朝聚眼科
CHAOJU EYE CARE

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

(Incorporated under the laws of the Cayman Islands with limited liability)
(Stock Code: 2219)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 56.6% to RMB500.2 million for the six months ended June 30, 2021 from RMB319.4 million for the same period in 2020.

Gross profit of the Group increased by 69.6% to RMB227.4 million for the six months ended June 30, 2021 from RMB134.1 million for the same period in 2020. Gross profit margin increased to 45.5% for the six months ended June 30, 2021 from 42.0% for the same period in 2020.

Profit before tax of the Group increased by 117.7% to RMB106.0 million for the six months ended June 30, 2021 from RMB48.7 million for the same period in 2020. Pre-tax profit margin increased to 21.2% for the six months ended June 30, 2021 from 15.2% for the same period in 2020.

Net profit of the Group increased by 104.9% to RMB78.7 million for the six months ended June 30, 2021 from RMB38.4 million for the same period in 2020. Net profit margin increased to 15.7% for the six months ended June 30, 2021 from 12.0% for the same period in 2020.

Non-IFRS adjusted net profit[(1)] of the Group increased by 128.8% to RMB98.6 million for the six months ended June 30, 2021 from RMB43.1 million for the same period in 2020. Non-IFRS adjusted net profit margin increased to 19.7% for the six months ended June 30, 2021 from 13.5% for the same period in 2020.

As disclosed in the Prospectus, in May 2021, the Board declared dividends of RMB43.0 million for the four months ended April 30, 2021 to the then shareholders. The Board has resolved not to declare any further dividends for the six months ended June 30, 2021.

Note:

(1) Non-IFRS adjusted net profit was calculated as net profit for the Reporting Period excluding: (i) Listing expenses; (ii) 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.

NON-IFRS MEASURES

To supplement the Group's condensed 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 condensed 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.

SUMMARY OF UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	Unaudited Six months ended June 30,	
	2021	2020
	(RMB'000)	*(RMB'000)*
Revenue	**500,171**	319,445
Cost of revenue	**(272,821)**	(185,341)
Gross profit	**227,350**	134,104
Other income and gains	**3,615**	3,236
Selling and distribution expenses	**(20,393)**	(14,029)
Administrative expenses	**(93,289)**	(55,323)
Impairment losses on financial assets, net	**(4,665)**	(10,187)
Other expenses	**(2,135)**	(2,260)
Finance costs	**(4,472)**	(6,883)
Profit before tax	**106,011**	48,658
Income tax expense	**(27,340)**	(10,285)
Net profit	**78,671**	38,373
Non-IFRS adjusted net profit	**98,606**	43,090
Gross profit margin	**45.5%**	42.0%
Net profit margin	**15.7%**	12.0%
Non-IFRS adjusted net profit margin	**19.7%**	13.5%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading ophthalmic medical service group in North China with a strong reputation nationwide. According to Frost & Sullivan, the Group ranked first in Inner Mongolia, second in North China and fifth in China among private ophthalmic hospitals in terms of total revenue in 2020. 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 "taking our century's heritage to bring light to the world and inspire hope" (百年朝聚，朝向光明，聚集希望) and has been providing its patients with safe, reassuring and affordable ophthalmic medical experience with professional and effective equipment and technology as well as caring and considerate services.

As of June 30, 2021, the Group operated a network of 17 ophthalmic hospitals and 23 optical centers spanning across five provinces or autonomous region in China. The ophthalmic hospitals are specialized in providing ophthalmic services and the optical centers provides 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 periods indicated:

	Unaudited Six months ended June 30, 2021	**2020**
The hospitals		
Out-patient services		
Number of out-patient visits	**412,974**	267,445
Average spending per visit *(RMB)*	**711**	602
In-patient services		
Number of in-patient visits	**21,998**	17,886
Average spending per visit *(RMB)*	**7,593**	7,325
Optical centers		
Number of customer visits[1]	**57,049**	40,250
Average selling price *(RMB)*[2]	**684**	659

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) Represents the average selling price calculated by the total revenue generated from the optical centers by the total number of customer visits.

