



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 REPORT
2023



CONTENTS

Corporate Information	2
Financial Highlights	4
Corporate Profile	5
Management Discussion and Analysis	6
Other Information	25
Independent Review Report	35
Interim Condensed Consolidated Statement of Profit or Loss	36
Interim Condensed Consolidated Statement of Comprehensive Income	37
Interim Condensed Consolidated Statement of Financial Position	38
Interim Condensed Consolidated Statement of Changes in Equity	40
Interim Condensed Consolidated Statement of Cash Flows	42
Notes to the Interim Condensed Consolidated Financial Information	44
Definitions & Glossary	65



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Bozhou (*Chairman and Chief Executive Officer*)

Ms. Zhang Xiaoli

Mr. Zhang Junfeng

Mr. Zhang Guangdi

Non-executive Directors

Mr. Ke Xian

Mr. Richard Chen Mao

Mr. Li Zhen

Ms. Zhang Wenwen (*Resigned on June 12, 2023*)

Ms. Zhang Li (*Appointed on June 12, 2023*)

Independent non-executive Directors

Mr. He Mingguang

Ms. Guo Hongyan

Mr. Li Jianbin

Mr. Bao Shan

AUDIT COMMITTEE

Mr. Li Jianbin (*Chairman*)

Ms. Guo Hongyan

Mr. Bao Shan

REMUNERATION COMMITTEE

Mr. Bao Shan (*Chairman*)

Mr. Li Jianbin

Mr. Zhang Bozhou

NOMINATION COMMITTEE

Mr. Zhang Bozhou (*Chairman*)

Mr. Bao Shan

Mr. He Mingguang

ESG COMMITTEE

Mr. Zhang Bozhou (*Chairman*)

Mr. Zhang Guangdi

Mr. He Mingguang

Mr. Li Jianbin

Mr. Bao Shan

JOINT COMPANY SECRETARIES

Ms. Xie Chun

Mr. Cheng Ching Kit

AUTHORISED REPRESENTATIVES

Mr. Zhang Bozhou

Mr. Cheng Ching Kit

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

24/F, East Zone
Block A, Shouke Building
No. 14 Yard, West 3rd Ring South Road
Fengtai District
Beijing
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG LEGAL ADVISOR

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

STOCK CODE

2219

COMPANY WEBSITE

www.chaojueye.com

Financial Highlights

	Six months ended June 30,		Change
	2023	2022	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Operating Results			
Revenue	692,688	532,742	30.0%
Gross profit	322,922	244,336	32.2%
Profit before tax	184,566	131,211	40.7%
Net profit	146,912	101,761	44.4%
Non-IFRS adjusted net profit ⁽¹⁾	136,539	103,250	32.2%
Profitability			
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	
Financial Position			
	As at	As at	
	June 30,	December 31,	
	2023	2022	
	RMB'000	RMB'000	
	(Unaudited)	(Audited)	
Total assets	2,832,318	2,723,150	4.0%
Total equity	2,324,173	2,298,473	1.1%
Total liabilities	508,145	424,677	19.7%
Cash and cash equivalents	413,907	944,727	(56.2)%

Notes:

- (1) Non-IFRS adjusted net profit is calculated as net profit for the Reporting Period, excluding ESOP 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 taxation 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.

Corporate Profile

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. In the coming 10 years, the Group will adhere to the vision of “Being a Leader of Happy Ophthalmic Healthcare” (成為全球快樂眼健康引領者) and provide 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.

The Group generates revenue primarily from (i) consumer ophthalmic services and (ii) basic ophthalmic services. Consumer ophthalmic services include treatments and prevention of various types of ophthalmic disorders, including refractive correction (including presbyopia correction), myopia prevention and control, dry eye syndrome, oculoplastic and provision of optical products and services, the costs for which are currently not covered by public health insurance programs. 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 light of upgraded social consumption in China over the recent years, the Group plans to increase its strategic focus on its consumer ophthalmic services business and devote more efforts to continuing its rapid growth, while maintaining its fundamental strength in basic ophthalmic business.

