

*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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**

**FINANCIAL HIGHLIGHTS**

Revenue of the Group increased by 6.5% to RMB532.7 million for the six months ended June 30, 2022 from RMB500.2 million for the same period in 2021.

Gross profit of the Group increased by 7.4% to RMB244.3 million for the six months ended June 30, 2022 from RMB227.4 million for the same period in 2021. Gross profit margin increased to 45.9% for the six months ended June 30, 2022 from 45.5% for the same period in 2021.

Profit before tax of the Group increased by 23.8% to RMB131.2 million for the six months ended June 30, 2022 from RMB106.0 million for the same period in 2021. Pre-tax profit margin increased to 24.6% for the six months ended June 30, 2022 from 21.2% for the same period in 2021.

Net profit of the Group increased by 29.4% to RMB101.8 million for the six months ended June 30, 2022 from RMB78.7 million for the same period in 2021. Net profit margin increased to 19.1% for the six months ended June 30, 2022 from 15.7% for the same period in 2021.

Non-IFRS adjusted net profit<sup>(1)</sup> of the Group increased by 4.8% to RMB103.3 million for the six months ended June 30, 2022 from RMB98.6 million for the same period in 2021. Non-IFRS adjusted net profit margin decreased to 19.4% for the six months ended June 30, 2022 from 19.7% for the same period in 2021.

The Board has resolved not to declare any dividends for the six months ended June 30, 2022.

*Note:*

- (1) Non-IFRS adjusted net profit was calculated as net profit for the Reporting Period excluding share-based compensation expenses.

## 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, 2022*

	Unaudited	
	Six months ended June 30,	
	2022	2021
	(RMB'000)	(RMB'000)
Revenue	532,742	500,171
Cost of sales	(288,406)	(272,821)
Gross profit	244,336	227,350
Other income and gains	19,460	3,615
Selling and distribution expenses	(26,258)	(20,393)
Administrative expenses	(92,687)	(93,289)
Impairment losses on financial assets, net	(5,786)	(4,665)
Other expenses	(2,230)	(2,135)
Finance costs	(5,624)	(4,472)
Profit before tax	131,211	106,011
Income tax expense	(29,450)	(27,340)
Net profit	101,761	78,671
Non-IFRS adjusted net profit	103,250	98,606
Gross profit margin	45.9%	45.5%
Net profit margin	19.1%	15.7%
Non-IFRS adjusted net profit margin	19.4%	19.7%

## 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 January 2022, Hohhot Chaoju Eye Hospital Co., Ltd.\* (呼和浩特朝聚眼科醫院有限公司) has obtained the necessary licenses and subsequently commenced business in February 2022. In May 2022, Hangzhou Chaoju Ophthalmic Optometry Eyeglasses Co., Ltd.\* (杭州朝聚眼視光眼鏡有限公司) has completed the industrial and commercial registration and subsequently commenced business. As of June 30, 2022, the Group operated a network of 18 ophthalmic hospitals and 25 optical centers spanning across five provinces or 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 for the periods indicated:

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>The hospitals</b>		
<b>Out-patient services</b>		
Number of out-patient visits	<b>439,780</b>	412,974
Average spending per visit (RMB)	<b>728</b>	711
<b>In-patient services</b>		
Number of in-patient visits	<b>22,510</b>	21,998
Average spending per visit (RMB)	<b>7,750</b>	7,593
<b>Optical centers</b>		
Number of customer visits <sup>(1)</sup>	<b>55,339</b>	57,049
Average selling price (RMB) <sup>(2)</sup>	<b>692</b>	684

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 6.5% from RMB500.2 million for the six months ended June 30, 2021 to RMB532.7 million for the six months ended June 30, 2022, 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:

	<b>Unaudited</b>			
	<b>Six months ended June 30,</b>		<b>2021</b>	
	<b>2022</b>		<b>2021</b>	
	<i>Revenue</i>	<i>Percentage</i>	<i>Revenue</i>	<i>Percentage</i>
	<i>(RMB'000)</i>	<i>of revenue</i>	<i>(RMB'000)</i>	<i>of revenue</i>
Consumer ophthalmic services	<b>291,051</b>	<b>54.6%</b>	266,495	53.3%
Basic ophthalmic services	<b>241,691</b>	<b>45.4%</b>	233,002	46.6%
Others	–	–	674	0.1%
<b>Total</b>	<b>532,742</b>	<b>100.0%</b>	500,171	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.

