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 in the Cayman Islands with limited liability)

(Stock Code: 2219)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue of the Group increased by 30.0% to RMB692.7 million for the six months ended June 30, 2023 from RMB532.7 million for the same period in 2022.

Gross profit of the Group increased by 32.2% to RMB322.9 million for the six months ended June 30, 2023 from RMB244.3 million for the same period in 2022. Gross profit margin increased to 46.6% for the six months ended June 30, 2023 from 45.9% for the same period in 2022.

Profit before tax of the Group increased by 40.7% to RMB184.6 million for the six months ended June 30, 2023 from RMB131.2 million for the same period in 2022. Pre-tax profit margin increased to 26.6% for the six months ended June 30, 2023 from 24.6% for the same period in 2022.

Net profit of the Group increased by 44.3% to RMB146.9 million for the six months ended June 30, 2023 from RMB101.8 million for the same period in 2022. Net profit margin increased to 21.2% for the six months ended June 30, 2023 from 19.1% for the same period in 2022.

Non-IFRS adjusted net profit(1) of the Group increased by 32.1% to RMB136.5 million for the six months ended June 30, 2023 from RMB103.3 million for the same period in 2022. Non-IFRS adjusted net profit margin increased to 19.7% for the six months ended June 30, 2023 from 19.4% for the same period in 2022.

Basic earnings per Share of the Group increased by 40.0% to RMB0.21 for the six months ended June 30, 2023 from RMB0.15 for the same period in 2022.

The number of ophthalmic hospitals operated by the Group increased from 18 as of June 30, 2022 to 26 as of June 30, 2023 and the number of optical centers operated by the Group increased from 25 as of June 30, 2022 to 27 as of June 30, 2023.

The Board has resolved not to declare any dividends for the six months ended June 30, 2023.

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.

Note:

(1) Non-IFRS adjusted net profit was calculated as net profit for the Reporting Period excluding share-based compensation expenses and one-off gain on a deemed disposal of interest previously held in an associate.

SUMMARY OF UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2023

	Unaudited Six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Revenue	**692,688**	532,742
Cost of sales	**(369,766)**	(288,406)
Gross Profit	**322,922**	244,336
Other income and gains	**40,501**	19,460
Selling and distribution expenses	**(51,265)**	(26,258)
Administrative expenses	**(110,585)**	(92,687)
Impairment losses on financial assets, net	**(1,368)**	(5,786)
Other expenses	**(9,937)**	(2,230)
Finance costs	**(5,702)**	(5,624)
Profit before tax	**184,566**	131,211
Income tax expenses	**(37,654)**	(29,450)
Net profit	**146,912**	101,761
Non-IFRS adjusted net profit(1)	**136,539**	103,250
Gross profit margin	**46.6%**	45.9%
Net profit margin	**21.2%**	19.1%
Non-IFRS adjusted net profit margin(2)	**19.7%**	19.4%
Non-IFRS EBITDA(3)	**223,233**	169,586
Non-IFRS adjusted EBITDA	**212,860**	171,075

Notes:

(1) Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding share-based compensation expenses and one-off gain on a deemed disposal of interest previously held in an associate.

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

(3) Non-IFRS EBITDA represents profit before tax excluding (i) finance costs; (ii) interest income and fair value gains on financial assets at fair value through profit or loss; (iii) depreciation of property, plant and equipment; (iv) amortization of intangible assets; and (v) depreciation of right-of-use assets.

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. 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 2023, Zhoushan Chaoju Eye Hospital Co., Ltd.* (舟山朝聚眼科醫院有限公司) has obtained the necessary licenses and subsequently commenced business in February 2023. On March 31, 2023, the Group acquired the controlling interest of Ningxia Chaoju Kaiming Eye Hospital Co., Ltd.* (寧夏朝聚開明眼科醫院有限公司) (formerly known as Chaoju Kaiming (Ningxia) Eye Hospital Co., Ltd.* (朝聚開明(寧夏)眼科醫院有限公司)) and Ningxia Kaiming Optical Eyeglasses Co., Ltd.* (寧夏開明視光配鏡有限公司). As of June 30, 2023, the Group operated a network of 26 ophthalmic hospitals and 27 optical centers spanning across a total of six provinces or autonomous regions 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:

	Unaudited Six months ended June 30, 2023	2022
The hospitals		
Out-patient services		
Number of out-patient visits	**531,714**	439,780
Average spending per visit *(RMB)*(2)	**752**	728
In-patient services		
Number of in-patient visits	**32,922**	22,510
Average spending per visit *(RMB)*(2)	**7,473**	7,750
Optical centers		
Number of customer visits(1)	**58,317**	55,339
Average selling price *(RMB)*(2)	**803**	692

Notes:

(1) Represents the total number of purchases made by customers at the optical centers. If a customer makes more than one purchase at the optical centers within the same day, he/she will only be counted once. If a customer purchases at the optical centers on different days, he/she will be counted according to the number of days he/she made purchases at the optical centers.

(2) Subject to rounding adjustments, (i) average spending per visit represents the average spending per visit calculated by the total revenue generated from the out-patient or in-patient services (as applicable) divided by the total number of out-patient or in-patient visits (as applicable); and (ii) average selling price represents the average selling price calculated by the total revenue generated from the optical centers divided by the total number of customer visits.

The Group's revenue increased by 30% from RMB532.7 million for the six months ended June 30, 2022 to RMB692.7 million for the six months ended June 30, 2023, primarily attributable to the recovery of demand for ophthalmic services coupling with the Group's enhanced reception capacity for increased patient visits, the increase in average spending per patient visit, the recovery of the industry and the general economic environment in the PRC after the COVID-19 pandemic.

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

	Unaudited Six months ended June 30,			
	2023		2022	
	Revenue *(RMB'000)*	**Percentage of revenue**	Revenue *(RMB'000)*	Percentage of revenue
Consumer ophthalmic services	**361,113**	**52.1%**	291,051	54.6%
Basic ophthalmic services	**331,575**	**47.9%**	241,691	45.4%
Total	**692,688**	**100.0%**	532,742	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, after the lifting of pandemic control measures, the Group has on the one hand increased its initiatives in market expansion by way of (i) optimizing its marketing and promotion activities with a focus on online promotion, new media and other online channels, fully driving forward offline expansion activities, increasing the successful rate of converting potential patients into the Group's customers and expanding the market share; (ii) chairing various pro bono eye health lectures, eye disease screening, physical examination and other activities for the public; and (iii) formulating operational management measures to optimize its customer membership management model for increasing customer satisfaction and loyalty, prompting existing customers to refer the Group to new customers. The Group on the other hand (i) upgraded the standardized management system for consumer ophthalmic services, streamlined admission process and enhanced reception capacity and efficiency to enable serving more patients at the same time; (ii) 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"; and (iii) 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, 2023, the Group's consumer ophthalmic services contributed to 52.1% of the Group's total revenue.

Basic ophthalmic services

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

In view of the easing of pandemic prevention and control measures in various regions since the first quarter of 2023, the Group's basic ophthalmic services started to regain its momentum. Furthermore, the Group further enhanced efficiency of its core professional team via the implementation of excellence learning programs and has increased its capacity for patient visits since, which resulted in an increase in the number of patient visits in the first half of 2023. The Group continued to devote significant resources on the procurement of cutting-edge medical equipment for the treatment of eye diseases and expanded the use of advanced treatment regimes, premium medical supplies and consumables, which further raised the quality of the Group's medical services and satisfied patients' diversified needs. The Group has introduced the world's first intraocular lens, Johnson & Johnson TECNIS SYNERGY™, providing 33 cm-continuous visual distance and using for presbyopia correction. The Group has gradually promoted the use of Johnson & Johnson TECNIS SYNERGY™ after obtaining satisfactory results with respect to the lens implantation of the first cohort of patients, which in turn increased the successful rate of converting potential patients into customers and patient retention rate returning to the Group's ophthalmic hospitals to receive treatment on their other eye for basic eye diseases.