The Group’s patients are treated by ophthalmologists equipped with advanced technology and equipment. The Group’s medical team comprises of ophthalmologists specializing in a wide range of eye diseases as well as having strong medical background and extensive experiences. Advanced technology and equipment is another key factor underpinning its market leadership. Baotou Hospital is the one-and-only ophthalmic hospital in Inner Mongolia with a preparation room to produce hospital-made traditional Chinese medicine capsules and eye drops. It is also one of the few medical service providers in China that are qualified to produce 0.01% atropine sulfate eye drops to be prescribed within the respective hospitals to control myopia among adolescents. The Group believes that its capabilities in hospital-made pharmaceuticals have helped improve its brand awareness and customer loyalty, which has brought the Group with competitive advantage in the area of myopia control and increased its overall revenue.

The Group believes that the following competitive strengths have differentiated itself from its competitors:

- As a leading ophthalmic medical service group in China, the Group is well-positioned to capture significant demands from a vast market for ophthalmic services.
- The Group’s clustered operation model helps to improve its market penetration, operational efficiency and profitability.
- The Group’s centralized and standardized management system makes its business model scalable and replicable.
- The Group has a team of high-caliber medical professionals and a sound training system underpinning the foundation of its growth.
- The Group’s full-service clinical ophthalmic treatments bring high customer satisfaction.
- The Group has garnered significant support from its experienced management team as well as its Shareholders.

Management Discussion and Analysis

BUSINESS UPDATES

As of June 30, 2023, the Group operated a network of 26 ophthalmic hospitals and 27 optical centers spanning across 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.

In January 2023, Zhoushan Hospital has obtained the necessary licenses and subsequently commenced business in February 2023. On March 31, 2023, the Group acquired the controlling interest of Ningxia Hospital and Ningxia Kaiming Optical Eyeglasses Co., Ltd.* (寧夏開明視光配鏡有限公司).

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)	752	728
In-patient services		
Number of in-patient visits	32,922	22,510
Average spending per visit (RMB)	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	Percentage	Revenue	Percentage
	(RMB'000)	of revenue	(RMB'000)	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 the admission process and enhanced reception capacity and efficiency to serve 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 and 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.

Management Discussion and Analysis

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.

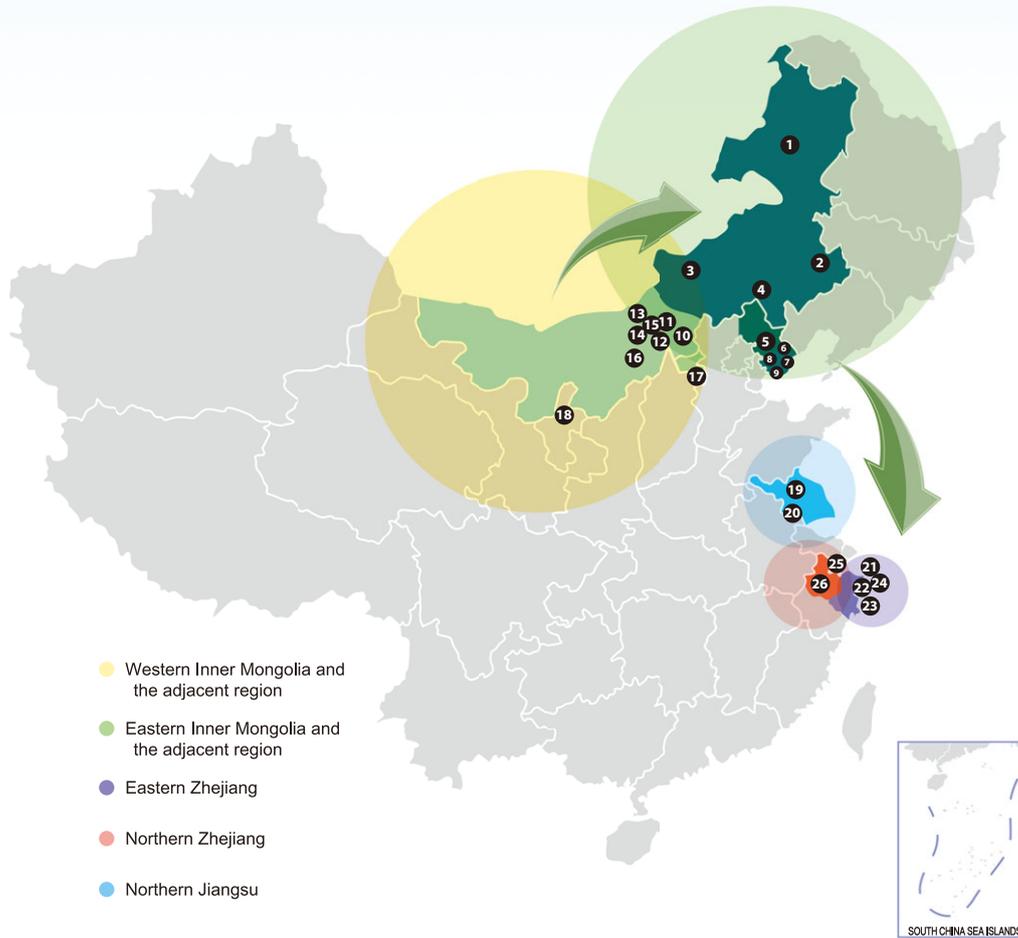
In view of the easing of pandemic prevention and control measures in various regions since the first quarter of 2023, the Group's basic ophthalmic services started to regain its momentum. Furthermore, the Group further enhanced efficiency of its core professional team via the implementation of excellence 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.