To maintain the Group's strong reputation in the provision of consumer ophthalmic services and in response to the impact of the COVID-19 pandemic in the first half of 2022, the Group (i) optimized its marketing and promotion activities with a focus on online promotion, new media and other online channels; (ii) formulated operational management measures to optimize its customer membership management model for maintaining customer loyalty; and (iii) streamlined the admission process and increase the Group's reception 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, enhancing the Group's reputation.

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 six months ended June 30, 2022, the Group's consumer ophthalmic services contributed to 54.6% of the Group's total revenue, representing an increase of approximately 1.3% compared to the same period in 2021.

## 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, 2022, the Group devoted more on its marketing initiatives and optimized its marketing solutions, which resulted in an increase in the number of patient visits. The Group procured advance medical equipment for the treatment of eye diseases and expanded the use of advanced treatment regime and high-end medical devices and consumables, which increased the average spending per patient visit. The Group also maintained its medical professionalism and quality medical services, which improved the retention rate of patients returning to the Group's ophthalmic hospitals to receive treatment on their other eye for basic eye diseases, such as cataracts, which further increased the revenue generated from basic ophthalmic services.

Although the revenue of consumer ophthalmic services continued to increase, the revenue of basic ophthalmic services continued to grow steadily, and continues to be a key component that allows the Group to maintain its market share and influence. For the six months ended June 30, 2022, the Group's basic ophthalmic services contributed to 45.4% 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 periods indicated:

	Unaudited			
	Six months ended June 30,		2021	
	2022		2021	
	Gross profit (RMB'000)	Gross profit margin	Gross profit (RMB'000)	Gross profit margin
Consumer ophthalmic services	146,792	50.4%	138,535	52.0%
Basic ophthalmic services	97,544	40.4%	88,740	38.1%
Others	—	—	75	11.1%
<b>Total</b>	<b>244,336</b>	<b>45.9%</b>	<b>227,350</b>	<b>45.5%</b>

The gross profit generated from consumer ophthalmic services was RMB146.8 million for the six months ended June 30, 2022, representing an increase of 6.0% compared to the six months ended June 30, 2021. This was primarily due to an increase in revenue from consumer ophthalmic services of 9.2% 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 RMB97.5 million for the six months ended June 30, 2022, representing an increase of 9.9% compared to the six months ended June 30, 2021. This was primarily due to an increase in revenue from basic ophthalmic services of 3.7% compared to same period last year and the dilution of related costs. The increase in the Group's total gross profit was primarily attributable to (i) an increase in total revenue of 6.5% compared to the same period last year; and (ii) the increase in revenue contribution from consumer ophthalmic services to the Group's revenue by 1.3% compared to the same period last year, 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, 2022, the Group had a total of 1,015 full-time medical professionals, among which, is composed of 207 physicians, 449 nurses and 359 other professionals. Among the 207 physicians, 178 of the full-time physicians were registered as specialized ophthalmologists. In addition, the Group also had 77 multi-site practice physicians who were full-time employees of other medical institutions.

In collaboration with Baotou Medical College of Inner Mongolia University of Science and Technology (內蒙古科技大學包頭醫學院), the Company applied to the Ministry of Education of the PRC with respect to the establishment of a new undergraduate specialty in optometry and the application was so approved in the first half of 2022. The specialty is planned to enroll 40 students and applications for 2022 Autumn semester intake have already been filled in August 2022. The successful establishment of this specialty shall serve as a crucial source of ophthalmologists for our Group.

### **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 disadvantaged communities, but also improve our brand awareness and reputation. For example, in the first half of 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 trainings 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 ten scientific research projects with various authorities and published six articles on reputable scientific journals.

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

The novel coronavirus (COVID-19) has spread globally and has adversely affected the global economy. The Group’s business is currently facing a temporary impact from the COVID-19 pandemic as patients are 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.

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; (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 participate in local COVID-19 prevention works and send medical professionals various COVID-19 testing spots to support nucleic acid testing; and (vii) maintaining continuous and effective communication with the patients and ensure that the patients visit the hospital in time during the COVID-19 pandemic.

## **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.

Tumote Youqi Chaoju Eye Hospital Co., Ltd.\* (土默特右旗朝聚眼科醫院有限公司) has obtained the necessary licenses and subsequently commenced business in July 2022 and 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)) has obtained the necessary licenses and subsequently commenced business in August 2022. As of the date of this announcement, the Group operated a network of 20 ophthalmic hospitals and 25 optical centers. The Group plans to continue expanding its layout in Zhejiang Province and expects hospitals established in Zhoushan and other places to commence business in the second half of 2022.

