

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Chaoju Eye Care Holdings Limited**  
**朝聚眼科醫療控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2219)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

Revenue of the Group decreased by 0.8% to RMB990.0 million for the year ended December 31, 2022 from RMB997.8 million for the year ended December 31, 2021.

Profit before tax of the Group increased by 13.5% to RMB239.1 million for the year ended December 31, 2022 from RMB210.6 million for the year ended December 31, 2021. Pre-tax profit margin increased to 24.2% for the year ended December 31, 2022 from 21.1% for the year ended December 31, 2021.

Net profit of the Group increased by 16.2% to RMB183.2 million for the year ended December 31, 2022 from RMB157.6 million for the year ended December 31, 2021. Net profit margin increased to 18.5% for the year ended December 31, 2022 from 15.8% for the year ended December 31, 2021.

Non-IFRS adjusted net profit<sup>(1)</sup> of the Group increased by 0.2% to RMB186.2 million for the year ended December 31, 2022 from RMB185.9 million for the year ended December 31, 2021. Non-IFRS adjusted net profit margin increased to 18.8% for the year ended December 31, 2022 from 18.6% for the year ended December 31, 2021.

Basic earnings per Share of the Group increased by 3.8% to RMB0.27 for the year ended December 31, 2022 from RMB0.26 for the year ended December 31, 2021.

The number of ophthalmic hospitals operated by the Group increased from 17 as of December 31, 2021 to 24 as of December 31, 2022 and the number of optical centers operated by the Group increased from 24 as of December 31, 2021 to 26 as of December 31, 2022.

The Board recommended the payment of final dividend of HK\$0.1738 per Share for the year ended December 31, 2022.

## **NON-IFRS MEASURES**

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided non-IFRS adjusted net profit and non-IFRS adjusted net profit margin as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

*Note:*

- (1) Non-IFRS adjusted net profit was calculated as net profit for the Reporting Period excluding share-based compensation expenses. The above adjustments will only have an impact on the net profit for this fiscal year, and will no longer have a continuous impact from the next fiscal year.

## SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

	Year ended December 31,	
	2022	2021
	(RMB'000)	(RMB'000)
Revenue	990,044	997,787
Cost of sales	<u>(555,347)</u>	<u>(549,113)</u>
Gross Profit	434,697	448,674
Other income and gains	50,249	14,900
Selling and distribution expenses	(61,283)	(47,149)
Administrative expenses	(162,040)	(177,278)
Impairment losses on financial assets, net	(3,957)	(13,608)
Other expenses	(6,631)	(4,413)
Finance costs	<u>(11,897)</u>	<u>(10,544)</u>
Profit before tax	239,138	210,582
Income tax expenses	<u>(55,942)</u>	<u>(52,941)</u>
Net profit	183,196	157,641
Non-IFRS adjusted net profit <sup>(1)</sup>	<u>186,174</u>	<u>185,902</u>
Gross profit margin	43.9%	45.0%
Net profit margin	18.5%	15.8%
Non-IFRS adjusted net profit margin <sup>(2)</sup>	<u>18.8%</u>	<u>18.6%</u>

Notes:

- (1) Adjustments to the net profit for the year ended December 31, 2022 include: share-based compensation expenses. Adjustments to the net profit for the year ended December 31, 2021 include: (i) listing expenses and (ii) share-based compensation expenses.
- (2) Non-IFRS adjusted net profit margin was calculated based on non-IFRS adjusted net profit divided by revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is a leading ophthalmic medical service group in North China with a strong reputation nationwide. The Group was founded in 1988 in Baotou, Inner Mongolia, as a clinic providing ophthalmic services. Since its inception, the Group adheres to the vision of “Being a Leader of Happy Ophthalmic Healthcare” (成為全球快樂眼健康引領者) and has been providing its patients with a safe, reassuring and pleasant ophthalmic medical experience with the aid of effective medical equipment and technology as well as professional, caring and considerate services.

In 2022, the Group continued to expand its network of ophthalmic hospitals and optical centers. The Group strengthened its presence in providing ophthalmic medical services in Inner Mongolia, Jiangsu Province, Zhejiang Province, Shanxi Province and Hebei Province by establishing and acquiring new hospitals and optical centers while also strategically leveraging the Group’s leading position in the ophthalmic market to explore new markets with high potential for development. In terms of the Group’s own establishment, the Group has in aggregate added five new entities to its network of ophthalmic hospitals and optical centers, including (i) Hohhot Chaoju Eye Hospital Co., Ltd.\* (呼和浩特朝聚眼科醫院有限公司) which has obtained the necessary licenses and subsequently commenced business in February 2022; (ii) Hangzhou Chaoju Ophthalmic Optometry Eyeglasses Co., Ltd.\* (杭州朝聚眼視光眼鏡有限公司) which has completed the registration with the Hangzhou City Shangcheng District Market Supervision Administration\* (杭州市上城區市場監督管理局) and subsequently commenced business in May 2022; (iii) Tumote Youqi Chaoju Eye Hospital Co., Ltd.\* (土默特右旗朝聚眼科醫院有限公司) which has obtained the necessary licenses and subsequently commenced business in July 2022; (iv) Hangzhou Chaoju Eye Hospital Co., Ltd.\* (杭州朝聚眼科醫院有限公司) (formerly known as Hangzhou Chaoju Optometry Hospital Co., Ltd.\* (杭州朝聚眼視光醫院有限公司)) which has obtained the necessary licenses and subsequently commenced business in August 2022; and (v) Zhoushan Chaoju Zhicheng Eyeglasses Co., Ltd.\* (舟山朝聚至誠眼鏡有限公司) which has completed the registration with the Pilot Free Trade Zone Branch of the Zhoushan City Market Supervision Administration\* (舟山市市場監督管理局自由貿易試驗區分局) and subsequently commenced business in October 2022.

Further, the Group also successfully completed the acquisitions of Tangshan Jidong Hospital, Yutian Jidong Hospital, Luannan Jidong Hospital and Luanzhou Jidong Hospital in November 2022. The acquisitions have expanded the Group’s footprint in North China in an eastwardly direction to gradually interact with the ophthalmic market in the Beijing-Tianjin region and allowed the Group to create synergies with the clustered operations of its existing ophthalmic hospitals in Chengde City and the newly acquired hospitals in Tangshan City. These strategic acquisitions are significant to its future development into Beijing, Tianjin and other regions in Hebei Province. In accordance with the Group’s expansion plan, the Company subscribed for limited partnership interest in Xiamen Ronghui Hongshang Phase II Equity Investment Partnership (Limited Partnership)\* (廈門融匯弘上二期股權投資合夥企業(有限合夥)) in December 2022 with a main investment focus on non-public equity in the healthcare, medical and technology industries in the PRC. By leveraging on the industry research and resources of the fund and its fund manager, the Company will be able to benefit from the guidance

to further expand and develop itself in the ophthalmic market, while simultaneously being introduced to more potential acquisition targets and obtaining long-term investment returns.

As of December 31, 2022, the Group operated a network of 24 ophthalmic hospitals and 26 optical centers spanning across a total of five provinces and autonomous region in China. The ophthalmic hospitals specialize in providing ophthalmic services and the optical centers offer a series of optical products and services to satisfy a wide array of requests from customers.