The Group's revenue increased by 56.6% from RMB319.4 million for the six months ended June 30, 2020 to RMB500.2 million for the six months ended June 30, 2021, primarily attributable to the increase in revenue from consumer ophthalmic services, and to a lesser extent, revenue generated from basic ophthalmic services.

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

	Unaudited Six months ended June 30,			
	2021		2020	
	Revenue (RMB'000)	***Percentage of revenue***	*Revenue (RMB'000)*	*Percentage of revenue*
Consumer ophthalmic services	**266,495**	**53.3%**	143,214	44.8%
Basic ophthalmic services	**233,002**	**46.6%**	175,209	54.9%
Others	**674**	**0.1%**	1,022	0.3%
Total	**500,171**	**100.0%**	319,445	100.0%

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 control and provision of optical products and services, the costs for which are currently not covered by public health insurance programs.

The Group enhanced its reputation in the provision of consumer ophthalmic services by using optimized and effective marketing promotional methods, including online promotion activities, events in commercial buildings and myopia screening events at schools, optimizing its customer membership marketing model, investing in new equipment for consumer ophthalmic services and increased training to the Group's professionals on consumer ophthalmic services techniques and related skills, implementing stringent medical quality control and providing quality medical services to its patients.

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 the Group devoted more resources to pursue continuous and rapid growth of consumer ophthalmic services. For the six months ended June 30, 2021, the Group's consumer ophthalmic services contributed to 53.3% of the Group's total revenue, representing an increase of approximately 8.5% compared to the same period in 2020.

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 generally eligible to be covered by public health insurance programs.

For the six months ended June 30, 2021, the Group increased its marketing initiatives and provided quality medical services, which improved rate of patients returning to the Group's ophthalmic hospitals and receive treatment on their other eye for basic eye diseases, such as cataracts. Simultaneously, the impact of the COVID-19 pandemic in China weakened compared to the same period of 2020.

Although the revenue of consumer ophthalmic services continued to increase, basic ophthalmic services continued to grow steady in terms of revenue, and is a key component that allows the Group to maintain its market share and influence. For the six months ended June 30, 2021, the Group's basic opthalmic services contributed to 46.6% of the Group's total revenue.

Gross Profit and Gross Profit Margin

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

	Unaudited Six months ended June 30,			
	2021		2020	
	Gross profit *(RMB'000)*	**Gross profit margin**	Gross profit *(RMB'000)*	Gross profit margin
Consumer ophthalmic services	**138,535**	**52.0%**	70,076	48.9%
Basic ophthalmic services	**88,740**	**38.1%**	63,422	36.2%
Others	**75**	**11.1%**	606	59.3%
Total	**227,350**	**45.5%**	134,104	42.0%

The gross profit generated from consumer ophthalmic services was RMB138.6 million for the six months ended June 30, 2021, representing an increase of 97.7% compared to the six months ended June 30, 2020. This was primarily due to an increase in revenue from consumer ophthalmic services of 86.1% compared to the same period last year, and the expansion of the consumer ophthalmic services business resulted in the dilution of related costs. The gross profit generated from basic ophthalmic services was RMB88.7 million for the six months ended June 30, 2021, representing an increase of 39.9% compared to the six months ended June 30, 2020. This was primarily due to an increase in revenue from basic ophthalmic services of 33.0% compared to the same period last year, which leads to an increase in the gross profit of basic ophthalmic services. The increase in the Group's total gross profit was primarily attributable to (i) the weakened impact of the COVID-19 pandemic in China and the increase in total revenue by 56.6% compared to the same period last year and (ii) the increase in revenue contribution from consumer ophthalmic services to the Group's total revenue, which has a higher gross profit margin compared to basic ophthalmic services.