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 Zhejiang Province 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 development 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 6.5% from RMB500.2 million for the six months ended June 30, 2021 to RMB532.7 million for the six months ended June 30, 2022.

#### *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 9.2% from RMB266.5 million for the six months ended June 30, 2021 to RMB291.1 million for the six months ended June 30, 2022, primarily due to (i) implementing and further optimizing effective marketing promotional methods with focus on online promotion activities; (ii) maintaining customer loyalty through optimizing the customer membership management model; and (iii) reinforcing training to the professionals on consumer ophthalmic techniques and related skills, implementing stringent quality control, and providing quality medical services to improve the reputation of the Group.

#### *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 3.7% from RMB233.0 million for the six months ended June 30, 2021 to RMB241.7 million for the six months ended June 30, 2022, primarily due to (i) increasing marketing initiatives; (ii) increasing investments and usage of advance and high-end medical equipment; and (iii) strengthening 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.

### ***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 5.7% from RMB272.8 million for the six months ended June 30, 2021 to RMB288.4 million for the six months ended June 30, 2022, which is in line with the increase in revenue.

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

The Group's gross profit increased by 7.4% from RMB227.4 million for the six months ended June 30, 2021 to RMB244.3 million for the same period in 2022.

The Group's gross profit margin increased from 45.5% for the six months ended June 30, 2021 to 45.9% for the six months ended June 30, 2022. The increase in gross profit margin was primarily due to (i) the effects of economies of scale that resulted in dilution of related costs; and (ii) consumer ophthalmic services having 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.

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

During the Reporting Period, the Group's other income and gains were primarily composed of interest income, fair value gains, exchange gains and government grants.

The Group's other income and gains increased by 441.7% from RMB3.6 million for the six months ended June 30, 2021 to RMB19.5 million for six months ended June 30, 2022, primarily due to (i) an increase in interest income 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; and (ii) an increase in interest income derived from the Group's bank balances resulting from inflow of the IPO Proceeds.

### *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 28.9% from RMB20.4 million for the six months ended June 30, 2021 to RMB26.3 million for the six months ended June 30, 2022, primarily due to (i) an increase in labor expenses due to the expansion of the Group's sales and marketing team and (ii) an increase in marketing and advertising expenses, which was due to an increase in the investment of online promotion, new media and other online channels and also an increase in marketing initiatives in North China and East China.

### *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 office expenses.

The Group's administrative expenses decreased by 0.6% from RMB93.3 million for the six months ended June 30, 2021 to RMB92.7 million for the six months ended June 30, 2022, primarily due to the recognition of non-recurring listing expenses of approximately RMB18.3 million for the six months ended June 30, 2021 while no such expenses were recognized for the six months ended June 30, 2022 and such decrease was partially offset by an increase in expenses incurred at an early stage of establishment of Hohhot Chaoju Eye Hospital Co., Ltd.\* (呼和浩特朝聚眼科醫院有限公司), 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)), Zhoushan Chaoju Eye Hospital Co., Ltd.\* (舟山朝聚眼科醫院有限公司) and Tumote Youqi Chaoju Eye Hospital Co., Ltd.\* (土默特右旗朝聚眼科醫院有限公司) (collectively referred as to the "New Hospitals").

### *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 increased by 23.4% from RMB4.7 million for the six months ended June 30, 2021 to RMB5.8 million for the six months ended June 30, 2022, primarily due to an increase in the non-recurring impairment losses on accounts receivables and other receivables due from third parties.

### ***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 24.4% from RMB4.5 million for the six months ended June 30, 2021 to RMB5.6 million for the six months ended June 30, 2022, primarily due to an increase in interest expenses on lease liabilities, resulted from financing the lease payments in respect of the premises of the New Hospitals which commenced business in the first half of 2022 or will be commencing business in the second half of 2022.

### ***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 2.5% or 5% with respect to part of their taxable income.

The Group's income tax expense increased by 8.1% from RMB27.3 million for the six months ended June 30, 2021 to RMB29.5 million for the six months ended June 30, 2022, 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 29.4% to RMB101.8 million for the six months ended June 30, 2022 from RMB78.7 million for the same period in 2021. The Group's net profit margin increased to 19.1% for the six months ended June 30, 2022 from 15.7% for the same period in 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 4.8% to RMB103.3 million for the six months ended June 30, 2022 from RMB98.6 million for the same period in 2021.

