28,030**	**–**	**696**	**28,726**

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements, as well as compliance with financial covenants. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000
As at 31 December 2024						
Trade and other payables	586,111	586,111	–	–	–	586,111
Amounts due to related parties	13,464	13,464	–	–	–	13,464
Lease liabilities	112,100	21,405	15,272	128,235	–	164,912
Convertible bond	19,600	–	–	24,750	–	24,750
Bank and other borrowings	3,078,219	391,196	277,578	1,626,363	837,557	3,132,694
	3,894,445	1,012,176	292,850	1,779,348	837,557	3,921,931

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Carrying amount RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000
As at 31 December 2023						
Trade and other payables	495,990	495,990	–	–	–	495,990
Amounts due to related parties	45,967	45,967	–	–	–	45,967
Lease liabilities	205,625	35,824	29,372	24,501	216,448	306,145
Convertible bond	19,233	–	–	24,750	–	24,750
Bank and other borrowings	2,371,823	474,356	436,971	1,429,263	96,000	2,436,590
	3,240,714	1,154,213	466,343	1,478,514	312,448	3,411,518

(iv) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(v) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, deposits and other receivables, amounts from related parties, trade payables, accruals and other payables, amounts due to related parties, convertible bond – liability component, and bank and other borrowings.

Due to their short term nature, the fair values of cash and cash equivalents, trade receivables, deposits and other receivables, amounts from/to related parties, trade payables, accruals and other payables, amounts due to related parties, convertible bond liability component, and bank and other borrowings approximate their carrying amounts.

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(vi) Financial instruments measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	At December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at FVTPL				
Financial products	**–**	**132,575**	**–**	**132,575**
Financial liabilities at FVTPL				
Convertible bonds – Embedded derivatives component	**–**	**–**	**978**	**978**

	At December 31, 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Convertible bonds – Embedded derivatives component	–	–	1,577	1,577

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(vi) Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Financial products were measured at fair value using net asset value, as reported by the administrator. For these financial products, management believes that they could be redeemed at the net asset value per share at the reporting date.

Financial assets	31 December 2024 RMB'000	31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial products	132,575	–	Level 2	Net asset value	n/a	n/a	n/a

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

Financial liabilities	31 December 2024 RMB'000	31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Derivative financial liabilities classified as FVTPL – convertible bonds	978	1,577	Level 3	Binominal pricing model	Risk-free interest rate	1.13% (2023: 2.28%)	The higher the interest rate, the lower the fair value
					Volatility	48.27% (2023: 49.02%)	The higher the volatility, the higher the fair value
					Stock Price	13.6 (2023: 12.4)	The higher the stock price, the higher the fair value

There was no change in valuation techniques for the years.

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(vi) Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

The sensitivity analysis on changes in fair value of the embedded derivative component of convertible bond is as follows:

A 0.5% increase/decrease in risk-free interest rate while all other variables keep constant, would decrease/increase the carrying amount as at 31 December 2024 by RMB147,000/RMB150,000 (2023: RMB252,000/RMB257,000).

A 5% increase/decrease in volatility while all other variables keep constant, would increase/decrease the carrying amount as at 31 December 2024 by RMB306,000/RMB308,000 (2023: RMB356,000/RMB335,000).

A 5% increase/decrease in stock price while all other variables keep constant, would increase/decrease the carrying amount as at 31 December 2024 by RMB412,000/RMB412,000 (2023: RMB453,000/RMB378,000).

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

	2024 **RMB'000**	2023 RMB'000
At January 1	**1,577**	3,610
Change in fair value recognised in profit or loss	**(599)**	(2,033)
At December 31	**978**	1,577

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		**2,017,395**	1,958,535
Property, plant and equipment		**208,672**	150,391
Right-of-use assets		**1,465**	5,841
Intangible assets		**7,843**	8,370
Deposits, prepayments and other receivables		**17,772**	170
Amounts due from related parties		**181,269**	105,576
Deferred tax assets		**–**	18
		2,434,416	2,228,901
Current assets			
Trade receivables		**4,339**	5,441
Deposits, prepayments and other receivables		**43,087**	41,117
Amounts due from subsidiaries		**1,528,946**	1,177,083
Amount due from related parties		**72,448**	–
Restricted cash		**10,020**	20,000
Financial assets measured at fair value through profit or loss ("FVTPL")		**132,575**	–
Cash and cash equivalents		**35,565**	13,432
		1,826,980	1,257,073
Current liabilities			
Trade payables		**(402)**	(206)
Accruals and other payables		**(157,740)**	(112,911)
Income tax payable		**(1,670)**	–
Amounts due to related parties		**(337)**	(79,054)
Lease liabilities		**(1,113)**	(3,477)
Bank and other borrowings		**(115,226)**	(63,293)
		(276,488)	(258,941)
Net current assets		**1,550,492**	998,132
Total assets less current liabilities		**3,984,908**	3,227,033