The following table sets forth a breakdown of certain operational information by type of services provided by the Group for the years indicated:

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>The hospitals</b>		
<b>Out-patient services</b>		
Number of out-patient visits	<b>944,523</b>	887,335
Average spending per visit (RMB) <sup>(2)</sup>	<b>626</b>	647
<b>In-patient services</b>		
Number of in-patient visits	<b>44,581</b>	45,977
Average spending per visit (RMB) <sup>(2)</sup>	<b>7,244</b>	7,415
<b>Optical centers</b>		
Number of customer visits <sup>(1)</sup>	<b>101,956</b>	119,040
Average selling price (RMB) <sup>(2)</sup>	<b>746</b>	692

Notes:

- (1) Represents the total number of purchases made by customers at the optical centers. If a customer makes more than one purchase at the optical centers within the same day, he/she will only be counted once. If a customer purchases at the optical centers on different days, he/she will be counted according to the number of days he/she made purchases at the optical centers.
- (2) Subject to rounding adjustments, (i) average spending per visit represents the average spending per visit calculated by the total revenue generated from the out-patient or in-patient services (as applicable) divided by the total number of out-patient or in-patient visits (as applicable) and (ii) average selling price represents the average selling price calculated by the total revenue generated from the optical centers divided by the total number of customer visits.

The Group's revenue decreased by 0.8% from RMB997.8 million for the year ended December 31, 2021 to RMB990.0 million for the year ended December 31, 2022, primarily attributable to a decrease in revenue generated from basic ophthalmic services resulting from COVID-19 pandemic prevention and control measures including lockdowns in various regions implemented in the fourth quarter of 2022, being one of the peak seasons for basic ophthalmic services during the year, which led to a delay in patients receiving treatments scheduled for the fourth quarter of 2022. In spite of the COVID-19 pandemic, such decrease was partially offset by the revenue generated from the growing consumer ophthalmic services with higher growth capacity in its revenue and gross profit margin.

The following table sets forth a breakdown of revenue by business segments for the years indicated:

	Year ended December 31,			
	2022		2021	
	Revenue	Percentage	Revenue	Percentage
	(RMB'000)	of revenue	(RMB'000)	of revenue
		%		%
Consumer ophthalmic services	542,873	54.8	517,233	51.8
Basic ophthalmic services	447,171	45.2	479,712	48.1
Others	–	–	842	0.1
<b>Total</b>	<b>990,044</b>	<b>100.0</b>	<b>997,787</b>	<b>100.0</b>

### Consumer ophthalmic services

The Group's consumer ophthalmic services include treatments and prevention of various types of ophthalmic disorders, including refractive correction (including presbyopia correction), myopia prevention and control, dry eye syndrome, oculoplastic and provision of optical products and services, the costs for which are currently not covered by public health insurance programs.

To maintain the Group's strong reputation in the provision of consumer ophthalmic services, the Group (i) optimized its marketing and promotion activities with a focus on online promotion, new media and other online channels; (ii) chaired various pro bono eye disease screening activities for the public; (iii) formulated operational management measures to optimize its customer membership management model for maintaining customer loyalty; and (iv) streamlined the admission process to increase the Group's capacity for patient visits in preparation for the lifting of pandemic control measures. The Group continued to reinforce the training on consumer ophthalmic services techniques and related skills and improve the service quality in adherence to the Group's core values of "Providing its patients with a safe, reassuring and pleasant ophthalmic medical experience". Furthermore, the Group also implemented stringent medical quality control measures in providing quality medical services to its patients to enhance its reputation.

During the Reporting Period, prevention and control measures were implemented to different extents in different regions and at various times to contain the risk of spreading COVID-19. To reduce the impact of such prevention and control measures on the Group's consumer ophthalmic services, the Group has taken various measures to enhance the Group's online channels for recruiting more new customers, serving existing customers and promoting the referral program between existing and new customers to broaden the Group's customer base and expand its market share. Further, the Group extended the business hours of its ophthalmic hospitals for the provision of consumer ophthalmic services during the period when COVID-19 pandemic control and prevention measures were less stringent to increase the Group's capacity for patient visits and hence satisfying more patients' needs.

In addition, consumer ophthalmic services are usually more profitable as it is not subject to the pricing guidance imposed by public health insurance authorities and as such, the Group devoted more resources to pursue continuous and rapid growth of consumer ophthalmic services. For the year ended December 31, 2022, the Group's consumer ophthalmic services contributed to 54.8% of the Group's total revenue, representing an increase of approximately 3.0% compared to last year. In terms of revenue, consumer ophthalmic services has continued to be the Group's major source of revenue.

### **Basic ophthalmic services**

The Group's basic ophthalmic services include treatments of a wide range of common eye diseases, including cataract, glaucoma, squint, ocular fundus diseases, ocular surface diseases, orbital diseases and pediatric eye diseases, the cost of which are mostly eligible to be covered by public health insurance programs.

In the fourth quarter of 2022, customers of basic ophthalmic services encountered delays to their scheduled treatments due to stringent prevention and control measures implemented in various regions to contain the risk of spreading COVID-19, which included lockdowns. In order to meet its patients' needs and improve treatment outcomes, the Group optimized the appointment, admission and discharge processes and extended the business hours of hospitals to raise the Group's capacity for patient visits during the period when pandemic prevention and control measures were less stringent. The Group increased the ratio of out-patient operations as appropriate and the turnover rate of beds to address the backlog of treatment needs arisen in connection with the implementation of pandemic prevention and control measures, and hence alleviating the impact to the Group's customers to the largest possible extent. As a medical service group for the society, the Group volunteered its hospital facilities and medical staff for temporary testing services during the COVID-19 pandemic and provided pandemic prevention and control services to residents and the community.

Despite the Group's basic ophthalmic services were affected by the COVID-19 pandemic to a certain extent in 2022 with a slight decrease in the number of patient visits. The Group's basic ophthalmic services started to regain its momentum in view of the easing of prevention and control measures in various regions in the first quarter of 2023 and has increased its capacity for patient visits since. The Group continued to devote significant resources on the procurement of cutting-edge medical equipment for the treatment of eye diseases and expanded the use of advanced treatment regimes, premium medical supplies and consumables, which further raised the quality of the Group's medical services, and in turn patient retention rate returning to the Group's ophthalmic hospitals to receive treatment on their other eye for basic eye diseases.

For the year ended December 31, 2022, the Group's basic ophthalmic services accounted for 45.2% of the Group's total revenue.



## Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit by business segments and the corresponding gross profit margin for the years indicated:

	Year ended December 31,			
	2022		2021	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Consumer ophthalmic services	279,854	51.6	276,548	53.5
Basic ophthalmic services	154,843	34.6	171,952	35.8
Others	–	–	174	20.7
<b>Total</b>	<b>434,697</b>	<b>43.9</b>	<b>448,674</b>	<b>45.0</b>

The gross profit generated from consumer ophthalmic services was RMB279.9 million for the year ended December 31, 2022, representing an increase of 1.2% compared to last year, primarily due to an increase in revenue from consumer ophthalmic services of 5.0% compared to the year ended December 31, 2021. The gross profit generated from basic ophthalmic services was RMB154.8 million for the year ended December 31, 2022, representing a decrease of 10.0% compared to last year. This was primarily due to a decrease in revenue from basic ophthalmic services of 6.8% compared to the year ended December 31, 2021 as a result of the pandemic prevention and control measures including lockdown adopted by the local governments in various cities in an effort to mitigate the spread of COVID-19. In 2022, the Group also volunteered its hospital facilities and medical staff for temporary testing services during the COVID-19 pandemic and incurred an increase in labor expenses. The Group's gross profit was RMB434.7 million for the year ended December 31, 2022, representing a decrease of 3.1% compared to last year.