For the six months ended June 30, 2023, the Group's basic ophthalmic services contributed to 47.9% 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,			
	2023		2022	
	Gross profit *(RMB'000)*	**Gross profit margin**	Gross profit *(RMB'000)*	Gross profit margin
Consumer ophthalmic services	**185,903**	**51.5%**	146,792	50.4%
Basic ophthalmic services	**137,019**	**41.3%**	97,544	40.4%
Total	**322,922**	**46.6%**	244,336	45.9%

The gross profit generated from consumer ophthalmic services was RMB185.9 million for the six months ended June 30, 2023, representing an increase of 26.6% compared to the six months ended June 30, 2022. This was primarily due to an increase in revenue from consumer ophthalmic services of 24.1% 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 RMB137.0 million for the six months ended June 30, 2023, representing an increase of 40.5% compared to the six months ended June 30, 2022. This was primarily due to an increase in revenue from basic ophthalmic services of 37.2% 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 revenue of 30.0% compared to same period last year and the dilution of fixed costs; (ii) an increase in profit generated by each member of the core professional team in view of their increased efficiency; and (iii) the increase of revenue during the first half of 2023 exceeded the increase of labour costs for the same period.

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, 2023, the Group had a total of 1,316 full-time medical professionals, among which, is composed of 262 physicians, 598 nurses and 456 other professionals. Among the 262 physicians, 221 of the full-time physicians were registered as specialized ophthalmologists. In addition, the Group also had 92 multi-site practice physicians who were full-time employees of other medical institutions.

Awards, Recognitions and Social Responsibility

The Group provides charitable medical aid and free medical consultations to public institutions and disadvantaged communities from time to time. Such charitable events allow the Company to maintain good relationships with government authorities and agencies while simultaneously promote its ophthalmic and optical services. These events do not only benefit the disadvantaged communities, but also improve the Group's brand awareness and reputation. For example, in the first half of 2023, 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 2 scientific research projects with various authorities and published 7 articles on reputable scientific journals.

BUSINESS PROSPECTS AND STRATEGIC HIGHLIGHTS

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

As a leading ophthalmic medical services group in China, the Group will continue to adhere to the vision of "Being a Leader of Happy Ophthalmic Healthcare" guided by the Group's latest 10-year strategic goal. The Group will continue to enhance the capabilities of its hospitals and optical centers by way of "Five-Modernizations Construction" – being systematization, standardization, specialization, refinement and intelligence-powered. The Group will fully upgrade its hospital environment, other hardware and software and customer service system with a view to create excellent customer experience and raise customer satisfaction and loyalty. Furthermore, the Group will continue deepening the integration of teaching and clinical research, promoting the construction of disciplines and featured specialties of major eye health development areas to align with international standards in ophthamology diagnosis and treatment and upholding the leading advantage of discipline contribution in China. The Group attaches high importance to talent retention and recruitment, employee care and talent development at all levels, with an aim to strengthen the Group's professional profile. The Group will continue to promote the enjoyment of eye health through the construction of specialty, talent, technology and quality and the adherence of its core values, being "Benefits to Patient Satisfaction, Benefits to Talent Development and Benefits to Efficiency Enhancement".

As of the date of this announcement, the Group operated a network of 27 ophthalmic hospitals and 28 optical centers. The Group plans to continue expanding its network layout and strengthening its network coverage in the key regions of North China and expects to acquire few more hospitals in the second half of 2023. The Group also expects to expand its layout in the key regions of Yangtze River Delta region through acquisitions and establishment of new hospitals and optical centers.

The Group will 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 revise 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 provide diversified and personalized ophthalmic diseases diagnosis and treatment and eye health management services to satisfy patients' needs from different perspectives, 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;

(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; and

(8) continue to promote the construction of a sound environmental, social and corporate governance (ESG) system and constantly give back to the society.

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 30.0% from RMB532.7 million for the six months ended June 30, 2022 to RMB692.7 million for the six months ended June 30, 2023.

Consumer ophthalmic services

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

The Group's revenue from consumer ophthalmic services increased by 24.1% from RMB291.1 million for the six months ended June 30, 2022 to RMB361.1 million for the six months ended June 30, 2023, primarily due to (i) the increase in the number of out-patient visits due to the Group's efforts to further optimize its marketing and promotion activities by way of increasing its initiatives in market expansion and fully adjusting its marketing activities to effectively implement offline and online promotion activities after the easing of COVID-19 pandemic prevention and control measures; (ii) the increase in the referral rate between the existing and new customers via the enhancement of its customer membership management model for maintaining the customer loyalty; and (iii) the Group's continuous efforts in reinforcing the training on consumer ophthalmic services techniques and related skills and implementing stringent medical quality control measures in providing quality medical services to its patients so as to improve the Group's reputation.