### ***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, 2021 and 2022 to the nearest measures prepared in accordance with IFRS:

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net profit</b>	<b>101,761</b>	78,671
Adjustments:		
Listing expenses (after tax)	–	13,695
Share-based compensation expenses	<b>1,489</b>	6,240
<b>Non-IFRS adjusted net profit</b>	<b>103,250</b>	98,606
<b>Non-IFRS adjusted net profit margin</b>	<b>19.4%</b>	19.7%

*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 20.3% from RMB54.2 million as of December 31, 2021 to RMB65.2 million as of June 30, 2022, 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 and deposits. Prepayments, other receivables and other assets increased by 59.1% from RMB47.4 million as of December 31, 2021 to RMB75.4 million as of June 30, 2022, primarily due to an increase in prepayments for the purchase of advance medical equipment (including Visumax).

### ***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>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net cash flows from operating activities	<b>156,703</b>	127,250
Net cash flows from investing activities	<b>71,990</b>	(14,377)
Net cash flows from financing activities	<b>(100,888)</b>	(88,028)
Effect of foreign exchange rate changes, net	<b>29,483</b>	93
Net increase in cash and cash equivalents	<b>157,288</b>	24,938

The Group's net increase in cash and cash equivalents is RMB157.3 million for the six months ended June 30, 2022, primarily due to net cash inflows of RMB156.7 million from operating activities and net cash inflows of RMB72.0 million from investment activities, which was mainly due to net subscriptions and redemptions of structured deposit products in an amount of RMB168.6 million, which was partially offset by net cash outflows of RMB100.9 million from financing activities, resulting from the payment of dividends in an amount of RMB62.7 million.

### ***Trade Payables***

The Group's trade payables increased by 61.7% from RMB36.8 million as of December 31, 2021 to RMB59.5 million as of June 30, 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, payables for purchases of property, plant and equipment and contract liabilities.

The Group's other payables and accruals increased by 6.1% from RMB121.4 million as of December 31, 2021 to RMB128.8 million as of June 30, 2022, primarily due to an increase in the salaries and welfare payables from the increased number of employees and contract liabilities.

### ***Contingent Liabilities***

As of June 30, 2022, the Group did not have any material contingent liabilities or guarantees.

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

As of June 30, 2022, no asset has been pledged by the Group (as of December 31, 2021: nil).

### ***Capital Commitments***

As of June 30, 2022, the Group had a total capital commitment of approximately RMB10.8 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 June 30, 2022, the Group maintained a portfolio of structured deposit products with a total outstanding principal amount of RMB360.0 million, and the size of structured deposit products subscribed by the Group in aggregate represented approximately 13.9% of the Group's total assets. For the six months ended June 30, 2022, the total principal amount of the structured deposit products that the Group has subscribed for was RMB1.1 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 RMB9.5 million.

The following table sets forth a breakdown of the major structured deposit products subscribed by the Group as of June 30, 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 June 30, 2022 (RMB'000)	Percentage of the total assets of the Group as of June 30, 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) (CSDVY202109218)	November 19, 2021	February 17, 2022	130,000 <sup>†</sup>	1.5000% to 4.5492%	130,481	5.02%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202109219)	November 19, 2021	February 18, 2022	130,000 <sup>†</sup>	1.5100% to 4.5417%	131,472	5.06%
ICBC	ICBC Linked Exchange Rate Interval Accumulative Corporate RMB Structured Deposit Product – Designated Account 2021 No. 362 Type C (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2021年第362期C款)	December 13, 2021	March 15, 2022	260,000 <sup>‡</sup>	1.3000% to 2.5000%	261,638	10.07%
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 <sup>†</sup>	1.5400% to 4.8300%	131,444	5.06%
	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 <sup>†</sup>	1.5300% to 4.8200%	130,594	5.03%
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	10.05%



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 June 30, 2022 (RMB'000)	Percentage of the total assets of the Group as of June 30, 2022
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鈎型結構性存款) (機構客戶) (CSDVY202214220)	March 31, 2022	June 29, 2022	115,100*	1.8000% to 4.5900%	116,398	4.48%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鈎型結構性存款) (機構客戶) (CSDVY202214221)	March 31, 2022	June 29, 2022	114,900*	1.7900% to 4.5800%	115,411	4.44%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鈎型結構性存款) (機構客戶) (CSDVY202216535)	May 26, 2022	August 24, 2022	129,900#	1.5400% to 4.6500%	130,092	5.01%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鈎型結構性存款) (機構客戶) (CSDVY202216536)	May 26, 2022	August 24, 2022	130,100#	1.5300% to 4.6400%	130,291	5.01%

*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 of the Company, the Group did not have any future plan for material investments and capital assets.