## Team of Medical Professionals

The Group has a deep bench of ophthalmic experts with medical expertise and rich experience to treat a wide range of eye diseases and to provide various types of consumer ophthalmic services. The Group focuses on the quality of ophthalmic services and devotes resources to allow its ophthalmologists to provide ophthalmic medical services in a professional, dedicated and responsible manner. The Group is also committed to recruiting and cultivating qualified professionals to form an ophthalmic medical team with outstanding professional and ethical standards and strong sense of responsibility. As of December 31, 2022, the Group had a total of 1,182 full-time medical professionals, among which, is composed of 242 physicians, 520 nurses and 420 other professionals. Among the 242 physicians, 212 of the full-time physicians were registered as specialized ophthalmologists. In addition, the Group also had 60 multi-site practice physicians who were full-time employees of other medical institutions.



## **Awards, Recognitions and Social Responsibility**

The Group provides charitable medical aid and free medical consultations to public institutions and disadvantaged communities from time to time. Such charitable events allow the Company to maintain good relationships with government authorities and agencies while simultaneously promote its ophthalmic and optical services. These events do not only benefit the vulnerable communities, but also improve our brand awareness and reputation. For example, in 2022, the Group:

1. continued to participate in the “Spread the Love in Inner Mongolia, Helping Patients in Pursuit of Health and Dreams” (大愛北疆 助康圓夢) charity campaign jointly organized by the Inner Mongolia Disabled Persons’ Federation and Inner Mongolia Disabled Persons’ Welfare Foundation to provide examination and treatment to children suffering from amblyopia;
2. continued to participate in the “Belt and Road: Bright Tour” project and conduct free cataract screening and cataract recovery operations in both Inner Mongolia Autonomous Region and Mongolia;
3. provided free optical screening events and established medical profiles for primary and secondary school students in Inner Mongolia;
4. provided professional and customized rehabilitation training programs for children with low vision and squint and prevention activities to educate children and parents for early diagnosis;
5. conducted various forms of online and offline expert science lectures on eye health for students and their parents for enriching their knowledge in eye health and common eye diseases among children; and
6. led 3 scientific research projects with various authorities and published 13 articles on reputable scientific journals.

## **Overcoming Challenges Posed by COVID-19 Pandemic**

COVID-19 has spread globally and has adversely affected the global economy. The Group’s business faced a temporary impact from the COVID-19 pandemic in 2022 as patients were unable to receive their scheduled treatments from the Group’s ophthalmic hospitals and optical centers in time due to pandemic prevention policies as implemented by the local governments. The Company expects the adverse impact of COVID-19 on its business will start to diminish in the first quarter of 2023 along with the lifting of pandemic control measures.

In line with the PRC Government's measures and requirements to contain the pandemic, and to protect the Group's employees and customers from infection, the Group has taken various precautionary measures at its hospitals and optical centers in response to the COVID-19 outbreak, including (i) setting up strict entrance registration and temperature screening procedures for the Group's patients and customers; (ii) limiting the number of patients and customers admitted at the same time; (iii) reducing the density of personnel in the Group's hospitals and optical centers; (iv) requiring coronavirus testing for the Group's patients before they receive surgeries or other in-patient services; (v) establishing nucleic acid PCR testing laboratories and activities and developing nucleic acid PCR testing services to ensure the safety of employees resuming work; (vi) actively participating in local COVID-19 prevention works and sending medical professionals to various COVID-19 testing spots to support nucleic acid testing; and (vii) maintaining continuous and effective communication with the patients to ensure that the patients visit the hospital in time after the COVID-19 pandemic.

During the COVID-19 pandemic, prevention and control measures were implemented to different extents in different regions and at various times to contain the risk of spreading COVID-19. To reduce the impact of such prevention and control measures on the Group's business, the Group has taken various measures, including (i) enhancing the Group's online channels to recruit new customers, serve the existing customers and promote the referral program between existing and new customers to broaden the Group's customer base and expand its market share; (ii) optimizing the appointment, admission and discharge processes to raise the Group's capacity for patient visits during the period when pandemic prevention and control measures were less stringent; (iii) extending the business hours of hospitals and optical centers to further increase the capacity for patient visits and satisfy needs of more patients; and (iv) increasing the ratio of out-patient operations as appropriate and the turnover rate of beds to address the backlog of treatment needs arisen in connection with the pandemic prevention and control measures and improve the hospital efficiency and patient satisfaction.

## **BUSINESS PROSPECTS AND STRATEGIC HIGHLIGHTS**

The demand for ophthalmic medical services has grown steadily in recent years and is expected to experience relatively high growth rates in the foreseeable future as a result of continued economic growth and an increasingly aging population, according to the report of Frost and Sullivan. The size of China's ophthalmic medical services market increased from RMB73.0 billion in 2015 to RMB127.5 billion in 2019, representing a CAGR of 15.0%, and is expected to further reach RMB223.1 billion by 2024. In particular, the size of ophthalmic medical services market in North China increased from RMB13.2 billion in 2015 to RMB21.2 billion in 2019, representing a CAGR of 12.5%, and is expected to further grow to RMB33.7 billion by 2024. However, ophthalmic medical resources in China are scarce, and the penetration rate of surgeries for eye diseases in China is low.

As of the date of this announcement, the Group operated a network of 25 ophthalmic hospitals and 26 optical centers. The Group plans to continue expanding its layout in Yangtze River Delta region and expects hospitals established in Zhangjiakou and other places to commence business in 2023.

As a leading ophthalmic medical services group in China, the Group is able to leverage on its branding and market reputation in North China, and continue to increase its market share in North China. The Group has further enhanced its brand awareness and reputation in East China through continuously expanding its market share and consolidating the Group's market position in the region. The Group is well-positioned to capture the significant growth potential of the underserved market of private ophthalmic services in China.

Looking into the future, the Group expects to:

1. adhere to the vision of “Being a Leader of Happy Ophthalmic Healthcare” to provide effective medical services and continuously revising its improvement plans;
2. reinforce its leading position in North China and enhance its market positioning in Yangtze River Delta region and other key regions while developing its featured ophthalmic hospitals;
3. seize opportunities in the consumer ophthalmic market to become a national chain provider of ophthalmic services trusted by the public;
4. improve the utilization efficiency of its regional resources and strengthen its centralized management model with regional center hospitals as the core;
5. serve with quality medical services and continuously improve patient satisfaction and brand awareness;
6. actively attract and recruit talents by further refining its training and career developments programs, cultivating its unique corporate culture and offering fair incentives to its key employees; and
7. standardize the management of the Group and the communication with regulatory authorities, such as the Stock Exchange, and various professional institutions, so as to improve the comprehensive corporate governance.

## **Financial Review**

### ***Revenue***

The Group generates revenue primarily from (i) consumer ophthalmic services and (ii) basic ophthalmic services. The revenue of the Group decreased slightly by 0.8% from RMB997.8 million for the year ended December 31, 2021 to RMB990.0 million for the year ended December 31, 2022.

### ***Consumer ophthalmic services***

The Group's consumer ophthalmic services offer a variety of ophthalmic disorder treatments and prevention measures, including myopia control, refractive correction (including presbyopia correction), dry eye syndrome, oculoplastic and provision of optical products and services.

The Group's revenue from consumer ophthalmic services increased by 5.0% from RMB517.2 million for the year ended December 31, 2021 to RMB542.9 million for the year ended December 31, 2022. The increase in revenue was primarily due to the increase in the number of patient visits during the period when COVID-19 pandemic prevention and control measures were less stringent, coupled with the Group's continuing efforts in the enhancement of its marketing initiatives and abilities in consumer ophthalmic services.

#### *Basic ophthalmic services*

The Group's basic ophthalmic services offer a wide range of common eye diseases treatments, including cataract, glaucoma, squint, ocular fundus diseases, ocular surface diseases, orbital diseases and pediatric eye diseases.

The Group's revenue from basic ophthalmic services decreased by 6.8% from RMB479.7 million for the year ended December 31, 2021 to RMB447.2 million for the year ended December 31, 2022. The decrease in revenue was primarily due to a decrease in the number of patients as they were unable to receive their scheduled treatments from the Group's ophthalmic hospitals and optical centers due to COVID-19 pandemic prevention and control measures imposed.