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 37.2% from RMB241.7 million for the six months ended June 30, 2022 to RMB331.6 million for the six months ended June 30, 2023, primarily due to the Group's continuous efforts in (i) enhancing its marketing activities through chairing various pro bono health lectures, eye disease screening, physical examination and other activities for the public after the easing of COVID-19 pandemic prevention and control measures; (ii) enhancing admission, reception, pre-surgery and post-surgery processes to provide more convenient treatment services, more efficient emergency process and better reception capacity to enable serving the surge in demand from patients; (iii) devoting significant resources on the procurement of premium consumables and equipment and expanding the use of advanced treatment regimes, which satisfied patients' diversified and customized needs, so as to improve the successful rate of converting potential patients to the Group's customers and increase the value to be created by each customer; and (iv) enhancing stringent medical quality management and control measures to improve the Group's reputation, which attracted more patients to receive basic ophthalmic services in the Group's ophthalmic hospitals, among which, more and more patients chose to return to receive treatment on their other eye for basic diseases.

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 the Group's provision of medical services, cost of pharmaceuticals, depreciation, amortization and rental expenses.

The Group's cost of sales increased by 28.2% from RMB288.4 million for the six months ended June 30, 2022 to RMB369.8 million for the six months ended June 30, 2023, primarily due to (i) the business expansion of the Group; (ii) the additional costs associated with the newly built and acquired hospitals and optical centers; and (iii) depreciation costs in relation to equipment, lease and renovation.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 32.2% from RMB244.3 million for the six months ended June 30, 2022 to RMB322.9 million for the same period in 2023.

The Group's gross profit margin increased from 45.9% for the six months ended June 30, 2022 to 46.6% for the six months ended June 30, 2023. The increase in gross profit margin was primarily due to the expansion of the Group's business, which allows it to enjoy the benefits of economies of scale.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were primarily composed of interest income, fair value gains, gains on remeasurement to fair value in an associate and government grants.

The Group's other income and gains increased by 107.7% from RMB19.5 million for the six months ended June 30, 2022 to RMB40.5 million for the six months ended June 30, 2023, primarily due to (i) an increase in interest income; and (ii) the appreciation gain on the valuation of Ningxia Chaoju Kaiming Eye Hospital Co., Ltd.

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 95.1% from RMB26.3 million for the six months ended June 30, 2022 to RMB51.3 million for the six months ended June 30, 2023, primarily due to an increase in marketing expenses for the newly built and acquired hospitals.

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 increased by 19.3% from RMB92.7 million for the six months ended June 30, 2022 to RMB110.6 million for the six months ended June 30, 2023, primarily due to (i) an increase in compensation to the Group's employees of the newly built and acquired hospitals; and (ii) an increase in office expenses such as business trips due to the easing of the pandemic restrictions.

Impairment Losses on Financial Assets, Net

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

The Group's impairment losses on financial assets decreased by 75.9% from RMB5.8 million for the six months ended June 30, 2022 to RMB1.4 million for the six months ended June 30, 2023, primarily due to a decrease in the provision for impairment in the Reporting Period.

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 slightly increased by 1.8% from RMB5.6 million for the six months ended June 30, 2022 to RMB5.7 million for the six months ended June 30, 2023, which is basically similar to that of 2022.

Income Tax Expenses

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% with respect to part of their taxable income.

The Group's income tax expenses increased by 27.8% from RMB29.5 million for the six months ended June 30, 2022 to RMB37.7 million for the six months ended June 30, 2023, primarily due to an increase in profit before tax as a result of the Group's business expansion.

Net Profit and Net Profit Margin

As a result of the foregoing, the Group's net profit increased by 44.3% to RMB146.9 million for the six months ended June 30, 2023 from RMB101.8 million for the same period in 2022. The Group's net profit margin increased to 21.2% for the six months ended June 30, 2023 from 19.1% for the same period in 2022. 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 and one-off gain on a deemed disposal of interest previously held in an associate. The Group's non-IFRS adjusted net profit increased by 32.1% to RMB136.5 million for the six months ended June 30, 2023 from RMB103.3 million for the same period in 2022.