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

As of June 30, 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.

## **Interim Dividends**

The Board has resolved not to declare any dividends for the six months ended June 30, 2022.

## **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 Corporate Governance Code contained in Appendix 14 to the Listing Rules.

Code provision C.2.1 of the Corporate Governance Code 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 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 as of June 30, 2022 <i>HK\$ million</i>	Unutilized amount as of June 30, 2022 <i>HK\$ million</i>	Expected timeline for utilization
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	35.8%	572.4	101.9	470.5	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	12.0	704.4	From July 2021 to June 2024
Upgrading information technology systems	9.4%	150.3	11.7	138.6	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>282.4</b>	<b>1,316.6</b>	

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. For further information, please refer to the announcements of the Company dated March 17, 2022 and May 25, 2022.

## **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 June 30, 2022, the Group had 1,863 full-time employees, among which, 1,015 were professionals at the hospitals, 93 were professionals at the optical centers and 755 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 77 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 June 30, 2022</b>	
	<b>Number of employees</b>	<b>percentage of total employees</b>
<b>Professionals at the hospitals:</b>		
Physicians <sup>(1)</sup>	207	11.11%
Nurses	449	24.10%
Other professionals	359	19.27%
<b>Professionals at the optical centers</b>	93	4.99%
<b>Administrative, finance and other employees at:</b>		
The headquarters	110	5.90%
The hospitals	581	31.19%
The optical centers	64	3.44%
<b>Total</b>	<b>1,863</b>	<b>100%</b>

*Note:*

(1) As of June 30, 2022, 178 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 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 June 30, 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 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, 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 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, 2022) 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**

Since July 1, 2022 and up to the date of this announcement, the Group subscribed for structured deposit products in the principal amount of RMB490 million in total offered by BOC. For further information, please refer to the announcements of the Company dated June 30, 2022 and August 25, 2022.

Save as disclosed above, 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](http://www.hkexnews.hk)) and the Company ([www.chaojueye.com](http://www.chaojueye.com)), and the 2022 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, 2022 together with the comparative figures for the same period in 2021:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022*

	<i>Notes</i>	For the six months ended	
		30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>532,742</b>	500,171
Cost of sales		<b>(288,406)</b>	(272,821)
		<hr/>	<hr/>
Gross profit		<b>244,336</b>	227,350
Other income and gains		<b>19,460</b>	3,615
Selling and distribution expenses		<b>(26,258)</b>	(20,393)
Administrative expenses		<b>(92,687)</b>	(93,289)
Other expenses		<b>(2,230)</b>	(2,135)
Impairment losses on financial assets, net		<b>(5,786)</b>	(4,665)
Finance costs		<b>(5,624)</b>	(4,472)
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX</b>	5	<b>131,211</b>	106,011
Income tax expenses	6	<b>(29,450)</b>	(27,340)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>101,761</b>	78,671
		<hr/>	<hr/>
Attributable to:			
Owners of the parent		<b>103,598</b>	80,940
Non-controlling interests		<b>(1,837)</b>	(2,269)
		<hr/>	<hr/>
		<b>101,761</b>	78,671
		<hr/>	<hr/>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted for the period (expressed in RMB per share)	8	<b>0.15</b>	0.15
		<hr/>	<hr/>



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>101,761</b>	78,671
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>28,492</b>	19
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>130,253</b>	78,690
Attributable to:		
Owners of the parent	<b>132,090</b>	80,959
Non-controlling interests	<b>(1,837)</b>	(2,269)
	<b>130,253</b>	78,690