#### *Cost of Sales*

During the Reporting Period, the Group's cost of sales was primarily composed of medical consumables and optical products, employee compensation directly related to our provision of medical services, cost of pharmaceuticals, depreciation, amortization and rental expenses.

The Group's cost of sales increased by 1.1% from RMB549.1 million for the year ended December 31, 2021 to RMB555.3 million for the year ended December 31, 2022, primarily due to an increase in fixed costs (such as depreciation, amortization, lease payments) and expenses incurred in relation to (i) the upgrading and renovation of the Group's existing hospitals and (ii) the commencing of businesses of Hohhot Chaoju Eye Hospital Co., Ltd.\*, Hangzhou Chaoju Eye Hospital Co., Ltd.\* and Tumote Youqi Chaoju Eye Hospital Co., Ltd.\* (collectively referred as to the "New Hospitals") in 2022.

#### *Gross Profit and Gross Profit Margin*

The Group's gross profit decreased by 3.1% from RMB448.7 million for the year ended December 31, 2021 to RMB434.7 million for the year ended December 31, 2022.

The Group's gross profit margin decreased from 45.0% for the year ended December 31, 2021 to 43.9% for the year ended December 31, 2022. The decrease in gross profit margin was mainly due to (i) the low gross profit margin of the New Hospitals during their incubation period; (ii) an increase in expenses incurred in relation to the upgrading and renovation of the Group's existing hospitals; and (iii) the Group had not been able to benefit from the revenue synergies as expected to be brought by the aforementioned upgrading and renovation under the impact of COVID-19 pandemic.

### ***Other Income and Gains***

During the Reporting Period, the Group's other income and gains were primarily composed of interest income and fair value gain from financial assets at fair value through profit or loss.

The Group's other income and gains increased by 236.9% from RMB14.9 million for the year ended December 31, 2021 to RMB50.2 million for the year ended December 31, 2022, primarily due to an increase of RMB20.2 million in interest income which mainly derived from the matured subscriptions of structured deposit products being recognized as fair value gains on financial assets at fair value through profit or loss. In addition, interest income derived from the Group's bank balances increased by RMB14.6 million as a result of inflow of the IPO Proceeds and interest hike during 2022.

### ***Selling and Distribution Expenses***

During the Reporting Period, the Group's selling and distribution expenses were primarily composed of the compensation of the Group's sales and marketing personnel and advertising expenses, depreciation, amortization and rental expenses.

The Group's selling and distribution expenses increased by 30.1% from RMB47.1 million for the year ended December 31, 2021 to RMB61.3 million for the year ended December 31, 2022, primarily due to an increase in marketing and advertising expenses in relation to an increase in the marketing initiatives in the hospitals located in North China and Zhejiang Province.

### ***Administrative Expenses***

During the Reporting Period, the Group's administrative expenses were primarily composed of the compensation and share-based payments of the Group's administrative and management personnel, depreciation and amortization, rental expenses, start-up costs of hospitals and fees paid for the professional services.

The Group's administrative expenses decreased by 8.6% from RMB177.3 million for the year ended December 31, 2021 to RMB162.0 million for the year ended December 31, 2022, primarily due to (i) the recognition of non-recurring listing expenses of approximately RMB22.5 million for the year ended December 31, 2021 while no such expenses were recognized for the year ended December 31, 2022; and (ii) a decrease in share-based payments of approximately RMB8.4 million. Such decrease was partially offset by an increase of approximately RMB10.1 million due to the expenses incurred in relation to the preparation work before the actual commencement of business of hospitals.

### ***Impairment Losses on Financial Assets, Net***

During the Reporting Period, the Group's impairment losses on financial assets were primarily composed of provision for impairment losses on trade receivables and other receivables.

The Group's impairment losses on financial assets decreased by 70.6% from RMB13.6 million for the year ended December 31, 2021 to RMB4.0 million for the year ended December 31, 2022, primarily due to a decrease in the non-recurring impairment losses on trade receivables from RMB6.6 million for the year ended December 31, 2021 to a gain of RMB0.6 million for the year ended December 31, 2022 and a decrease of RMB2.2 million in the non-recurring impairment losses on other receivables as compared to that for the year ended December 31, 2021.

### ***Finance Costs***

During the Reporting Period, the Group's finance costs were primarily composed of interest expenses on lease liabilities.

The Group's finance costs increased by 13.3% from RMB10.5 million for the year ended December 31, 2021 to RMB11.9 million for the year ended December 31, 2022, primarily due to an increase in interest expenses on lease liabilities, resulted from financing the lease payments in respect of the new premises leased for the New Hospitals, which commenced business in 2022, as well as the premises for hospitals and optical centers which are expected to commence business in 2023, such as Zhoushan Chaoju Eye Hospital Co., Ltd.\* (舟山朝聚眼科醫院有限公司) and Zhangjiakou Chaoju Eye Hospital Co., Ltd.\* (張家口朝聚眼科醫院有限公司).

### ***Income Tax Expenses***

During the Reporting Period, the income tax rate generally applicable to the Group's subsidiaries in China is 25% and certain subsidiaries of the Group are eligible for a preferential income tax rate of 15%. Certain other subsidiaries are eligible for a preferential income tax rate of 2.5% or 5% with respect to part of their taxable income.

The Group's income tax expenses increased by 5.7% from RMB52.9 million for the year ended December 31, 2021 to RMB55.9 million for the year ended December 31, 2022, primarily due to an increase in the Group's profit before tax.

### ***Net Profit and Net Profit Margin***

As a result of the foregoing, the Group's net profit increased by 16.2% to RMB183.2 million for the year ended December 31, 2022 from RMB157.6 million for the 2021. The Group's net profit margin increased to 18.5% for the year ended December 31, 2022 from 15.8% for the year ended December 31, 2021. The Group defined non-IFRS adjusted net profit as profit for the period adjusted for items which are non-recurring or extraordinary, including share-based compensation expenses. The Group's non-IFRS adjusted net profit increased by 0.2% to RMB186.2 million for the year ended December 31, 2022 from RMB185.9 million for the year ended December 31, 2021.



## ***Non-IFRS Measures***

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided non-IFRS adjusted net profit and non-IFRS adjusted net profit margin as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the year ended December 31, 2021 and 2022 to the nearest measures prepared in accordance with IFRS:

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
<b>Net Profit</b>	<b>183,196</b>	<b>157,641</b>
Adjustments:		
Listing expenses (after tax)	–	16,901
Share-based compensation expenses	<b>2,978</b>	<b>11,360</b>
<b>Non-IFRS adjusted net profit</b>	<b>186,174</b>	<b>185,902</b>
<b>Non-IFRS adjusted net profit margin</b>	<b>18.8%</b>	<b>18.6%</b>

*Note:*

Non-IFRS adjusted net profit margin was calculated based on non-IFRS adjusted net profit divided by revenue.

## **Financial Position**

### ***Trade Receivables***

The Group's trade receivables decreased by 14.0% from RMB54.2 million for the year ended December 31, 2021 to RMB46.6 million for the year ended December 31, 2022, primarily due to the collection of fees payable by the local social organizations to the Group under the social responsibility programs the Group and such organizations participated in.



### ***Prepayments, other receivables and other assets***

The Group's prepayments, other receivables and other assets mainly include prepayments, trust funds, loans to third parties and deposits. Prepayments, other receivables and other assets increased by 15.0% from RMB47.4 million for the year ended December 31, 2021 to RMB54.5 million for the year ended December 31, 2022, primarily due to (i) an increase in trust fund while no such assets were recognized for the year ended December 31, 2021; and (ii) an increase in prepayments for the purchase of advanced medical equipment.