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 June 30, 2021, the Group had a total of 928 full-time medical professionals, among which, is composed of 194 physicians, 422 nurses and 312 other professionals. Among the 194 physicians, 161 of the full-time physicians were registered as specialized ophthalmologists. In addition, the Group also had 67 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. It also maintains good relationships with government authorities and agencies to promote its ophthalmic and optical services. These events not only benefit the disadvantaged communities, but also promote our brand awareness and reputation. For example, in the first half of 2021, the Group participated 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.

Overcoming Challenges Posed by COVID-19 Pandemic

The novel coronavirus (COVID-19) has spread globally and has adversely affected the global economy. Going forward, the Group may also face pressure and challenges amidst the COVID-19 pandemic as patients may not be able to receive treatment at the Group's ophthalmic hospitals and optical centers due to travel restrictions and suspension of certain treatment services as imposed by the PRC government.

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 received at the same time; (iii) reducing the density of personnel in the Group's hospitals and optical centers; and (iv) requiring coronavirus testing for the Group's patients before they receive surgeries or other in-patient services.

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 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 a leading ophthalmic medical services group in North China, the Group is able to leverage on its brand awareness and market reputation, and 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 concept of providing patients with a safe, reassuring and affordable ophthalmic medical experience with professional and effective equipment and technology as well as caring and considerate services;

(2) reinforce its leading position in Inner Mongolia and the surrounding regions, enhance its market positioning in Zhejiang Province, Jiangsu Province and other key regions while developing its featured ophthalmic hospitals;

(3) seize opportunities in the consumer ophthalmic market to build a leading consumer ophthalmic brand in China;

(4) improve the utilization efficiency of its regional resources and strengthen its centralized management model with regional center hospitals as the core;

(5) continuously improve patient satisfaction and brand awareness;

(6) actively attract and recruit talents by further refining its training 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 corporation governance.

Financial Review

Revenue

The Group generates revenue primarily from (i) consumer ophthalmic services and (ii) basic ophthalmic services. The revenue of the Group increased by 56.6% from RMB319.4 million for the six months ended June 30, 2020 to RMB500.2 million for the six months ended June 30, 2021.

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 control and provision of optical products and services.

The Group's revenue from consumer ophthalmic services increased by 86.1% from RMB143.2 million for the six months ended June 30, 2020 to RMB266.5 million for the six months ended June 30, 2021, primarily due to (i) implementing further optimized and effective marketing promotional methods, including online promotion activities, events in commercial buildings and myopia screening events at schools, (ii) optimizing the customers membership marketing model, (iii) increasing investments in new equipment and increased training to the professional on consumer ophthalmic technique and related skills, implementing stringent quality control, and providing quality medical services to improve the reputation of the Group, and (iv) weakened impact of the COVID-19 pandemic in China on the consumer ophthalmic services business as compared to that in the first half of 2020.

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 Group's revenue from basic ophthalmic services increased by 33.0% from RMB175.2 million for the six months ended June 30, 2020 to RMB233.0 million for the six months ended June 30, 2021, primarily due to (i) increased marketing initiatives and strengthened medical quality control that improved the branding and reputation of the Group, which attracted more patients to receive treatment for basic eye diseases at the ophthalmic hospitals of the Group, and in particular, there was an increasing amount of patients who chose to return and receive treatment for their other eye and (ii) the weakened impact of the COVID-19 pandemic in China on the basic ophthalmic services.

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 revenue increased by 47.2% from RMB185.3 million for the six months ended June 30, 2020 to RMB272.8 million for the six months ended June 30, 2021, primarily due to an increase in medical consumables and labor expenses, which is in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 69.6% from RMB134.1 million for the six months ended June 30, 2020 to RMB227.4 million for the same period in 2021.