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, 2022 and 2023 to the nearest measures prepared in accordance with IFRS:

	Unaudited Six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Net Profit	**146,912**	101,761
Adjustments:		
Share-based compensation expenses	**1,700**	1,489
One-off gain on a deemed disposal of interest previously held in an associate	**(12,073)**	–
Non-IFRS adjusted net profit	**136,539**	103,250
Non-IFRS adjusted net profit margin	**19.7%**	19.4%

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 41.2% from RMB46.6 million as of December 31, 2022 to RMB65.8 million as of June 30, 2023, primarily due to an increase in medical insurance receivables as a result of the growth in the Group's basic ophthalmic services.

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 65.3% from RMB54.5 million as of December 31, 2022 to RMB90.1 million as of June 30, 2023, primarily due to an increase in the Scheme's trust fund of RMB20.7 million and an increase in prepayments of RMB9.0 million.

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,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Net cash flows from operating activities	**194,784**	156,703
Net cash flows from investing activities	**(589,356)**	71,990
Net cash flows from financing activities	**(153,764)**	(100,888)
Effect of foreign exchange rate changes, net	**17,516**	29,483
Net increase in cash and cash equivalents	**(530,820)**	157,288

The Group's net decrease in cash and cash equivalents is RMB530.8 million for the six months ended June 30, 2023, primarily due to net cash inflows of RMB194.8 million from operating activities and net cash outflows of RMB589.4 million from investing activities, which was mainly due to purchase of financial assets and time deposits and cash outflows of RMB153.8 million from financing activities, resulting from dividends paid for the year ended December 31, 2022.

Trade Payables

The Group's trade payables increased by 42.0% from RMB44.0 million as of December 31, 2022 to RMB62.5 million as of June 30, 2023, primarily due to an increase in accounts payable as a result of the Group's business expansion.

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 36.7% from RMB147.5 million as of December 31, 2022 to RMB201.6 million as of June 30, 2023, primarily due to an increase in compensation payable to the employees.

Contingent Liabilities

As of June 30, 2023, the Group did not have any material contingent liabilities or guarantees.

Pledge of Assets

As of June 30, 2023, no asset has been pledged by the Group (as of December 31, 2022, the Group's medical equipment with the carrying amount of RMB7.2 million was pledged as security for bank borrowings of RMB2.7 million).

Capital Commitments

As of June 30, 2023, the Group had a total capital commitment of approximately RMB72.6 million (as of December 31, 2022: RMB10.0 million), primarily related to an increase in the Group's liabilities in relation to the subscription of limited partnership interest in Xiamen Ronghui Hongshang Phase II Equity Investment Partnership (Limited Partnership)* (廈門融匯弘上二期股權投資合夥企業(有限合夥)).

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 (being surplus cash received from its business operations) 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, 2023, the Group maintained a portfolio of structured deposit products with a total outstanding principal amount of RMB690.0 million, representing approximately 24.4% of the Group's total assets. For the six months ended June 30, 2023, the total principal amount of the structured deposit products that the Group has subscribed for was RMB920.0 million 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 RMB6.1 million.

The following table sets forth a breakdown of the major structured deposit products subscribed by the Group as of June 30, 2023.

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[1] *(RMB'000)*	Expected annualized return rate[2]	Realized/ Fair value as of June 30, 2023 *(RMB'000)*	Percentage of the total assets of the Group as of June 30, 2023
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202220278)	August 29, 2022	March 7, 2023	130,050	1.7000% to 4.3100%	132,968	4.69%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202220279)	August 29, 2022	March 7, 2023	129,950	1.6900% to 4.3000%	131,093	4.63%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202225598)	January 6, 2023	April 10, 2023	115,050	1.4000% to 4.8100%	116,475	4.11%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202225599)	January 6, 2023	April 11, 2023	114,950	1.3900% to 4.8000%	115,366	4.07%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202329638)	March 13, 2023	September 9, 2023	101,000	1.4000% to 4.5500%	101,422	3.58%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202329639)	March 13, 2023	September 10, 2023	99,000	1.3900% to 4.5400%	99,411	3.51%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202330387)	March 27, 2023	September 23, 2023	31,000	1.4000% to 4.4100%	31,113	1.10%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202330388)	March 27, 2023	September 24, 2023	29,000	1.3900% to 4.4000%	29,105	1.03%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202332573)	April 17, 2023	October 14, 2023	116,000	1.4000% to 4.4100%	116,329	4.11%
	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202332574)	April 17, 2023	October 15, 2023	114,000	1.3900% to 4.4000%	114,321	4.04%

Notes:

(1) These subscription amounts were all funded by surplus cash of the Group.