### ***Cash and Bank Balances***

The Group's business operations and expansion plans require significant amount of capital, which will be used for upgrading the existing ophthalmic hospitals and optical centers, establishing and acquiring new hospitals and other working capital requirements. The Group's principal sources of liquidity are cash generated from its business operations, as well as debt and equity financing.

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Net cash flows from operating activities	<b>273,410</b>	249,394
Net cash flows from investing activities	<b>(464,768)</b>	(578,512)
Net cash flows from financing activities	<b>(165,427)</b>	1,186,968
Effect of foreign exchange rate changes, net	<b>44,376</b>	(13,960)
Net increase in cash and cash equivalents	<b>(312,409)</b>	843,890

The Group's net decrease in cash and cash equivalents is RMB312.4 million for the year ended December 31, 2022, primarily due to net cash outflows of RMB464.8 million from investing activities and net cash outflows of RMB165.4 million from financing activities, which was mainly due to lease payments and payment of dividends, which was partially offset by net cash inflows of RMB273.4 million from operating activities, resulting from profits generated from the Group's business.

### ***Trade Payables***

The Group's trade payables increased by 19.6% from RMB36.8 million for the year ended December 31, 2021 to RMB44.0 million for the year ended December 31, 2022, primarily due to an increase in payables for medical consumables and pharmaceuticals.

### ***Other Payables and Accruals***

The Group's other payables and accruals include salaries and welfare payables, rent payables, equity payables, payables for purchases of property, plant and equipment and contract liabilities.

The Group's other payables and accruals increased by 21.5% from RMB121.4 million for the year ended December 31, 2021 to RMB147.5 million for the year ended December 31, 2022, primarily due to (i) an increase in the rent payables in relation to the leasing premises for the New Hospitals which commenced business in 2022 as well as hospitals and optical centers which will commence business in the forthcoming year and (ii) an increase in equity payables in relation to the final instalment payment of the consideration for the acquisition of, among others, Tangshan Jidong Hospital.

### ***Contingent Liabilities***

As of December 31, 2022, the Group did not have any material contingent liabilities or guarantees.

### ***Pledge of Assets***

As of December 31, 2022, the Group's medical equipment with the carrying amount of RMB7.2 million was pledged as security for bank borrowings of RMB2.7 million.

### ***Capital Commitments***

As of December 31, 2022, the Group had a total capital commitment of approximately RMB10.0 million (as of December 31, 2021: RMB21.8 million), primarily related to the construction and renovation of its in-network hospitals.

### ***Significant Investments***

The Group subscribed for low-risk short-term structured deposit products issued by reputable commercial banks with certain portion of its temporary idle funds (including surplus cash received from its business operations and idle IPO Proceeds) for treasury management purpose in order to enhance the efficiency, the utilization of and the return on its temporary idle funds. These products are of very low risk nature with satisfactory liquidity and the Group expects that the structured deposit products will earn a better yield than current deposits generally offered by commercial banks in the PRC while at the same time offer flexibility to the Group in terms of treasury management. The Group has implemented adequate and appropriate internal control procedures to ensure subscriptions of structured deposit products would not affect the working capital or the operations of the Group, and that such investments would be closely monitored and conducted in accordance with the Group's treasury policy. As such, the Board is of the view that the subscriptions of the structured deposit products (as listed below) are fair and reasonable, and are on normal commercial terms and the subscriptions are in the interests of the Company and the Shareholders as a whole.

As of December 31, 2022, the Group maintained a portfolio of structured deposit products with a total outstanding principal amount of RMB330.0 million, representing approximately 12.1% of the Group's total assets. For the year ended December 31, 2022, the total principal amount of the structured deposit products that the Group has subscribed for was RMB1.8 billion and the amount of interest income that the Group has recognized as fair value gains on financial assets at fair value through profit or loss was approximately RMB20.2 million.

The following table sets forth a breakdown of the major structured deposit products subscribed by the Group as of December 31, 2022:

Name of the issuer of the structured deposit products	Name of the structured deposit products	Deposit Starting Date	Date of maturity	Principal amount of subscription (RMB'000)	Expected annualized return rate <sup>(1)</sup>	Realized/ Fair value as of December 31, 2022 (RMB'000)	Percentage of the total assets of the Group as of December 31, 2022
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202212975)	February 22, 2022	May 23, 2022	130,100*	1.5400% to 4.8300%	131,444	4.83%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202212976)	February 22, 2022	May 23, 2022	129,900*	1.5300% to 4.8200%	130,594	4.80%
ICBC	ICBC Linked Exchange Rate Interval Accumulative Corporate RMB Structured Deposit Product – Designated Account 2022 No. 104 Type A (中國工商銀行掛鉤匯率區間累計型法人人民幣結構性存款產品 – 專戶型2022年第104期A款)	March 21, 2022	June 23, 2022	260,000 <sup>#</sup>	1.30% to 3.12%	261,146	9.59%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202214220)	March 31, 2022	June 29, 2022	115,100*	1.8000% to 4.5900%	116,398	4.27%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202214221)	March 31, 2022	June 29, 2022	114,900*	1.7900% to 4.5800%	115,411	4.24%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202216535)	May 26, 2022	August 24, 2022	129,900 <sup>#</sup>	1.5400% to 4.6500%	130,393	4.79%

Name of the issuer of the structured deposit products	Name of the structured deposit products	Deposit Starting Date	Date of maturity	Principal amount of subscription (RMB'000)	Expected annualized return rate <sup>(1)</sup>	Realized/ Fair value as of December 31, 2022 (RMB'000)	Percentage of the total assets of the Group as of December 31, 2022
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202216536)	May 26, 2022	August 24, 2022	130,100 <sup>#</sup>	1.5300% to 4.6400%	131,588	4.83%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202217775)	July 1, 2022	December 31, 2022	115,050*	1.5000% to 4.6100%	117,809	4.33%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202217776)	July 1, 2022	December 31, 2022	114,950*	1.4900% to 4.6000%	117,501	4.31%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202220278)	August 29, 2022	March 7, 2023	130,050*	1.7000% to 4.3100%	131,304	4.82%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202220279)	August 29, 2022	March 7, 2023	129,950*	1.6900% to 4.3000%	131,203	4.82%

*Notes:*

(1) Upon maturity, the Group expects to receive the principal amount together with the expected interest.

\* This subscription amount was funded by surplus cash of the Group.

# This subscription amount was funded by the idle IPO Proceeds.

Save as disclosed in this announcement, there was no other significant investments held by the Group during the Reporting Period.

### ***Future Plan for Material investment and Capital Asset***

Save as disclosed in this announcement and the Prospectus, for the year ended December 31, 2022, the Group did not have any future plan for material investments and capital assets.

### ***Borrowings and Gearing Ratio***

As of December 31, 2022, the Group is in a net cash position and thus, gearing ratio is not applicable.

### ***Foreign Exchange Risk***

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

### ***Interest Rate Risk***

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against interest rate exposure.

### ***Credit Risk***

Credit risk is the risk regarding the loss arising from a counterparty's inability to meet its obligations. The management of the Group has put in place a credit policy and the exposure to such credit risks is monitored on an on-going basis.

### ***Liquidity Risk***

The Group's liquidity is primarily dependent on our ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and the ability to obtain external financing to meet its committed future capital expenditure.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operation and mitigate the effects of fluctuations in cash flows.