The Group's gross profit margin increased from 42.0% for the six months ended June 30, 2020 to 45.5% for the six months ended June 30, 2021. The increase in gross profit margin was primarily due to (i) the increase in revenue from both the consumer ophthalmic services and basic ophthalmic services business of 56.9% compared to the same period last year, which had an economies of scale effect and resulted in dilution of related costs, (ii) consumer ophthalmic services has a higher gross profit margin compared to basic ophthalmic services and the revenue contribution of consumer ophthalmic services increased compared to the same period last year, which increased the overall gross profit margin and (iii) the effective use of a centralized procurement platform which further improved the bargaining power of the Group and reduced procurement costs.

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, office expenses and rental expenses.

The Group's selling and distribution expenses increased by 45.7% from RMB14.0 million for the six months ended June 30, 2020 to RMB20.4 million for the six months ended June 30, 2021, primarily due to an increase in labor expenses and advertising expenses.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses were primarily composed of the compensation of and share-based payments to the Group's administrative and management personnel, depreciation and amortization, rental expenses and fees paid for the professional services and listing expenses incurred in connection with the Global Offering and office expenses.

The Group's administrative expenses increased by 68.7% from RMB55.3 million for the six months ended June 30, 2020 to RMB93.3 million for the six months ended June 30, 2021, primarily due to an increase in listing expenses with respect to the Listing and labor expenses.

Impairment Losses on Financial Assets

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 53.9% from RMB10.2 million for the six months ended June 30, 2020 to RMB4.7 million for the six months ended June 30, 2021, primarily due to a decrease in the non-recurring impairment losses on accounts receivable and other receivables due from related parties.

Finance Costs

During the Reporting Period, the Group's finance costs were primarily composed of interest expenses associated with new leases standard.

The Group's finance costs decreased by 34.8% from RMB6.9 million for the six months ended June 30, 2020 to RMB4.5 million for the six months ended June 30, 2021, primarily due to full repayment of its interest-bearing bank borrowings in 2020.

Income Tax Expense

During the Reporting Period, the income tax rate generally applicable to the Group's subsidiaries in China is 25% and certain of the Group's subsidiaries are eligible for a preferential income tax rate of 15%. Certain other subsidiaries are eligible for a preferential income tax rate of 5% or 10% with respect to part of their taxable income.

The Group's income tax expense increased by 165.0% from RMB10.3 million for the six months ended June 30, 2020 to RMB27.3 million for the six months ended June 30, 2021, primarily due to an increase in the Group's profit before tax.

Net Profit and Non-IFRS Adjusted Net Profit

As a result of the foregoing, the Group's net profit increased by 104.9% to RMB78.7 million for the six months ended June 30, 2021 from RMB38.4 million for the same period in 2020. The Group's net profit margin increased to 15.7% for the six months ended June 30, 2021 from 12.0% for the same period in 2020. The Group defined non-IFRS adjusted net profit as profit and total comprehensive income for the period adjusted for items which are non-recurring or extraordinary, including expenses in relation to the Listing and share-based compensation expenses. The Group's non-IFRS adjusted net profit increased by 128.8% to RMB98.6 million for the six months ended June 30, 2021 from RMB43.1 million for the same period in 2020.

Non-IFRS Measures

To supplement the Group's condensed 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 condensed 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 six months ended June 30, 2020 and 2021 to the nearest measures prepared in accordance with IFRS:

	Unaudited Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net profit	**78,671**	38,373
Adjustments:		
Listing expenses (after tax)	**13,695**	0.0
Share-based compensation expenses	**6,240**	4,717
Non-IFRS adjusted net profit	**98,606**	43,090
Non-IFRS adjusted net profit margin	**19.7%**	13.5%

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 increased by 10.0% from RMB62.0 million as of December 31, 2020 to RMB68.2 million as of June 30, 2021, primarily due to an increase in receivables from medical insurance.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets mainly include prepayments, loans provided to third parties and capitalization of listing expenses. Prepayments, other receivables and other assets increased by 6.6% from RMB39.4 million as of December 31, 2020 to RMB42.0 million as of June 30, 2021, primarily due to an increase in prepayments and capitalization of listing expenses.

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.

