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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)

CONNECTED TRANSACTION TENANCY AGREEMENT

THE TENANCY AGREEMENT

On December 7, 2021, Baotou Hospital (as lessee), a subsidiary of the Company, entered into the Tenancy Agreement with Baotou Chaoju (as lessor), a company controlled by the Controlling Shareholders, to lease the Premises for a term of five years commencing from January 1, 2022 to December 31, 2026. The Tenancy Agreement is a renewal of the Existing Tenancy Agreement under the same terms and conditions.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with IFRS 16, the Group will recognize the right-of-use assets in its consolidated statement of financial position in respect to the lease of Premises under the Tenancy Agreement. Accordingly, the transaction under the Tenancy Agreement will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules.

As of the date of this announcement, Baotou Chaoju is owned as to 30% by Mr. Zhang Bozhou (being one of the Controlling Shareholders and an executive Director), 30% by Ms. Zhang Xiaoli (being one of the Controlling Shareholders and an executive Director), 20% by Mr. Zhang Fengsheng (being one of the Controlling Shareholders) and 20% by Mr. Zhang Junfeng (being one of the Controlling Shareholders and an executive Director). Hence, Baotou Chaoju is an associate of the Controlling Shareholders and therefore a connected person of the Company. Accordingly, the transaction under the Tenancy Agreement constitutes as a one-off connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect to the total value of the right-of-use assets to be recognized by the Group under the Tenancy Agreement exceeds 0.1% but is less than 5%, the transaction under the Tenancy Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On December 7, 2021, Baotou Hospital (as lessee), a subsidiary of the Company, entered into the Tenancy Agreement with Baotou Chaoju (as lessor), a company controlled by the Controlling Shareholders, to lease the Premises for a term of five years commencing from January 1, 2022 to December 31, 2026. The Tenancy Agreement is a renewal of the Existing Tenancy Agreement under the same terms and conditions.

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

- Parties: (1) Baotou Hospital (as lessee); and
(2) Baotou Chaoju (as lessor)
- Date: December 7, 2021
- Premises: Partial area on 1st Floor and 2nd Floor to 12th Floor, Shop 6, Wenming Road, Shahe Town, Jiuyuan District, Baotou City, Inner Mongolia with a total gross floor area of 15,710.15 square meters
- Term: Five years from January 1, 2022 to December 31, 2026
- Usage: For the provision of ophthalmic services only
- Rent: The annual rent payable of the Premises is RMB6,388,000 (RMB406.62/m² x 15,710.15m² (rounded number)) (tax included).
- The rent paid by Baotou Hospital to Baotou Chaoju under the Tenancy Agreement is determined after arm's length negotiations between parties after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Premises.
- Payment arrangement: The rental shall be paid in two instalments:
- (1) the first instalment being the rental for the period commencing from January 1, 2022 to December 31, 2024, in the amount of RMB19,164,000, shall be paid within ten days of the date of the Tenancy Agreement; and
 - (2) the second instalment being the rental for the period commencing from January 1, 2025 to December 31, 2026, in the amount of RMB12,776,000, shall be paid on or before December 31, 2024.

- Renewal: Baotou Hospital is entitled to renew the Tenancy Agreement under the same terms and conditions two months before the expiration of the Tenancy Agreement
- Early termination: Both parties have an option to early terminate the Tenancy Agreement, upon giving to the other party not less than sixty days' prior notice in writing.

VALUE OF THE RIGHT-OF-USE ASSETS

In accordance with IFRS 16, the total value of the right-of-use assets to be recognized by the Group in respect of the lease of the Premises under the Tenancy Agreement is approximately RMB29,762,712.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Baotou Hospital has been leasing the Premises from Baotou Chaoju for the provision of ophthalmic services since January 1, 2017. In order to continue the operations of Baotou Hospital, the Board considers the entering into of the Tenancy Agreement, which is the renewal of the Existing Tenancy Agreement, to be commercially feasible and beneficial after taking into account (i) the expiration of the Existing Tenancy Agreement on December 31, 2021; (ii) the rent under the Tenancy Agreement being comparable to the prevailing market rates of comparable properties in its vicinity; and (iii) the additional renovation and associated costs which the Group may incur if Baotou Hospital is to move out of the Premises and be relocated to another premises. Furthermore, the Board also considers that the relocation of Baotou Hospital to another premise may negatively impact the financial performance of the Group as a substantial portion of the Group's revenue is contributed by the Baotou Hospital.

The Board (including the independent non-executive Directors), is of the view that the transaction under the Tenancy Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Baotou Hospital

Baotou Hospital (包頭市朝聚眼科醫院有限公司) is a limited liability company incorporated in the PRC on May 12, 2016 and a subsidiary of the Company by virtue of the Contractual Arrangements. Baotou Hospital is primarily engaged in the provision of ophthalmic services in western Inner Mongolia, China.

Baotou Chaoju

Baotou Chaoju (包頭市朝聚眼科醫療有限公司) is a limited liability company established under the laws of the PRC on August 8, 2002. As of the date of this announcement, it is controlled by the Controlling Shareholders and owned as to 30% by Mr. Zhang Bozhou (being one of the Controlling Shareholders and an executive Director), 30% by Ms. Zhang Xiaoli (being one of the Controlling Shareholders and an executive Director), 20% by Mr. Zhang Fengsheng (being one of the Controlling Shareholders) and 20% by Mr. Zhang Junfeng (being one of the Controlling Shareholders and an executive Director). Hence, Baotou Chaoju is an associate of the Controlling Shareholders and therefore a connected person of the Company.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of to the total value of the right-of-use assets to be recognized by the Group under the Tenancy Agreement exceeds 0.1% but is less than 5%, the transaction under the Tenancy Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Baotou Chaoju”	Baotou City Chaoju Eye Medical Co. Ltd.* (包頭市朝聚眼科醫療有限公司), a limited liability company established under the laws of the PRC on August 8, 2002, a company controlled by the Controlling Shareholders, hence an associate of our Controlling Shareholders and therefore a connected person of the Company as of the date of this announcement
“Baotou Hospital”	Baotou City Chaoju Eye Hospital Co., Ltd.* (包頭市朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on May 12, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
“Board”	the board of Directors
“China” or the “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

“Contractual Arrangements”	has the meaning as ascribed to it in the Prospectus
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the Individual Shareholders, Sihai Medical Management Co. Ltd, Jutong Medical Management Co. Ltd, Xiwang Medical Management Co. Ltd, Guangming Medical Management Co. Ltd, Sitong Medical Management Co. Ltd and Xiamen Juludazhou Equity Investment Partnership (Limited Partnership)* (廈門聚鷺達洲股權投資合夥企業(有限合夥))
“Director(s)”	director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated January 1, 2017 entered into between Baotou Hospital as lessee and Baotou Chaoju as lessor in relation to the lease of the Premises
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group” or “the Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IFRS”	the International Financial Reporting Standards
“Individual Shareholders”	the five individual shareholders of the Company, namely, Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Premises”	partial area on 1st Floor and 2nd Floor to 12th Floor, Shop 6, Wenming Road, Shahe Town, Jiuyuan District, Baotou City, Inner Mongolia with a total gross floor area of 15,710.15 square meters
“Prospectus”	the prospectus of the Company published on June 24, 2021
“RMB”	the lawful currency of the PRC

“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
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated December 7, 2021 entered into between Baotou Hospital as lessee and Baotou Chaoju as lessor in relation to the lease of the Premises
“%”	per cent

By order of the Board
Chaoju Eye Care Holdings Limited
Zhang Bozhou
Chairman

Hong Kong, December 7, 2021

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 names shall prevail.*