### ***Final Dividends***

The Board recommended the payment of final dividend of HK\$0.1738 per Share for the year ended December 31, 2022, which is subject to the approval by the Shareholders at the forthcoming AGM.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Since January 1, 2022 and up to the date of this announcement, save as provisions addressed below, the Company has complied with all the applicable code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and chief executive officer of the Company are held by Mr. Zhang Bozhou who has extensive experience in the industry. The Board believes that vesting the roles of the chairman and chief executive officer in Mr. Zhang Bozhou is beneficial to the management of the Group and will improve the efficiency of the Group's decision making and executive process given his knowledge in the Group's affairs. Further, the Group has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors.

In view of the above, the Board considers that such structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Board considers appropriate.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code since January 1, 2022 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee is composed of three independent non-executive Directors, being Mr. Li Jianbin (chairman of the Audit Committee), Ms. Guo Hongyan and Mr. Bao Shan. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

## **PROCEEDS FROM GLOBAL OFFERING AND ITS UTILIZATION**

The Company issued 137,500,000 Shares in the Global Offering at HK\$10.60 per Share which were listed on the Main Board of the Stock Exchange on July 7, 2021 and subsequently issued 20,125,000 Shares at HK\$10.60 per Share on August 3, 2021 upon full exercise of the over-allotment option.

The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$1,599 million, which will be utilized in accordance with the purposes as set out in the Prospectus. The following table sets out the planned applications of the net proceeds as well as the expected timeline for utilization:

	Percentage of the net proceeds from the Global Offering	Net proceeds from the Global Offering <i>HK\$ million</i>	Amount utilized during the year ended December 31, 2022 <i>HK\$ million</i>	Unutilized amount as of December 31, 2022 <i>HK\$ million</i>	Expected timeline for utilization <sup>(1)</sup>
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	35.8%	572.4	125.9	446.5	From July 2021 to June 2024
Acquiring hospitals, when appropriate opportunities arise, in new markets which has sizable population and relatively high level of demand for ophthalmic healthcare services	44.8%	716.4	121.7	594.7	From July 2021 to June 2024
Upgrading information technology systems	9.4%	150.3	17.9	132.4	From July 2021 to December 2023
Working capital and other general corporate purposes	10.0%	159.9	156.8	3.1	From July 2021 to June 2023
<b>Total</b>	<b>100%</b>	<b>1,599</b>	<b>422.3</b>	<b>1,176.7</b>	

*Note:*

- (1) The expected timeline for utilization was based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

As stated in the announcement of the Company dated November 17, 2021 in relation to the (1) discloseable transactions of subscriptions of the November Structured Deposit Products and (2) utilization of certain idle proceeds raised from the Global Offering for treasury management, with a view to enhancing the utilization and efficiency of its idle IPO Proceeds, the Company intends to apply and has applied some of the idle IPO Proceeds to further subscribe for low-risk short-term wealth management products issued by reputable commercial banks similar to the subscriptions of the November Structured Deposit Products in the PRC or Hong Kong in the future, thereby increasing the overall income of the Company while at the same time ensuring that the planned usage of IPO Proceeds will not be affected.



## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Since January 1, 2022 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2022, the Group had 2,162 full-time employees, among which, 1,182 were professionals at the hospitals, 82 were professionals at the optical centers and 898 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 60 multi-site practice physicians who were full-time employees of other medical institutions. The following table shows a breakdown of the Group's full-time employees by function as of that date:

	<b>As of December 31, 2022</b>	
	<b>Number of employees</b>	<b>Percentage of total employees</b>
<b>Professionals at the hospitals</b>		
Physicians <sup>(1)</sup>	<b>242</b>	11.19%
Nurses	<b>520</b>	24.05%
Other professionals	<b>420</b>	19.43%
<b>Professionals at the optical centers</b>	<b>82</b>	3.79%
<b>Administrative, finance and other employees at</b>		
The headquarters	<b>135</b>	6.25%
The hospitals	<b>725</b>	33.53%
The optical centers	<b>38</b>	1.76%
	<hr/>	<hr/>
Total	<b>2,162</b>	<b>100%</b>
	<hr/>	<hr/>

*Note:*

(1) As of December 31, 2022, 212 of the full-time physicians were registered as specialized ophthalmologists.

The Group enters into employment contracts with all of its full-time employees. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group also sets performance targets for its employees based on their position and regularly reviews their performance, the results of which are used in their annual salary review and promotion appraisal.

The Group adopted a share award scheme on May 10, 2022, for the purposes of incentivizing certain employees of the Group and attracting talents for the development of the Group. The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and no Shareholders' approval is required for the adoption or implementation of the Scheme. The Group has not granted any award shares since the adoption of the Scheme and up to December 31, 2022.

The Group provides structured training and education programs which enables its employees to consistently deliver high quality services. The Group's discipline development committees are responsible for training its medical professionals, maintaining a proper mix of different levels of professionals, as well as research and development, and have supplied numerous young ophthalmologists with solid skills and rich clinical experience. The Group also engages external consultants, experts and professors to provide training for the physicians with an aim to cultivate clinicians with extensive practical capabilities in a precise, standardized and high-quality manner. These programs aim to equip them with a sound foundation of the medical principles, ethics and knowledge as well as practical skills, and foster a high standard of practice. Regular internal and external mandatory online and on-site training are organized for the medical team to keep them abreast of the latest development in the ophthalmology industry. From time to time, the Group identifies and sponsors its employees with high development potential to undertake further study and professional training in prestigious medical institutions. They also support their attending physicians to train at top-tier eye hospitals in China for a period of three to six months, such as Wenzhou Medical University Eye Hospital (溫州醫科大學附屬眼視光醫院). In addition, the Group also designs and implements specialized training for its nurses and medical assistants to improve their respective professional skills and foster their professional career path.

As of December 31, 2022, none of the Group's employees had negotiated with them on the employment terms through the labor unions or in a way of collective bargaining and the Group had not experienced any major labor disputes or labor strikes that had interfered with its operations in any material respect.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited annual results for the year ended December 31, 2022) of the Group. The Audit Committee and the independent auditors considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2022 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2022. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **EVENTS AFTER THE REPORTING PERIOD**

Since January 1, 2023 and up to the date of this announcement, the Group has the following events taken place:

- On January 5, 2023, March 10, 2023 and March 24, 2023, the Group subscribed for structured deposit products in an aggregate principal amount of RMB490 million. For further information, please refer to the announcements of the Company dated January 5, 2023, March 10, 2023 and March 24, 2023.
- In January 2023, Zhoushan Chaoju Eye Hospital Co., Ltd.\* has obtained the necessary licenses and subsequently commenced business in February 2023.
- On the date of this announcement, the Group established an ESG Committee, comprising of two executive Directors and three independent non-executive Directors, being Mr. Zhang Bozhou (chairman of the ESG Committee), Mr. Zhang Guangdi, Mr. He Mingguang, Mr. Li Jianbin and Mr. Bao Shan to enhance the Group's ESG standards and maintain a strong ESG proposition in order to strength its social recognition.

Save as disclosed above, there was no other significant event that might affect the Group after the Reporting Period.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on June 6, 2023. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.1738 per Share for the year ended December 31, 2022, which is subject to the approval by the Shareholders at the forthcoming AGM. The final dividend is expected to be payable to the Shareholders on Wednesday, June 28, 2023. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, June 16, 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from June 1, 2023 to June 6, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 31, 2023.