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>342,402</b>	305,151
Right-of-use assets		<b>196,796</b>	180,753
Goodwill		<b>28,228</b>	28,228
Intangible assets		<b>52,153</b>	53,818
Deferred tax assets		<b>5,958</b>	5,729
Long-term time deposits		<b>10,531</b>	–
Prepayments, other receivables and other assets		<b>39,952</b>	18,404
		<hr/>	<hr/>
Total non-current assets		<b>676,020</b>	592,083
<b>CURRENT ASSETS</b>			
Inventories		<b>46,607</b>	34,900
Trade receivables	9	<b>65,224</b>	54,167
Prepayments, other receivables and other assets		<b>35,386</b>	29,021
Due from related parties		–	19,164
Financial assets at fair value through profit or loss (“FVTPL”)		<b>361,001</b>	520,043
Cash and cash equivalents		<b>1,414,424</b>	1,257,136
		<hr/>	<hr/>
Total current assets		<b>1,922,642</b>	1,914,431
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>59,482</b>	36,802
Other payables and accruals		<b>127,404</b>	120,373
Other borrowings		<b>5,661</b>	5,524
Lease liabilities		<b>34,165</b>	40,707
Tax payable		<b>19,691</b>	18,423
		<hr/>	<hr/>
Total current liabilities		<b>246,403</b>	221,829
<b>NET CURRENT ASSETS</b>		<hr/> <b>1,676,239</b>	<hr/> 1,692,602
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>2,352,259</b>	<hr/> 2,284,685

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(continued)**

*As at 30 June 2022*

	<b>30 June 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Other borrowings	736	717
Lease liabilities	137,636	131,699
Deferred tax liabilities	15,037	22,867
Other payables and accruals	1,436	996
	<hr/>	<hr/>
Total non-current liabilities	154,845	156,279
	<hr/>	<hr/>
Net assets	2,197,414	2,128,406
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	152	152
Reserves	2,176,910	2,106,065
	<hr/>	<hr/>
	2,177,062	2,106,217
Non-controlling interests	20,352	22,189
	<hr/>	<hr/>
Total equity	2,197,414	2,128,406
	<hr/>	<hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2022*

	For the six months ended	
	30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	131,211	106,011
Adjustments for:		
Finance costs	5,624	4,472
Fair value gains on financial assets at fair value through profit or loss	(9,541)	–
Foreign exchange differences, net	(991)	(93)
Interest income	(5,206)	(2,650)
Loss on disposal of items of property, plant and equipment, net	6	–
Loss on termination of leases	84	–
Depreciation of property, plant and equipment	23,372	21,003
Depreciation of right-of-use assets	21,422	17,169
Amortisation of intangible assets	2,704	2,548
Impairment of trade receivables	1,770	2,370
Impairment of other receivables	4,016	2,000
Impairment of amounts due from related parties	–	295
Share-based payments	1,489	6,240
	<hr/>	<hr/>
(Increase)/decrease in inventories	(11,707)	2,952
Increase in trade receivables	(12,827)	(8,507)
Increase in prepayments, other receivables and other assets	(10,381)	(11,521)
Increase in trade payables	22,680	9,758
Increase in other payables and accruals	10,317	13,469
Decrease/(increase) in amounts due from related parties	19,164	(5,906)
	<hr/>	<hr/>
Cash generated from operations	193,206	159,610
Interest received	5,206	2,650
Interest paid	(5,468)	(4,321)
Income tax paid	(36,241)	(30,689)
	<hr/>	<hr/>
Net cash flows from operating activities	156,703	127,250
	<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(continued)**

*For the six months ended 30 June 2022*

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for acquisition of items of property, plant and equipment	<b>(85,032)</b>	(15,777)
Payments for acquisition of intangible assets	<b>(1,039)</b>	(301)
Proceeds from disposal of items of property, plant and equipment	<b>9</b>	1
Purchases of long-term time deposits	<b>(10,531)</b>	–
Purchases of financial assets at fair value through profit or loss	<b>(1,110,000)</b>	–
Proceeds from disposal of financial assets at fair value through profit or loss	<b>1,278,583</b>	–
Decrease in prepayments, other receivables and other assets	<b>–</b>	1,700
Net cash flows from/(used in) investing activities	<b>71,990</b>	(14,377)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of other borrowings	<b>–</b>	(901)
Principal portion of lease payments	<b>(38,154)</b>	(12,816)
Payments of listing expenses	<b>–</b>	(4,311)
Dividends paid	<b>(62,734)</b>	(70,000)
Net cash flows used in financing activities	<b>(100,888)</b>	(88,028)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	<b>1,257,136</b>	413,246
Effect of foreign exchange rate changes, net	<b>29,483</b>	93
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,414,424</b>	438,184
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>1,414,424</b>	438,184
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	<b>1,414,424</b>	438,184