The Group's Hospital Network

As of June 30, 2023, the Group operated a network of 26 ophthalmic hospitals spanning across six provinces or autonomous regions in China, all of which were specialized in providing ophthalmic services. In addition, the Group also provides outpatient services through the Pingzhuang clinic of Chifeng Hospital, which is a branch of Chifeng Hospital. The Group's hospitals offer a wide range of ophthalmic services, including out-patient and in-patient treatments and surgeries. Pingzhuang clinic only offers out-patient diagnosis and treatments for relatively simple ophthalmic diseases and disorders and does not perform any surgeries.

As of June 30, 2023, the Group has 11 hospitals in Inner Mongolia and 15 hospitals in other regions, including 6 hospitals in Zhejiang Province. The Group's hospitals are strategically located in five major regions, namely western Inner Mongolia and its adjacent region, eastern Inner Mongolia and its adjacent region, eastern Zhejiang, northern Zhejiang and northern Jiangsu. The Group has established a leading position in western Inner Mongolia and its adjacent region through its dense network layout of nine hospitals as of June 30, 2023. Leveraging the Group's market presence and experience in such region as well as its highly standardized management and services models, the Group has successfully established and acquired 17 hospitals in other regions as of June 30, 2023, consisting of nine hospitals in eastern Inner Mongolia and its adjacent region, four hospitals in eastern Zhejiang, two hospitals in northern Zhejiang and two hospitals in northern Jiangsu. Set out below is an illustration of the locations of the Group's hospitals as of June 30, 2023.



1. Hulunbuir Hospital
2. Tongliao Hospital
3. Xilinhot Hospital
4. Chifeng Hospital
5. Chengde Hospital
6. Tangshan Jidong Hospital
7. Luanzhou Jidong Hospital
8. Luannan Jidong Hospital
9. Yutian Jidong Hospital

10. Ulanqab Hospital
11. Hohhot No.2 Hospital
12. Hohhot Hospital
13. Baotou Hospital
14. Baotou Kunlun Hospital
15. Tumb Right Banner Hospital
16. Dalad Banner Hospital
17. Datong Hospital
18. Ningxia Hospital

19. Siyang Hospital
20. Sihong Hospital
21. Ningbo Hospital
22. Ninghai Hospital
23. Xiangshan Hospital
24. Zhoushan Hospital
25. Jiaxing Hospital
26. Hangzhou Hospital



Management Discussion and Analysis

The following table sets forth certain key information of the Group's hospitals as of June 30, 2023.