	Unaudited For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Net cash flows from operating activities	**127,250**	89,167
Net cash flows from investing activities	**(14,377)**	(17,617)
Net cash flows from financing activities	**(88,028)**	(47,595)
Net increase in cash and cash equivalents	**24,845**	23,955

The Group's net increase in cash and cash equivalents is RMB 24.8 million for the six months ended June 30, 2021, primarily due to net cash inflows of RMB 127.3 million from operating activities; net cash outflows from investment activities, which was mainly due to purchases of property, plant and equipment of RMB15.8 million; net cash outflows from financing activities, which was mainly due to the payment of dividends of RMB70.0 million and the principal portion of lease payments of RMB12.8 million.

Trade Payables

The Group's trade payables increased by 24.7% from RMB39.3 million as of December 31, 2020 to RMB49.0 million as of June 30, 2021, 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, listing expense, payables for purchases of property, plant and equipment and contract liabilities.

The Group's other payables and accruals increased by 12.9% from RMB106.2 million as of December 31, 2020 to RMB119.9 million as of June 30, 2021, primarily due to an increase in the salaries and welfare payables of the employees, payables for purchases of property, plant and equipment and listing expense with respect to the Listing.

Contingent Liabilities

As at June 30, 2021, the Group did not have any material contingent liabilities or guarantees.

Interim Dividends

As disclosed in the Prospectus, in May 2021, the Board declared dividends of RMB43.0 million for the four months ended April 30, 2021 to the then Shareholders. The Board has resolved not to declare any further dividends for the six months ended June 30, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date 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 Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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

The chairman 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 (the "**Model Code**") as set out in Appendix 10 of 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 the Listing Date 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 UTILISATION

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 partial 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 *HK$ million*	Net proceeds remaining from the Global Offering *HK$ million*	Expected timeline for utilization
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	35.8%	572.4	572.4	From July 2021 to June 2024
Acquiring hospitals, when appropriate opportunities arise, in new markets with sizable population and relatively high level of demand for ophthalmic healthcare services	44.8%	716.4	716.4	From July 2021 to December 2023
Upgrading information technology systems	9.4%	150.3	150.3	From July 2021 to December 2023
Working capital and other general corporate purposes	10%	159.9	159.9	From July 2021 to December 2023
Total	**100%**	**1,599**	**1,599**	

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

Since the Listing Date 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 June 30, 2021, the Group had 1,705 full-time employees, among which, 928 were professionals at the hospitals, 89 were professionals at the optical centers and 688 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 67 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:

	As of June 30, 2021	
	Number of employees	percentage of total employees
Professionals at the hospitals:		
Physicians[(1)]	194	11.38%
Nurses	422	24.75%
Other professionals	312	18.30%
Professionals at the optical centers	89	5.22%
Administrative, finance and other employees at:		
The headquarters	92	5.40%
The hospitals	545	31.96%
The optical centers	51	2.99%
Total	1,705	100%

Note:

(1) As of June 30, 2021, 161 of the full-time physicians were registered as specialized ophthalmologists.

The Group enters into employment contracts with all of its full-time employee. 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 review their performance, the results of which are used in their annual salary review and promotion appraisal.

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 trainings 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 trainings 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 trainings 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 trainings for its nurses and medical assistants to improve their respective professional skills and foster their professional career path.

As of June 30, 2021, 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 INTERIM RESULTS

The independent auditors of the Company, namely Ernst & Young, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. 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 unaudited interim results for the six months ended June 30, 2021) of the Group. The Audit Committee and the independent auditors considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the written resolutions of the Shareholders of the Company passed on June 12, 2021, upon the listing of the Company's shares on the Stock Exchange on July 7, 2021, the 10,652,174 issued Shares of HK$0.01 par value were subdivided into 40 Shares of HK$0.00025 par value each and the Company issued 123,913,040 Shares to the existing Shareholders by way of capitalization from the share premium account. Immediately following the completion of the share subdivision and capitalization issue, the issued Shares were 550,000,000 shares.