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 sales 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 presentation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 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 annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value. The financial information is presented in Renminbi ("RMB"), 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 2021, 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 3  
Amendments to IAS 16

Amendments to IAS 37  
Annual Improvements to  
IFRSs 2018-2020

*Reference to the Conceptual Framework*

Property, Plant and Equipment: Proceeds before Intended Use

Onerous Contracts – Cost of Fulfilling a Contract

Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and impact of the revised IFRSs 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* 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-Int 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-Int 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 contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, 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, 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 while making property, plant and equipment available for use on or after 1 January 2021, 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 IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are 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 to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

### 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:

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>532,742</u>	<u>500,171</u>
Analysed into:		
Basic ophthalmic services	241,691	233,002
Consumer ophthalmic services	291,051	266,495
Others	–	674

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

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Types of goods or services</i>		
In-patient services	174,449	167,025
Out-patient services	319,996	293,474
Sales of optical products	38,297	38,998
Others	–	674
Total revenue from contracts with customers	<u>532,742</u>	<u>500,171</u>



	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Timing of revenue recognition</i>		
Services and goods transferred at a point in time	<b>358,293</b>	333,146
Services transferred over time	<b>174,449</b>	167,025
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>532,742</b>	500,171
	<hr/>	<hr/>

## 5. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of sales	<b>288,406</b>	272,821
Depreciation of property, plant and equipment	<b>23,372</b>	21,003
Depreciation of right-of-use assets	<b>21,422</b>	17,169
Amortisation of intangible assets	<b>2,704</b>	2,548
	<hr/>	<hr/>
Total depreciation and amortisation	<b>47,498</b>	40,720
Impairment of trade receivables, net	<b>1,770</b>	2,370
Impairment of other receivables, net	<b>4,016</b>	2,000
Impairment of amounts due from related parties, net	–	295
Fair value gains on financial assets at fair value through profit or loss	<b>(9,541)</b>	–
Foreign exchange differences, net	<b>(991)</b>	(93)
	<hr/>	<hr/>

## 6. INCOME TAX EXPENSES

The PRC enterprise income tax has been provided at the rate of 25% (six months ended 30 June 2021: 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 2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (jurisdictions) in which the Group operates.

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current – Mainland China Charge for the period	<b>37,509</b>	28,672
Deferred	<b>(8,059)</b>	(1,332)
	<hr/>	<hr/>
Total tax charge for the Period	<b>29,450</b>	27,340
	<hr/>	<hr/>

## 7. DIVIDENDS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	30 June 2021 RMB'000 (Unaudited)
Final dividend declared and paid	62,734	70,000
Interim dividend declared	–	43,000
	<u>62,734</u>	<u>113,000</u>

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB43,000,000).

## 8. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 707,625,000 (30 June 2021: 550,000,000) in issue during the period, as adjusted to reflect the subdivision of shares on a one-for-forty basis and the capitalisation issue of 123,913,040 shares basis on 7 July 2021.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2022 and 2021.

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

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<u>103,598</u>	<u>80,940</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>707,625</u>	<u>550,000</u>

## 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	38,292	36,716
4 to 6 months	3,958	5,692
7 to 12 months	15,678	6,470
Over 12 months	7,296	5,289
	<u>65,224</u>	<u>54,167</u>

## 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 1 year	55,037	33,889
1 to 2 years	2,300	903
2 to 3 years	857	1,405
Over 3 years	1,288	605
	<u>59,482</u>	<u>36,802</u>

## GLOSSARY AND DEFINITIONS

“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
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on March 3, 2014, as amended, supplemented or otherwise modified from time to time
“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
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“COVID-19”	Novel coronavirus pneumonia
“Directors”	director(s) of the Company
“East China”	an eastern region of China consisting of Hangzhou, Zhoushan and Zhejiang Province
“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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“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
“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 service”	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”	the listing of the Shares on the Main Board on July 7, 2021
“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
“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
“ophthalmologist”	a medical doctor who specializes in eye and vision care
“optician”	A technical practitioner specialized in the assembling, examination and maintenance of eyeglasses
“optometrist”	A health care professional specialized in refractive error examination, vision screening and management, and the prescribing of optical products such as eyeglasses and contact lenses
“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, 2022 to June 30, 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

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

Hong Kong, August 29, 2022

*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.*