Hospital	Location	Class ⁽¹⁾	Date of Incorporation	GFA (sq.m.)	Facilities Number of registered beds ⁽²⁾	
1	Hulunbuir Hospital	Eastern Inner Mongolia	Class II	February 14, 2018	3,772	30
2	Tongliao Hospital	Eastern Inner Mongolia	Class II	September 20, 2017	3,151	60
3	Xilinhote Hospital	Eastern Inner Mongolia	Class II	December 16, 2014	1,800	22
4	Chifeng Hospital	Eastern Inner Mongolia	Class III	December 19, 2016	8,181	100
5	Chengde Hospital	Adjacent to eastern Inner Mongolia	Class II	December 2, 2016	7,579	80
6	Tangshan Jidong Hospital	Adjacent to eastern Inner Mongolia	Class II	Acquired ⁽³⁾	10,378	35
7	Luanzhou Jidong Hospital	Adjacent to eastern Inner Mongolia	Class I	Acquired ⁽³⁾	1,199	20
8	Luannan Jidong Hospital	Adjacent to eastern Inner Mongolia	Class I	Acquired ⁽³⁾	2,183	20
9	Yutian Jidong Hospital	Adjacent to eastern Inner Mongolia	N/A	Acquired ⁽³⁾	1,509	30
10	Ulanqab Hospital	Western Inner Mongolia	N/A	March 27, 2017	3,100	60
11	Hohhot No. 2 Hospital	Western Inner Mongolia	Class II	November 3, 2016	3,919	30
12	Hohhot Hospital	Western Inner Mongolia	Class III	September 21, 2016	7,697	100
13	Baotou Hospital	Western Inner Mongolia	Class III	May 12, 2016	15,710	120
14	Baotou Kunlun Hospital	Western Inner Mongolia	Class II	March 7, 2016	2,968	30
15	Tumb Right Banner Hospital	Western Inner Mongolia	Class II	October 15, 2021	1,000	20
16	Dalad Banner Hospital	Western Inner Mongolia	Class II	May 23, 2016	2,280	30
17	Datong Hospital	Adjacent to western Inner Mongolia	Class II	March 24, 2015	4,319	50
18	Ningxia Hospital	Adjacent to western Inner Mongolia	Class II	Acquired ⁽⁴⁾	3,900	80
19	Siyang Hospital	Northern Jiangsu	N/A	July 21, 2016	4,200	30
20	Sihong Hospital	Northern Jiangsu	N/A	June 28, 2017	5,200	60
21	Ningbo Hospital	Eastern Zhejiang	Class II	Acquired ⁽⁵⁾	4,510	30
22	Ninghai Hospital	Eastern Zhejiang	Class II	Acquired ⁽⁶⁾	2,798	20
23	Xiangshan Hospital	Eastern Zhejiang	Class III	Acquired ⁽⁷⁾	2,763	35
24	Zhoushan Hospital	Eastern Zhejiang	N/A	November 1, 2021	3,464	20
25	Jiaxing Hospital	Northern Zhejiang	N/A	February 7, 2018	6,937	60
26	Hangzhou Hospital	Northern Zhejiang	N/A	December 26, 2017	1,286	20
Total				115,803	1,192	

Notes:

- (1) Represents the classification of hospitals assigned by National Health Council or its local counterparts, with Class III being the highest classification and Class I being the lowest classification. "N/A" indicates that the relevant hospital was not assigned any classification by National Health Council or any of its local counterparts as of June 30, 2023, as the application for such classification of hospitals is not mandatory under applicable laws and regulations.
- (2) Represents the number of beds registered in the practicing license of the respective hospital as of June 30, 2023.
- (3) The Group acquired Tangshan Jidong Hospital, Luanzhou Jidong Hospital, Luannan Jidong Hospital and Yutian Jidong Hospital in November 2022.
- (4) The Group acquired Ningxia Hospital in March 2023.
- (5) The Group acquired Ningbo Hospital in December 2017.
- (6) The Group acquired Ninghai Hospital in June 2018.
- (7) The Group acquired Xiangshan Hospital in December 2017.