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION (continued)

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities		**(848)**	(3,271)
Bank and other borrowings		**(573,325)**	–
Deferred tax liabilities		**(2,160)**	–
		(576,333)	(3,271)
Net assets		**3,408,575**	3,223,762
EQUITY			
Share capital	31	**716,338**	676,918
Reserves	(i)	**2,692,237**	2,546,844
Total equity		**3,408,575**	3,223,762

Approved and authorised for issue by the Board of Directors on 27 March 2025

YANG Jianyu

FU Xiao

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION (continued)

Note:

(i) Movement in reserves are as follows:

	Capital reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	3,552,736	(1,257,335)	2,295,401
Loss and total comprehensive income for the year	–	(20,362)	(20,362)
Issuance of shares	271,805	–	271,805
At 31 December 2023 and 1 January 2024	3,824,541	(1,277,697)	2,546,844
Loss and total comprehensive income for the year	**–**	**(303,921)**	**(303,921)**
Issuance of shares upon listing	**478,466**	**–**	**478,466**
Expense attributed to issue of new shares upon listing	**(29,152)**	**–**	**(29,152)**
At 31 December 2024	**4,273,855**	**(1,581,618)**	**2,692,237**

40. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Date and place of incorporation/establishment	Attributable equity interest of the Group 2024	Attributable equity interest of the Group 2023	Issued and fully paid share capital	Principal activities
Shenzhen Aohua Medical Technology Development Co., Ltd. ("Shenzhen Aohua")	Incorporated on 21 February 2008 in the PRC	**100%**	100%	RMB250,051,480	Leasing of medical equipment and provision of management services
Ningbo Jiahe Hospital Management Ltd.	Incorporated on 5 November 2020 in the PRC	**100%**	100%	RMB50,000,000	Provision of management services
Yinchuan Meizhong Jiahe Internet Hospital Ltd.	Incorporated on 18 November 2020 in the PRC	**100%**	100%	RMB10,000,000	Medical treatment and service
Guangzhou Meizhong Jiahe Technology Service Co., Ltd.	Incorporated on 11 May 2021 in the PRC	**100%**	100%	RMB10,000,000	Inactive
Guangzhou Concord Medical Sci-Tech Innovation Center Co., Ltd.	Incorporated on 22 April 2021 in the PRC	**100%**	100%	RMB50,000,000	Inactive
Shenzhen Concord (Note f)	Incorporated on 10 January 2014 in the PRC	**0%**	100%	RMB30,000,000	Medical treatment and service
Datong Meizhong Jiahe Cancer Center Co., Ltd. (Note f)	Incorporated on 23 October 2014 in the PRC	**0%**	100%	RMB30,000,000	Medical treatment and service
Guangzhou Concord Cancer Center Co., Ltd. ("Guangzhou Concord Cancer Hospital")	Incorporated on 29 June 2011 in the PRC	**80%**	80.0%	RMB300,000,000	Medical treatment and service
Guangzhou Concord (Note f)	Incorporated on 12 July 2016 in the PRC	**0%**	70.0%	RMB35,000,000	Investment holding
Guangzhou Concord Medical Center Co., Ltd. (Note f)	Incorporated on 18 July 2016 in the PRC	**0%**	70.0%	RMB35,000,000	Medical treatment and service
Beijing Yundu Internet Technology Co., Ltd.	Incorporated on 27 July 2007 in the PRC	**100%**	100%	RMB10,000,000	Provision of management services
Shanghai Concord Medical Cancer Center Co., Ltd. ("Shanghai Outpatient Center")	Incorporated on 2 November 2006 in the PRC	**86.4%**	86.4%	RMB88,505,000	Medical treatment and service
Shanghai Concord Medical Cancer Hospital Limited ("SHCC")	Incorporated on 17 March 2014 in the PRC	**99.5%**	99.5%	RMB1,000,000,000	Medical treatment and service
Shanghai Meizhong Jaihe General Practice Center Co., Ltd. (Note d)	Incorporated on 2 November 2020 in the PRC	**27.0%**	100%	RMB1,000,000	Medical treatment and service
Shanghai Taizhi Medical Technology Service Co., Ltd.	Incorporated on 15 November 2021 in the PRC	**100%**	100%	RMB100,000,000	Medical equipment trading and technical service
Shanghai Concord Medical Diagnosis Imaging Limited ("SHMDI") (note g)	Incorporated on 15 January 2018 in the PRC	**49.6%**	45.7%	RMB173,247,000	Provision of medical treatment and service business
Beijing Healthingkon Technology Co., Ltd. ("Beijing Healthingkon") (Note d)	Incorporated on 25 August 2018 in the PRC	**27.0%**	26.3%	RMB45,899,000	Provision of medical treatment and service business

40. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Date and place of incorporation/establishment	Attributable equity interest of the Group		Issued and fully paid share capital	Principal activities
		2024	2023		
Beijing Healthingkon Data Technology Co., Ltd. ("Healthingkon Data") (Note e)	Incorporated on 25 May 2018 in the PRC	**27.0%**	26.3%	RMB1,000,000	Technology promotion and application service
Chengdu Wenjiang Healthingkon Internet Hospital Co., Ltd. ("Wenjiang Chengdu") (Note e, f)	Incorporated on 1 September 2021 in the PRC	**0%**	26.3%	RMB10,000,000	Provision of medical treatment and service business
Shanghai Hexinkang Technology Service Co., Ltd. ("Shanghai Healthingkon") (Note e)	Incorporated on 19 September 2023 in the PRC	**27.0%**	26.3%	RMB1,000,000	Inactive
Guangzhou Taihe Pharmacy Co., Ltd.	Incorporated on 12 December 2022 in the PRC	**100%**	100%	RMB10,000,000	Medical equipment trading and technical service

Notes:

a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

b) All companies comprising the Group have adopted 31 December as their financial year end date.

c) All entities are established in the PRC in the form of domestic limited liability company.

d) As at 31 December 2024 and 2023, although the Group only owns 27.0% and 26.3% interest in this company respectively, the Group has the power to control and direct its key operating and financing activities through entering into an acting in concert agreement with other shareholders. By executing the acting in concert agreement, other shareholders agreed to follow all decisions made by the Group. Consequently, the company is considered as a subsidiary of the Group.

e) As at 31 December 2024 and 2023, although the Group only owns 27.0% and 26.3% interest in these companies respectively, the Group has the power to control and direct its key operating and financing activities as the company is a wholly-owned subsidiary of Beijing Healthingkon.

f) The companies have been disposed during the year.

g) As at 31 December 2024, the Group owns 50.1% interest in these companies, the Group has the power to control and direct its key operating and financing activities as the company is 68.4% owned by Beijing Healthingkon and 31.6% owned by the Company.

As at 31 December 2023, although the Group only owns 45.7% interest in these companies, the Group has the power to control and direct its key operating and financing activities as the company is 73.7% owned by Beijing Healthingkon and 26.3% owned by the Company.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the Board on 27 March 2025.

Five-Year Financial Summary

	For the year ended December 31,				
(RMB'000)	**2024**	2023	2022	2021	2020
Operation results					
Revenue	**388,305**	538,650	472,170	470,505	166,321
Loss before income tax credit	**(485,849)**	(432,592)	(647,170)	(836,337)	(597,809)
Income tax credit	**1,031**	6,198	9,948	5,204	6,468
Loss and total comprehensive income attributable to owners of the Company	**(443,223)**	(373,090)	(541,404)	(816,593)	(583,261)
Total assets	**5,906,562**	5,236,396	5,411,525	5,446,953	4,979,026
Total liabilities	**4,005,752**	3,367,211	3,415,946	6,603,903	5,496,878
Total equity	**1,900,810**	1,869,185	1,995,579	(1,156,950)	(517,852)

Definition

"2024 Environmental, Social and Governance Report"	the environmental, social and governance report of the Company to be published on April 25, 2025
"AGM"	the annual general meeting of the Company to be held on Tuesday, May 27, 2025 or any adjournment thereof
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Beijing Concord"	Beijing Concord Medical Technology Co., Ltd. (北京泰和誠醫療技術有限公司), a limited liability company established in the PRC on January 4, 2016
"Beijing Healthingkon"	Beijing Healthingkon Technology Co., Ltd. (北京和信康科技有限公司), a limited liability company established in the PRC on August 25, 2015, which is controlled by our Company as to approximately 63.69%
"Board Committees"	collectively, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee
"Board of Directors" or "Board"	the board of directors of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, excluding, for the purposes of this annual report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company," "our Company" or "Concord Healthcare"	Concord Healthcare Group Co., Ltd. (美中嘉和醫學技術發展集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 23, 2008
"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Concord HK"	Concord Hospital Management Group Limited, a wholly-owned subsidiary of Concord Medical and a member of the Controlling Shareholders