On July 7, 2021, the Company issued 137,500,000 new Shares at HK$10.60 per Share under its Global Offering, which were listed and traded on the Main Board of the Stock Exchange. The gross proceeds before expenses from the new Share issuance amounted to approximately HK$1,458 million (equivalents to RMB1,216 million).

On August 3, 2021, the Company issued 20,125,000 new Shares at HK$10.60 per share upon the partial exercise of the over-allotment option, which were listed and traded on the Main Board of the Stock Exchange. The gross proceeds before expenses from the new Share issuance amounted to approximately HK$213 million (equivalent to RMB177 million).

Save as disclosed above and apart from the Listing of the Company, there was no significant event that might affect the Group after the Reporting Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chaojueye.com), and the 2021 interim report containing all the information required by the Listing Rules will be dispatched 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 condensed consolidated interim results of the Group for the six months ended June 30, 2021 together with the comparative figures for the same period in 2020:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	**2021**	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**500,171**	319,445
Cost of sales		**(272,821)**	(185,341)
Gross profit		**227,350**	134,104
Other income and gains		**3,615**	3,236
Selling and distribution expenses		**(20,393)**	(14,029)
Administrative expenses		**(93,289)**	(55,323)
Impairment losses on financial assets, net		**(4,665)**	(10,187)
Other expenses		**(2,135)**	(2,260)
Finance costs		**(4,472)**	(6,883)
PROFIT BEFORE TAX	*5*	**106,011**	48,658
Income tax expense	*6*	**(27,340)**	(10,285)
PROFIT FOR THE PERIOD		**78,671**	38,373
Attributable to:			
Owners of the parent		**80,940**	41,579
Non-controlling interests		**(2,269)**	(3,206)
		78,671	38,373
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic (RMB yuan)		**0.15**	0.08
Diluted (RMB yuan)		**0.15**	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD		**78,671**	38,373
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**19**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**78,690**	38,373
Attributable to:			
Owners of the parent		**80,959**	41,579
Non-controlling interests		**(2,269)**	(3,206)
		78,690	38,373

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**299,440**	294,770
Right-of-use assets		**162,318**	151,788
Goodwill		**28,228**	28,228
Intangible assets		**54,229**	56,476
Deferred tax assets		**4,940**	4,762
Prepayments, other receivables and other assets		**1,932**	11,493
Total non-current assets		**551,087**	547,517
CURRENT ASSETS			
Inventories		**35,047**	37,999
Trade receivables	*9*	**68,174**	62,037
Prepayments, other receivables and other assets		**40,060**	27,928
Due from related parties		**5,906**	295
Cash and cash equivalents		**438,184**	413,246
Total current assets		**587,371**	541,505
CURRENT LIABILITIES			
Trade payables	*10*	**49,049**	39,291
Other payables and accruals		**119,098**	105,354
Interest-bearing bank and other borrowings		**5,250**	6,000
Lease liabilities		**36,554**	30,544
Tax payable		**15,448**	17,467
Dividends payable	*7*	**43,000**	–
Total current liabilities		**268,399**	198,656
NET CURRENT ASSETS		**318,972**	342,849
TOTAL ASSETS LESS CURRENT LIABILITIES		**870,059**	890,366

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**678**	678
Lease liabilities		**114,011**	105,139
Deferred tax liabilities		**19,050**	20,204
Other payables and accruals		**845**	800
Total non-current liabilities		**134,584**	126,821
Net assets		**735,475**	763,545
EQUITY			
Equity attributable to owners of the parent			
Share capital		**93**	93
Reserves		**711,354**	737,155
		711,447	737,248
Non-controlling interests		**24,028**	26,297
Total equity		**735,475**	763,545