The Group's Optical Center Network

The Group locates its optical centers in areas with highly desirable retail developments and surrounded by dense concentration of target customers, and usually at locations inside or adjacent to its hospitals to facilitate optometry screening services for customers. The Group maintains a disciplined approach to open new optical centers and conduct market research before selecting a new site based on customer demographics and information from its existing customer database. As of June 30, 2023, the Group operated a network of 27 optical centers under the brand Chaoju (朝聚), strategically located in five major regions, namely the western Inner Mongolia and its adjacent region, eastern Inner Mongolia and its adjacent region, eastern Zhejiang, northern Zhejiang and northern Jiangsu, such as 12 optical centers in western Inner Mongolia and its adjacent region, eight optical centers in eastern Inner Mongolia and its adjacent region, two optical centers in eastern Zhejiang, three optical centers in northern Zhejiang and two optical centers in northern Jiangsu.

The table below sets forth a list of the Group's optical centers as of June 30, 2023 and its locations.

Optical Center	Location
1 Baotou City Chaoju Optometry Correction Eyeglasses Co., Ltd. (包頭市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
2 Baotou City Kunlun Chaoju Optometry Correction Eyeglasses Co., Ltd. (包頭市昆侖朝聚眼視光矯治配鏡有限責任公司)	Western Inner Mongolia
3 Hohhot Chaoju Eyeglasses Co., Ltd. (呼和浩特市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
4 Ulanqab City Chaoju Optometry Correction Eyeglasses Co., Ltd. (烏蘭察布市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
5 Datong City Chaoju Eyeglasses Co., Ltd. (大同市朝聚眼鏡有限公司)	Adjacent to western Inner Mongolia
6 Dalad Banner Chaoju Optometry Eyeglasses Co., Ltd. (達拉特旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
7 Jungar Banner Chaoju Optometry Eyeglasses Co., Ltd. (准格爾旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
8 Baotou City Donghe District Chaoju Optometry Eyeglasses Co., Ltd. (包頭市東河區朝聚驗光配鏡有限公司)	Western Inner Mongolia
9 Tumb Right Banner Chaoju Optometry Eyeglasses Co., Ltd. (土默特右旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
10 Baotou Low Vision Rehabilitation Center (包頭市低視力康復中心)	Western Inner Mongolia
11 Hohhot Chaoju Optical Glasses Co., Ltd. (呼和浩特市朝聚光學眼鏡有限公司)	Western Inner Mongolia

Management Discussion and Analysis

Optical Center	Location
12 Ningxia Kaiming Optical Eyeglasses Co., Ltd. (寧夏開明視光配鏡有限公司)	Adjacent to western Inner Mongolia
13 Chengde Chaoju Trading Co., Ltd. (承德朝聚商貿有限公司)	Adjacent to eastern Inner Mongolia
14 Hexigten Banner Chaoju Ophthalmic Optometry Clinic Co., Ltd. (克什克騰旗朝聚眼科視光門診有限公司)	Eastern Inner Mongolia
15 Xilinhot City Chaoju Optometry Correction Eyeglasses Co., Ltd. (錫林浩特市朝聚眼視光矯治配鏡有限公司)	Eastern Inner Mongolia
16 Hulunbuir City Chaoju Optometry Co., Ltd. (呼倫貝爾市朝聚眼視光有限公司)	Eastern Inner Mongolia
17 Tongliao City Chaoju Eyeglasses Co., Ltd. (通遼市朝聚眼鏡有限責任公司)	Eastern Inner Mongolia
18 Ongniud Banner Chaoju Optometry Eyeglasses Co., Ltd. (翁牛特旗朝聚驗光配鏡有限責任公司)	Eastern Inner Mongolia
19 Chifeng City Yuanbaoshan District Chaoju Optometry Eyeglasses Co., Ltd. (赤峰市元寶山區朝聚驗光配鏡有限責任公司)	Eastern Inner Mongolia
20 Chifeng Chaoju Eyeglasses Co., Ltd. (赤峰朝聚眼鏡有限責任公司)	Eastern Inner Mongolia
21 Zhoushan Chaoju Optical Glasses Co., Ltd. (舟山朝聚光學眼鏡有限公司)	Eastern Zhejiang
22 Zhoushan Chaoju Zhicheng Eyeglasses Co., Ltd. (舟山朝聚至誠眼鏡有限公司)	Eastern Zhejiang
23 Hangzhou Chaoju Optical Eyeglasses Co., Ltd. (杭州朝聚光學眼鏡有限公司)	Northern Zhejiang
24 Jiaxing City Chaoju Optical Glasses Co., Ltd. (嘉興市朝聚光學眼鏡有限公司)	Northern Zhejiang
25 Hangzhou Chaoju Ophthalmic Optometry Eyeglasses Co., Ltd. (杭州朝聚眼視光眼鏡有限公司)	Northern Zhejiang
26 Siyang Chaoju Eyeglasses Co., Ltd. (泗陽朝聚眼鏡有限公司)	Northern Jiangsu
27 Sihong County Chaoju Optical Optometry Eyeglasses Co., Ltd. (泗洪縣朝聚視光配鏡有限公司)	Northern Jiangsu