Definition

"Concord Medical"	Concord Medical Services Holdings Limited, a company incorporated in the Cayman Islands on November 27, 2007 and listed on the New York Stock Exchange (symbol: CCM) since December 11, 2009
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Yang, Morgancreek, Concord Medical, Ascendium Group Limited, Shanghai Huifu Technology Development Co., Ltd. (上海卉馥科技發展有限公司), Concord HK, Shanghai Medstar, Beijing Concord, Tianjin Concord and Shanghai Xinhe
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are not listed on the Stock Exchange
"Dr. Yang"	Dr. YANG Jianyu (楊建宇), our chairman of the Board, executive Director and one of the Controlling Shareholders
"EGM"	an extraordinary general meeting of the Company
"Global Offering"	the Hong Kong public offering and the international offering of the Company
"Group," "our Group," "the Group," "we" or "us"	the Company and its subsidiaries from time to time
"Guangzhou Hospital"	Guangzhou Concord Cancer Center Co., Ltd. (廣州泰和腫瘤醫院有限公司), a limited liability company established in the PRC on June 29, 2011, which is owned as to 80% by our Company and operates under the trade name of Guangzhou Concord Cancer Hospital (廣州泰和腫瘤醫院)
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Stock Exchange
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

Definition

"Internet Hospital"	Yinchuan Meizhong Jiahe Internet Hospital Co., Ltd. (銀川美中嘉和互聯網醫院有限公司), a limited liability company established in the PRC on November 18, 2020 and an indirectly wholly-owned subsidiary of our Company
"IPO"	initial public offering
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	Tuesday, January 9, 2024, on which the H Shares were listed and on which dealings in the H Shares were first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Morgancreek"	Morgancreek Investment Holdings Limited, a limited company established in British Virgin Islands and an investment vehicle controlled by Dr. Yang
"Nomination Committee"	the nomination committee of the Board
"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 of the Company dated December 29, 2023
"R&D"	research and development
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2024
"Restricted Period"	the period which commences from the Listing Date and (1) the date when the Shares cease to be listed on the Stock Exchange and (2) the date when the Controlling Shareholders cease to be controlling shareholders of our Company

Definition

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai GP Clinic"	Shanghai Meizhong Jiahe General Practice Center Co., Ltd. (上海美中嘉和雲影全科診所有限公司), a limited liability company established in the PRC on November 2, 2020 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 69.63% by our Company and is expected to operate under the trade name of Shanghai Concord Medical Cancer Hospital* (上海泰和誠腫瘤醫院)
"Shanghai Imaging Center"	Shanghai Concord Medical Diagnostic Imaging Limited (上海美中嘉和醫學影像診斷有限公司), a limited liability company established in the PRC on January 15, 2018, which is controlled by our Company and operates under the trade name of Shanghai Concord Medical Imaging Diagnostic Center (上海美中嘉和醫學影像診斷中心)
"Shanghai Medstar"	Medstar (Shanghai) Enterprise Management Co., LTD (醫學之星(上海)企業管理有限公司) (previously known as Shanghai Medstar Financial Leasing Company Limited (醫學之星(上海)融資租賃有限公司)), a limited liability company established in the PRC on March 21, 2003, one of the Controlling Shareholders
"Shanghai Outpatient Center"	Shanghai Concord Medical Cancer Center Co., Ltd. (上海美中嘉和腫瘤門診部有限責任公司), a limited liability company established in the PRC on November 2, 2006, which is owned as to 67.22% by our Company and operates under the trade name of Shanghai Concord Medical Cancer Outpatient Center (上海美中嘉和腫瘤門診部)
"Shanghai Xinhe"	Shanghai Xinhe Enterprise Management Center (Limited Partnership) (上海信荷企業管理中心(有限合夥)), a limited partnership established in the PRC on April 6, 2021, one of the Controlling Shareholders
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares

Definition

"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	the supervisory committee of the Company
"Tianjin Concord"	Tianjin Concord Medical Technology Co., Ltd. (天津泰和誠醫療技術有限公司) (formerly known as Tianjin Kangmeng Tumor Radiotherapy Equipment Management Co., Ltd. (天津康盟腫瘤放療設備管理有限公司)), a limited liability company established in the PRC on November 16, 2007 and one of our Controlling Shareholders
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	US dollars, the lawful currency of the United States
"%"	per cent

* *For identification purposes only*