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

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, 2023, 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 the Group conducts business may affect its 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 its 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 its 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, 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since January 1, 2023 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 CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code since January 1, 2023 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 have been and 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	Unutilized amount as of December 31, 2022	Amount utilized during the six months ended June 30, 2023	Unutilized amount as of June 30, 2023	Expected timeline for utilization
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	35.8%	572.4	446.5	7.9	438.6	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	594.7	38.4	556.3	From July 2021 to June 2024
Upgrading information technology systems	9.4%	150.3	132.4	9.2	123.2	From July 2021 to December 2023
Working capital and other general corporate purposes	10.0%	159.9	3.1	–	3.1	From July 2021 to June 2023
Total	**100%**	**1,599**	**1,176.7**	**55.5**	**1,121.2**	

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

Since January 1, 2023 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, 2023, the Group had 2,389 full-time employees, among which, 1,316 were professionals at the hospitals, 90 were professionals at the optical centers and 983 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 92 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:

	Number of employees	**Percentage of total employees**
Professionals at the hospitals		
Physicians[(1)]	262	10.97%
Nurses	598	25.03%
Other professionals	456	19.09%
Professionals at the optical centers	90	3.77%
Administrative, finance and other employees at		
The headquarters	153	6.40%
The hospitals	794	33.23%
The optical centers	36	1.51%
Total	2,389	100%

Note:

(1) As of June 30, 2023, 221 of the full-time physicians were registered as specialized ophthalmologists.

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

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 in force at the time and no Shareholders' approval is required for the adoption or implementation of the Scheme. As of June 30, 2023, the Company has granted 13,396,724 award shares in aggregate to employees, Directors and directors of the Company's subsidiaries pursuant to the Scheme.

The Group provides structured training and education programs which enable 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. The Group 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 paths.

As of June 30, 2023, 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, 2023) 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, 2023 and up to the date of this announcement, the Group has the following events taken place:

- On July 22, 2023, Zhangjiakou Chaoju Eye Hospital Co., Ltd.* (張家口朝聚眼科醫院有限公司) and Zhangjiakou Chaoju Eye Optometry Co., Ltd. (張家口朝聚眼視光配鏡有限公司) have commenced business.

- On August 11, 2023, Ms. Fu Jin (符錦) was appointed as the chief financial officer of the Company in replacement of Mr. Wang Weichao (王維超) and would be responsible for the Group's financial management, financing and investing activities and strategic planning.

Save as disclosed above, there was no other 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 2023 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, 2023 together with the comparative figures for the same period in 2022:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
REVENUE	*4*	**692,688**	532,742
Cost of sales		**(369,766)**	(288,406)
Gross profit		**322,922**	244,336
Other income and gains		**40,501**	19,460
Selling and distribution expenses		**(51,265)**	(26,258)
Administrative expenses		**(110,585)**	(92,687)
Other expenses		**(9,937)**	(2,230)
Impairment losses on financial assets, net		**(1,368)**	(5,786)
Finance costs		**(5,702)**	(5,624)
PROFIT BEFORE TAX	*5*	**184,566**	131,211
Income tax expenses	*6*	**(37,654)**	(29,450)
PROFIT FOR THE PERIOD		**146,912**	101,761
Attributable to:			
Owners of the parent		**150,613**	103,598
Non-controlling interests		**(3,701)**	(1,837)
		146,912	101,761
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic for the period (expressed in RMB per share)		**0.21**	0.15
Diluted for the period (expressed in RMB per share)		**0.21**	0.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**146,912**	101,761
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**17,696**	28,492
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**164,608**	130,253
Attributable to:		
Owners of the parent	**168,309**	132,090
Non-controlling interests	**(3,701)**	(1,837)
	164,608	130,253