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**106,011**	48,658
Adjustments for:		
Finance costs	**4,472**	6,883
Foreign exchange differences, net	**(93)**	–
Interest income	**(2,650)**	(2,140)
Loss on disposal of items of property, plant and equipment, net	**–**	2
Loss on disposal of a subsidiary	**–**	390
Covid-19-related rent concessions from lessors	**–**	(656)
Depreciation of property, plant and equipment	**21,003**	20,172
Depreciation of right-of-use assets	**17,169**	16,941
Amortisation of intangible assets	**2,548**	2,376
Impairment of trade receivables	**2,370**	2,399
Impairment of other receivables	**2,000**	3,303
Impairment of amounts due from related parties	**295**	4,485
Share-based payment expense	**6,240**	4,717
Decrease/(increase) in inventories	**2,952**	(9,464)
Increase in trade receivables	**(8,507)**	(9,174)
(Increase)/decrease in prepayments, other receivables and other assets	**(11,521)**	1,923
Increase/(decrease) in trade payables	**9,758**	(23,404)
Increase in other payables and accruals	**13,469**	31,056
Increase in amounts due from related parties	**(5,906)**	(1,215)
Decrease in amounts due to related parties	**–**	(3,348)
Decrease in restricted deposits	**–**	7,215
Cash generated from operations	**159,610**	101,119
Interest received	**2,650**	1,763
Interest paid	**(4,321)**	(4,612)
Income tax paid	**(30,689)**	(9,103)
Net cash flows from operating activities	**127,250**	89,167

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**–**	4,557
Payments for acquisition of items of property, plant and equipment	**(15,777)**	(37,280)
Payments for acquisition of intangible assets	**(301)**	(330)
Proceeds from disposal of items of property, plant and equipment	**1**	310
Disposal of a subsidiary	**–**	(390)
Proceeds of loans from related parties	**–**	15,016
Decrease in amounts due from other receivables	**1,700**	500
Net cash flows used in investing activities	**(14,377)**	(17,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in interest-bearing bank and other borrowings	**–**	14,950
Repayment of interest-bearing bank and other borrowings	**(901)**	(30,808)
Repayment of amounts due to related parties	**–**	(14,086)
Principal portion of lease payments	**(12,816)**	(17,651)
Capitalized listing expense	**(4,311)**	–
Dividends paid	**(70,000)**	–
Net cash flows used in financing activities	**(88,028)**	(47,595)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**24,845**	23,955
Cash and cash equivalents at beginning of period	**413,246**	239,815
Effect of foreign exchange rate changes, net	**93**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**438,184**	263,770
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**438,184**	263,770
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows	**438,184**	263,770

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 19 May 2020. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are involved in the provision of in-patient services, out-patient services, and sale of optical products in the mainland of the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of Preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020 as disclosed in the appendix I to the Company's prospectus dated 24 June 2021.

The interim condensed consolidated financial information has been prepared under the historical cost convention. The interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised IFRSs are described below:

a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and 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 these business 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:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**500,171**	319,445
Analysed into:		
Basic ophthalmic services	**233,002**	175,209
Consumer ophthalmic services	**266,495**	143,214
Others	**674**	1,022

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
In-patient services	**167,025**	131,010
Out-patient services	**293,474**	160,882
Sale of optical products	**38,998**	26,531
Others	**674**	1,022
Total revenue from contracts with customers	**500,171**	319,445

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Goods and services transferred at a point in time	**333,146**	188,435
Services transferred over time	**167,025**	131,010
Total revenue from contracts with customers	**500,171**	319,445

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**272,821**	185,341
Depreciation of property, plant and equipment	**21,003**	20,172
Depreciation of right-of-use assets	**17,169**	16,941
Amortisation of intangible assets	**2,548**	2,376
Total depreciation and amortisation	**40,720**	39,489
Impairment of trade receivables	**2,370**	2,399
Impairment of other receivables	**2,000**	3,303
Impairment of amounts due from related parties	**295**	4,485
Foreign exchange differences, net	**(93)**	–

6. INCOME TAX EXPENSES

The PRC enterprise income tax has been provided at the rate of 25% (six months ended 30 June 2020: 25%) on the estimated assessable income arising in the PRC during the period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (jurisdictions) in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China Charge for the period	**28,672**	10,733
Deferred	**(1,332)**	(448)
Total tax charge for the period	**27,340**	10,285