The register of members of the Company will be closed from June 14, 2023 to June 16, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to the proposed final dividend for the year ended December 31, 2022, during which period no share transfers will be registered. To be eligible to receive the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 13, 2023.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chaojueye.com](http://www.chaojueye.com)), and the 2022 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2022 together with the comparative figures for the year ended December 31, 2021:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***Year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>REVENUE</b>	4	<b>990,044</b>	997,787
Cost of sales		<u>(555,347)</u>	<u>(549,113)</u>
Gross profit		<b>434,697</b>	448,674
Other income and gains	5	<b>50,249</b>	14,900
Selling and distribution expenses		<b>(61,283)</b>	(47,149)
Administrative expenses		<b>(162,040)</b>	(177,278)
Other expenses		<b>(6,631)</b>	(4,413)
Impairment losses on financial assets, net		<b>(3,957)</b>	(13,608)
Finance costs	7	<u><b>(11,897)</b></u>	<u>(10,544)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>239,138</b>	210,582
Income tax expenses	8	<u><b>(55,942)</b></u>	<u>(52,941)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>183,196</b></u>	<u>157,641</u>
Attributable to:			
Owners of the parent		<b>187,752</b>	161,749
Non-controlling interests		<u><b>(4,556)</b></u>	<u>(4,108)</u>
		<u><b>183,196</b></u>	<u>157,641</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted for the year (expressed in RMB per share)	10	<u><b>0.27</b></u>	<u>0.26</u>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>183,196</u></b>	<b><u>157,641</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>57,401</u>	<u>(16,155)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>57,401</u>	<u>(16,155)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b><u>57,401</u></b>	<b><u>(16,155)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>240,597</u></b>	<b><u>141,486</u></b>
Attributable to:		
Owners of the parent	245,153	145,594
Non-controlling interests	<u>(4,556)</u>	<u>(4,108)</u>
	<b><u>240,597</u></b>	<b><u>141,486</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>392,309</b>	305,151
Right-of-use assets		<b>200,744</b>	180,753
Goodwill		<b>115,214</b>	28,228
Intangible assets		<b>91,201</b>	53,818
Deferred tax assets		<b>6,013</b>	5,729
Time deposits		<b>82,002</b>	–
Due from related parties		<b>1,000</b>	–
Prepayments, other receivables and other assets		<b>19,540</b>	18,404
		<hr/>	<hr/>
Total non-current assets		<b>908,023</b>	592,083
<b>CURRENT ASSETS</b>			
Inventories	<i>11</i>	<b>52,415</b>	34,900
Trade receivables	<i>12</i>	<b>46,645</b>	54,167
Prepayments, other receivables and other assets		<b>34,931</b>	29,021
Due from related parties		–	19,164
Financial assets at fair value through profit or loss		<b>382,793</b>	520,043
Time deposits		<b>353,616</b>	–
Cash and cash equivalents		<b>944,727</b>	1,257,136
		<hr/>	<hr/>
Total current assets		<b>1,815,127</b>	1,914,431
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>13</i>	<b>44,027</b>	36,802
Other payables and accruals		<b>138,918</b>	120,373
Due to related parties		<b>2,415</b>	–
Interest-bearing bank and other borrowings	<i>14</i>	<b>12,013</b>	5,524
Lease liabilities		<b>41,358</b>	40,707
Tax payable		<b>6,252</b>	18,423
		<hr/>	<hr/>
Total current liabilities		<b>244,983</b>	221,829
<b>NET CURRENT ASSETS</b>			
		<b>1,570,144</b>	1,692,602
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>2,478,167</b>	2,284,685



	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>14</i>	–	717
Lease liabilities		<b>142,785</b>	131,699
Deferred tax liabilities		<b>28,368</b>	22,867
Other payables and accruals		<b>8,541</b>	996
		<hr/>	<hr/>
Total non-current liabilities		<b>179,694</b>	156,279
		<hr/>	<hr/>
Net assets		<b>2,298,473</b>	2,128,406
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		152	152
Treasury shares		(18,665)	–
Reserves		<b>2,291,231</b>	2,106,065
		<hr/>	<hr/>
		<b>2,272,718</b>	2,106,217
		<hr/>	<hr/>
Non-controlling interests		<b>25,755</b>	22,189
		<hr/>	<hr/>
Total equity		<b>2,298,473</b>	2,128,406
		<hr/>	<hr/>

## NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendment to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The nature and impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss.

The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of in-patient services, out-patient services and sales of optical products. For management purposes, the aforesaid businesses are integral and the Group has not organised into different operating segments. Management monitors the results of the Group's operation as a whole for the purpose of making decisions about resource allocation and performance assessment, and accordingly no further operating segment analysis thereof is presented.

#### Geographical information

As the Group's major operations, customers and non-current assets are located in the People's Republic of China (the "PRC"), no further geographical segment information is provided.

#### Information about major customers

No revenue from single customers individually accounted for 10% or more of the Group's revenue.

### 4. REVENUE

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers	<u>990,044</u>	<u>997,787</u>
Analysed into:		
Basic ophthalmic services	447,171	479,712
Consumer ophthalmic services	542,873	517,233
Others	–	842

#### (a) Disaggregated revenue information for revenue from contracts with customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Types of goods or services</i>		
In-patient services	322,952	340,906
Out-patient services	591,054	573,715
Sales of optical products	76,038	82,324
Others	–	842
Total revenue from contracts with customers	<u>990,044</u>	<u>997,787</u>

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Timing of revenue recognition</i>		
Services and goods transferred at a point in time	<b>667,092</b>	656,881
Services transferred over time	<b>322,952</b>	340,906
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>990,044</b>	997,787
	<hr/>	<hr/>

The following table shows the amounts of revenue recognised in the year and prior year that were included in the contract liabilities at the beginning of the respective years:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the respective years:		
Out-patient services	<b>5,275</b>	6,561
Others	<b>416</b>	769
	<hr/>	<hr/>
	<b>5,691</b>	7,330
	<hr/>	<hr/>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

***In-patient services***

For in-patient services, customers normally receive in-patient treatment which contains various treatment components that are all highly interdependent and regarded as a single performance obligation. Since the patient simultaneously receives and consumes the benefits of the Group's performance in the medical treatment, the relevant revenue of in-patient services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual products or services transferred by the Group to the customer.

***Out-patient services***

Revenue from the provision of out-patient services is recognised at the point in time, when the services are provided.

***Sales of optical products***

For the sale of optical products, the performance obligation is satisfied upon delivery of the products and the Group has already received the payment or has the right to receive the payment properly.

## 5. OTHER INCOME AND GAINS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income	22,974	8,326
Fair value gain from financial assets at fair value through profit or loss	20,193	43
Government grants	4,375	2,281
Rental income	403	515
Gain on disposal of a subsidiary	402	–
Foreign exchange differences, net	–	2,195
Others	1,902	1,540
	<u>50,249</u>	<u>14,900</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of sales		555,347	549,113
Depreciation of property, plant and equipment		51,275	42,412
Depreciation of right-of-use assets		42,238	35,968
Amortisation of intangible assets		5,853	5,142
Lease payments not included in the measurement of lease liabilities		1,970	911
Auditor's remuneration		2,480	2,380
Employee benefit expense (including directors' remuneration):			
Wages, salaries and allowances, social securities and benefits		248,249	239,600
Pension costs		23,796	20,763
Share-based payments		2,978	11,360
Total employee benefit expense		<u>275,023</u>	<u>271,723</u>
(Reversal of impairment)/impairment of trade receivables, net	12	(623)	6,575
Impairment of other receivables, net		4,580	6,738
Impairment of amounts due from related parties, net		–	295
Interest income	5	(22,974)	(8,326)
Fair value gains on financial assets at fair value through profit or loss		(20,193)	(43)
Government grants	5	(4,375)	(2,281)
(Gain)/loss on disposal of items of property, plant and equipment, net		(82)	37
Loss on termination of lease contract		206	–
Gain on disposal of a subsidiary		(402)	–
Foreign exchange differences, net	5	21	(2,195)

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on lease liabilities	11,471	10,079
Interest on bank and other borrowings	426	465
	<u>11,897</u>	<u>10,544</u>

## 8. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	53,454	51,245
Deferred	2,488	1,696
	<u>55,942</u>	<u>52,941</u>
Total tax charge for the year	<u>55,942</u>	<u>52,941</u>

## 9. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interim dividend	–	43,000
	<u>–</u>	<u>43,000</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend 2022 HK17.38 cents (2021: HK10.43 cents)per ordinary share	122,985	73,805
	<u>122,985</u>	<u>73,805</u>

The proposed final dividend for 2022 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 6 June 2022, the Company's shareholders approved the profit distribution plan for 2021 at an annual general meeting, pursuant to which cash dividends of HK\$10.43 cents per ordinary share, in an aggregate amount of HK\$73,805,000 (equivalent to RMB62,734,000).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 706,435,000 (2021: 624,517,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.