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2023

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**416,562**	392,309
Right-of-use assets		**188,579**	200,744
Goodwill		**134,651**	115,214
Intangible assets		**101,773**	91,201
Equity investment at fair value through profit or loss		**30,000**	–
Deferred tax assets		**6,025**	6,013
Time deposits		**83,331**	82,002
Due from related parties		**–**	1,000
Prepayments, other receivables and other assets		**21,130**	19,540
Total non-current assets		**982,051**	908,023
CURRENT ASSETS			
Inventories		**59,995**	52,415
Trade receivables	*9*	**65,838**	46,645
Prepayments, other receivables and other assets		**68,928**	34,931
Financial assets at fair value through profit or loss		**742,525**	382,793
Time deposits		**499,074**	353,616
Cash and cash equivalents		**413,907**	944,727
Total current assets		**1,850,267**	1,815,127
CURRENT LIABILITIES			
Trade payables	*10*	**62,462**	44,027
Other payables and accruals		**192,580**	138,918
Due to related parties		**666**	2,415
Interest-bearing bank and other borrowings		**9,067**	12,013
Lease liabilities		**50,868**	41,358
Tax payable		**27,252**	6,252
Total current liabilities		**342,895**	244,983
NET CURRENT ASSETS		**1,507,372**	1,570,144
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,489,423**	2,478,167

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 30 June 2023

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**131,965**	142,785
Deferred tax liabilities	**24,222**	28,368
Other payables and accruals	**9,063**	8,541
Total non-current liabilities	**165,250**	179,694
Net assets	**2,324,173**	2,298,473
EQUITY		
Equity attributable to owners of the parent		
Share capital	**152**	152
Treasury shares	**(49,523)**	(18,665)
Reserves	**2,351,462**	2,291,231
	2,302,091	2,272,718
Non-controlling interests	**22,082**	25,755
Total equity	**2,324,173**	2,298,473

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2023

	Note	For the six months ended 30 June 2023 *RMB'000* (Unaudited)	2022 *RMB'000* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**184,566**	131,211
Adjustments for:			
Finance costs		**5,702**	5,624
Interest income		**(19,590)**	(5,206)
Foreign exchange differences, net	5	**179**	(991)
Fair value gains on financial assets at fair value through profit or loss	5	**(6,124)**	(9,541)
Depreciation of property, plant and equipment	5	**30,984**	23,372
Depreciation of right-of-use assets	5	**23,547**	21,422
Amortization of intangible assets	5	**4,148**	2,704
Impairment of trade receivables	5	**1,368**	1,770
Impairment of other receivables	5	**–**	4,016
Loss on disposal of items of property, plant and equipment, net		**465**	6
Loss on termination of leases		**–**	84
Gain on a deemed disposal of interest previously held in an associate	5	**(12,073)**	–
Share-based payments		**1,700**	1,489
Increase in inventories		**(5,738)**	(11,707)
Increase in trade receivables		**(19,925)**	(12,827)
Increase in prepayments, other receivables and other assets		**(33,646)**	(10,381)
Decrease in amounts due from related parties		**–**	19,164
Increase in trade payables		**17,316**	22,680
Increase in other payables and accruals		**44,119**	10,317
Increase in amounts due to related parties		**275**	–
Cash generated from operations		**217,273**	193,206
Interest received		**5,544**	5,206
Interest paid		**(5,436)**	(5,468)
Income tax paid		**(22,597)**	(36,241)
Net cash flows from operating activities		**194,784**	156,703

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through profit or loss	**(920,000)**	(1,110,000)
Proceeds from disposal of financial assets at fair value through profit or loss	**566,392**	1,278,583
Purchases of time deposits over three months	**(366,860)**	(10,531)
Withdrawal of time deposits over three months	**234,120**	–
Purchases of equity investment at fair value through profit or loss	**(30,000)**	–
Payments for acquisition of items of property, plant and equipment	**(44,241)**	(85,032)
Payments for acquisition of intangible assets	**(2,597)**	(1,039)
Proceeds from disposal of items of property, plant and equipment	**346**	9
Acquisition of subsidiaries, net of cash paid	**(24,266)**	–
Payment for acquisition of subsidiaries in prior years	**(2,250)**	–
Net cash flows (used in)/from investing activities	**(589,356)**	71,990
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of shares for the share award scheme	**(30,858)**	–
Prepayments received from the award of shares under the share award scheme	**10,228**	–
Repayment of interest-bearing bank and other borrowings	**(9,339)**	–
Principal portion of lease payments	**(14,045)**	(38,154)
Dividends paid	**(109,750)**	(62,734)
Net cash flows used in financing activities	**(153,764)**	(100,888)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(548,336)**	127,805
Cash and cash equivalents at beginning of period	**944,727**	1,257,136
Effect of foreign exchange rate changes, net	**17,516**	29,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**413,907**	1,414,424
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**413,907**	1,414,424
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**413,907**	1,414,424

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2023

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 Level 20, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

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 2023 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*.