7. DIVIDEND

	30 June 2021 *RMB'000* **(Unaudited)**	30 June 2020 *RMB'000* (Unaudited)
Dividends declared	**113,000**	34,000

On 28 February 2021, the Board of Directors of the Company proposed a dividend of RMB70,000,000 to the then shareholders for the year ended 31 December 2020 and the above dividend distribution has been approved by shareholders on the same date, the Company has paid the dividend in full as of 30 June 2021. On 31 May 2021, the Board of Directors of the Company proposed a dividend of RMB43,000,000 to the then shareholders for the four months ended 30 April 2021 and the above dividend distribution has been approved by shareholders on the same date, the dividend has not been paid as of 30 June 2021.

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

On July 7, 2021, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited. Upon the listing of the Company's shares on the Stock Exchange of Hong Kong Limited, 539,347,826 shares were issued by the Company to existing Shareholders by the ways of the issued 10,652,174 Shares of HK$0.01 par value subdivided into 40 Shares of HK$0.00025 par value each Share subdivision (the "**Share Subdivision**") and the sum of HK$30,978 standing to the credit of the share premium account of the Company was capitalized and applied towards paying up in full at par 123,913,040 Shares of the Company (the "**Capitalization Issue**"). The weighted average number of shares has been retrospectively adjusted for the effect of the Share Subdivision and Capitalization Issue on the assumption that the Share Subdivision and Capitalization Issue had been completed on January 1, 2020.

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

	For the six months ended 30 June	
	2021 *RMB'000* **(Unaudited)**	2020 *RMB'000* (Unaudited)
Earnings		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	**80,940**	41,579

	Number of shares For the six months ended 30 June	
	2021 *'000* **(Unaudited)**	2020 *'000* (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**550,000**	550,000

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 3 months	**42,943**	26,891
4 to 6 months	**10,594**	12,351
7 to 12 months	**6,609**	7,549
Over 12 months	**8,028**	15,246
	68,174	62,037

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Within 1 year	**45,236**	36,267
1 to 2 years	**2,781**	2,203
2 to 3 years	**653**	584
Over 3 years	**379**	237
	49,049	39,291

GLOSSARY AND DEFINITIONS

"Audit Committee"	the audit committee of the Board
"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, a subsidiary of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"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" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chifeng Hospital"	Chaoju (Chifeng) Eye Hospital Co., Ltd.* (朝聚（赤峰）眼科醫院有限公司), a limited liability company incorporated in the PRC on December 19, 2016, a subsidiary of the Company
"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"	Novel coronavirus pneumonia
"Directors"	director(s) of the Company
"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 (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
"hyperopia"	a type of refractive error also known as farsightedness, which is usually caused by a shorter-than-normal eyeball or insufficient refractive ability of the crystalline lens, which results in parallel lights to focus at a position behind the retina, thus forming a blurred spot on the retina
"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
"in-patient service"	treatments of patients who are checked in at hospitals and are hospitalized overnight or for an extended period of time
"Listing"	the listing of the Shares on the Main Board on July 7, 2021
"Listing Date"	the date, namely July 7, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"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 GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions 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
"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
"ophthalmologist"	a medical doctor who specializes in eye and vision care
"out-patient service"	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"	from January 1, 2021 to June 30, 2021
"RMB" or "Renminbi"	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
"squint"	deviation of the eyes where there is an eye misalignment
"Stock Exchange"	the Stock Exchange of Hong Kong Limited

"Tianjin Chaoju"	Tianjin Chaoju Yangguang Medical Instrument Trade Co., Ltd.* (天津朝聚陽光醫療器械貿易有限公司), a limited liability company incorporated in the PRC on January 20, 2017, an indirect wholly-owned subsidiary of the Company

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

Hong Kong, August 27, 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 name shall prevail.*