The calculations of basic and diluted earnings per share are based on:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings</b>		
Profit for the year attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<u>187,752</u>	<u>161,749</u>
	<b>Number of shares</b>	
	<b>2022</b> <i>'000</i>	2021 <i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>706,435</u>	<u>624,517</u>
<b>11. INVENTORIES</b>		
	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Medical consumables	33,823	18,742
Pharmaceuticals	13,807	12,622
Optical products	<u>4,785</u>	<u>3,536</u>
	<u>52,415</u>	<u>34,900</u>
<b>12. TRADE RECEIVABLES</b>		
	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	54,326	62,318
Impairment	<u>(7,681)</u>	<u>(8,151)</u>
	<u>46,645</u>	<u>54,167</u>

Trade receivables represent the balances due from public health insurance programs and social organisation for the healthcare services provided by the Group, and sales of optical products.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods range from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of the year and prior year, based on the invoice date and net of loss allowance, is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	<b>24,665</b>	36,716
4 to 6 months	<b>4,671</b>	5,692
7 to 12 months	<b>5,712</b>	6,470
Over 12 months	<b>11,597</b>	5,289
	<b>46,645</b>	54,167

The movements in provision for impairment of trade receivables are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	<b>8,151</b>	2,500
Acquisition of subsidiaries	<b>659</b>	–
(Reversal of impairment)/impairment losses, net (note 6)	<b>(623)</b>	6,575
Amount written off as uncollectible	<b>(506)</b>	(924)
At the end of the year	<b>7,681</b>	8,151

### 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the year and prior year, based on the invoice date, is as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<b>37,899</b>	33,889
1 to 2 years	<b>4,051</b>	903
2 to 3 years	<b>867</b>	1,405
Over 3 years	<b>1,210</b>	605
	<b>44,027</b>	36,802

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

#### 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – secured	8.00	2023	2,650			
Other loans – unsecured	4.35-5.70	2023	9,363	5.22	2022	5,524
			<u>12,013</u>			<u>5,524</u>
<b>Non-current</b>						
Long term other loans – unsecured			–	5.70	2023	717
			–			717
			<u>12,013</u>			<u>6,241</u>
				<b>2022</b>	<b>2021</b>	
				<b>RMB'000</b>	<b>RMB'000</b>	
Other borrowings repayable:						
Within one year				12,013		5,524
In the second year				–		717
In the third to fifth years, inclusive				–		–
				<u>12,013</u>		<u>6,241</u>

## GLOSSARY AND DEFINITIONS

“AGM”	annual general meeting of the Company to be held on June 6, 2023
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“BOC”	Bank of China Limited
“CAGR”	compound annual growth rate
“cataract”	a condition involving the clouding or opacification of the natural lens. Cataract is most commonly caused by aging, but may also be caused by other reasons such as malnutrition, diabetes, trauma or radiation. The more opaque the lens the more the quality of vision is reduced. As a common treatment, clear artificial lenses may be implanted as a substitute for the natural lens to restore clear vision
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company” or “the Company”	Chaoju Eye Care Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 19, 2020
“COVID-19”	Coronavirus disease 2019
“Directors”	director(s) of the Company
“East China”	an eastern region of China consisting of Hangzhou, Zhoushan and Zhejiang Province
“ESG”	environmental, social and governance
“ESG Committee”	the ESG committee of the Board
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, an Independent Third Party

“glaucoma”	an eye condition usually caused by overly high intraocular pressure, which usually causes optic nerve atrophies and visual field defect
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group” or “the Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China Limited
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Inner Mongolia”	the Inner Mongolia Autonomous Region of the PRC, unless the context indicates otherwise
“in-patient services”	treatments of patients who are checked in at hospitals and are hospitalized overnight or for an extended period of time
“IPO Proceeds”	the proceeds obtained by the Company from the Global Offering
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Luannan Jidong Hospital”	Luannan Jidong Vision Hospital Co., Ltd.* (灤南冀東視明眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability
“Luanzhou Jidong Hospital”	Luanzhou Jidong Eye Care Hospital Co., Ltd.* (灤州冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability
“macula”	the center of the retina where the retina is most sensitive to lights, and is therefore the core area for the sense of vision

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market (GEM) of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“myopia”	a type of refractive error also known as nearsightedness, where the patient is unable to see distant objects clearly. Myopia is usually caused by a longer-than-normal eyeball or excessive refractive ability of the crystalline lens, which results in parallel lights focusing at a position before reaching the retina, thus forming a blurred spot when it reaches the retina
“North China”	a northern region of China consisting of Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia
“November Structured Deposit Products”	the structured deposit products subscribed by the Group on November 17, 2021, the details of which are set out in the announcement of the Company dated November 17, 2021
“ocular fundus”	the interior surface of the eye opposite the crystalline lens, including the retina, optic disc, macula and posterior pole
“ocular surface”	the interface between the functioning eye and the environment, including the outer layer of the cornea, the conjunctiva, and the margin of the eye lids
“oculoplastic”	restorative or reconstructive surgeries performed near or around the eye to correct deformations caused by trauma, illness or congenital causes
“ophthalmologist”	a medical doctor who specializes in eye and vision care
“out-patient services”	treatments of patients who are not checked-in at hospitals and stay at the hospital only for a short period of time (usually completed within the day)
“presbyopia”	an eye condition where the patient has difficulty seeing near items clearly due to declines in refractive abilities of the lens. Presbyopia is a result of the aging of the eye, as the lens loses its natural elasticity and therefore its ability to focus on near objects
“Prospectus”	the prospectus of the Company published on June 24, 2021

“Reporting Period”	the year ended December 31, 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“Scheme”	the share award scheme of the Company as adopted by the Board on May 10, 2022 and as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of HK\$0.00025 each
“Shareholder(s)”	holder(s) of the Shares
“squint”	deviation of the eyes where there is an eye misalignment
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Tangshan Jidong Hospital”	Tangshan Jidong Eye Care Hospital Co., Ltd.* (唐山冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability
“Yutian Jidong Hospital”	Yutian County Jidong Eye Care Hospital Co., Ltd.* (玉田縣冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability

By order of the Board of Directors  
**Chaoju Eye Care Holdings Limited**  
**ZHANG Bozhou**  
*Chairman*

Hong Kong, March 28, 2023

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. ZHANG Bozhou as the chairman and executive Director; Ms. ZHANG Xiaoli, Mr. ZHANG Junfeng and Mr. ZHANG Guangdi as executive Directors; Mr. KE Xian, Mr. Richard Chen MAO, Mr. LI Zhen and Ms. ZHANG Wenwen as non-executive Directors; and Mr. HE Mingguang, Ms. GUO Hongyan, Mr. LI Jianbin and Mr. BAO Shan as independent non-executive Directors.*

\* *The English translation of the Chinese names denoted in this announcement is for illustration purposes only. Should there be any inconsistencies, the Chinese name shall prevail.*