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 2022.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at Equity investment at fair value through profit or loss and Financial assets at fair value through profit or loss 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 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of recognizing deferred tax asset and liability related to leases aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 organized 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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**692,688**	532,742
Analysed into:		
Basic ophthalmic services	**331,575**	241,691
Consumer ophthalmic services	**361,113**	291,051

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
In-patient services	**246,032**	174,449
Out-patient services	**399,816**	319,996
Sales of optical products	**46,840**	38,297
Total revenue from contracts with customers	**692,688**	532,742

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Services and goods transferred at a point in time	**446,656**	358,293
Services transferred over time	**246,032**	174,449
Total revenue from contracts with customers	**692,688**	532,742

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**369,766**	288,406
Depreciation of property, plant and equipment	**30,984**	23,372
Depreciation of right-of-use assets	**23,547**	21,422
Amortization of intangible assets	**4,148**	2,704
Total depreciation and amortization	**58,679**	47,498
Impairment of trade receivables, net	**1,368**	1,770
Impairment of other receivables, net	**–**	4,016
Fair value gains on financial assets at fair value through profit or loss	**(6,124)**	(9,541)
Gain on a deemed disposal of interest previously held in an associate	**(12,073)**	–
Foreign exchange differences, net	**179**	(991)

6. INCOME TAX EXPENSES

Pursuant to Caishui [2020] No.23 "Announcement Regarding Continuation of Corporate Tax Policies for the Development of the Western Region" (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries operated in the western region of Mainland China are entitled to a preferential corporate income tax rate of 15%, provided that the main business of the subsidiaries belongs to the encouraged projects stipulated in the Catalogue of Encouraged Industries in the Western Region, and such main business income accounts for more than 60% of the total income of the subsidiaries.

Pursuant to Caishui [2022] No.13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), from 1 January 2022 to 31 December 2024, certain subsidiaries for the portion of taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000, the amount of taxable income can be halved 25%, and the income tax rate will be levied at 20%.

Pursuant to Caishui [2023] No.6 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), from 1 January 2023 to 31 December 2024, certain subsidiaries for the portion of taxable income not exceeding RMB1,000,000, the amount of taxable income can be halved 25%, and the income tax rate will be levied at 20%.

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group were subject to corporate income tax at the statutory rate of 25%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year and prior year.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**43,597**	37,509
Deferred	**(5,943)**	(8,059)
Total tax charge for the Period	**37,654**	29,450

7. DIVIDENDS

	30 June 2023 *RMB'000* **(Unaudited)**	30 June 2022 *RMB'000* (Unaudited)
Final 2022 declared and paid – HK17.38 cents (Final 2021: HK10.43 cents) per ordinary share	**111,523**	62,734
Less: Dividend for shares held under the share award scheme	**(1,773)**	–
	109,750	62,734

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

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 700,746,000 (30 June 2022: 707,625,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2023 and 2022.

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

	For the six months ended 30 June	
	2023 *RMB'000* **(Unaudited)**	2022 *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	**150,613**	103,598

	Number of shares For the six months ended 30 June	
	2023 ***'000*** **(Unaudited)**	2022 *'000* (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**700,746**	707,625

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 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**40,553**	24,665
4 to 6 months	**3,635**	4,671
7 to 12 months	**11,210**	5,712
Over 12 months	**10,440**	11,597
	65,838	46,645

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 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**56,166**	37,899
1 to 2 years	**3,145**	4,051
2 to 3 years	**1,298**	867
Over 3 years	**1,853**	1,210
	62,462	44,027

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
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"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
"COVID-19"	Coronavirus disease 2019
"Directors"	director(s) of the Company
"East China"	an eastern region of China consisting of 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
"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 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
“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, 2023 to June 30, 2023
“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, 2023

As of the date of this announcement, the Board of Directors of the Company comprises Mr. ZHANG Bozhou as the chairman and executive Director, Ms. ZHANG Xiaoli, Mr. ZHANG Junfeng and Mr. ZHANG Guangdi as executive Directors, Mr. KE Xian, Mr. Richard Chen MAO, Mr. LI Zhen and Ms. ZHANG Li 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.*