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.

Management Discussion and Analysis

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.

OUTLOOK AND FUTURE

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

As a leading ophthalmic medical services group in 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 ophthalmology 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 report, 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.

Management Discussion and Analysis

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 Hospital.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 (RMB'000)	2022 (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)).

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, 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.

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.

Management Discussion and Analysis

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 report, there was no other significant investments held by the Group during the Reporting Period.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended June 30, 2023.

Future Plan for Material Investment and Capital Asset

Save as disclosed in this report and the Prospectus, the Group did not have any future plan for material investments and capital assets.

Interim Dividends

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

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:

	As of June 30, 2023	
	Number of Employees	% 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.

Management Discussion and Analysis

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 is analogous to a share scheme and subject to provisions of Chapter 17 of the Listing Rules (as amended with effect from January 1, 2023). 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 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, 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.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since January 1, 2023 and up to the date of this report, 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 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, 2023 and up to the date of this report.

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

Since January 1, 2023 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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.

REVIEW OF INTERIM REPORT

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.

CHANGES TO DIRECTORS' INFORMATION

On June 12, 2023, Ms. Zhang Wenwen (張文雯) ceased to serve as a non-executive Director and Ms. Zhang Li (張麗) was appointed as a non-executive Director. For further information, please refer to the announcement of the Company dated June 12, 2023.

Save as disclosed above, there were no other changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CAPITAL STRUCTURE

The Shares of the Company were listed on the Main Board of the Stock Exchange on July 7, 2021, and 137,500,000 Shares of the Company were issued at the offer price of HK\$10.60 per Share by way of Global Offering. Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised on July 29, 2021, in respect of an aggregate of 20,125,000 Shares. There was no changes in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As of June 30, 2023, the total issued share capital of the Company was HKD380,000 divided into 1,520,000,000 shares.

The capital structure of the Group was 17.9% debt and 82.1% equity as of June 30, 2023, compared with 15.6% debt and 84.4% equity as of December 31, 2022.

PROCEEDS FROM GLOBAL OFFERING AND ITS UTILISATION

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

The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$1,599 million, which 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 HK\$ million	Unutilized amount as of December 31, 2022 HK\$ million	Amount utilized during the six months ended June 30, 2023 HK\$ million	Unutilized amount as of June 30, 2023 HK\$ million	Expected timeline for utilization
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	

Note: The net proceeds applied for working capital and other general corporate purposes are expected to be fully utilized by December 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

EVENTS AFTER THE REPORTING PERIOD

Since July 1, 2023 and up to the date of this report, 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.
- On September 14, 2023, the Group subscribed for structured deposit products in a total principal amount of RMB180 million. For further information, please refer to the announcement of the Company dated September 14, 2023.

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

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

(i) Interests and short positions of the Directors and the chief executive of the Company in the Shares, and underlying Shares and debentures of the Company and its associated corporations

As of June 30, 2023, the interests or short positions of the Directors or chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, under the Model Code, were as follows:

Interest in Shares or Underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest
Mr. Zhang Bozhou ⁽¹⁾⁽²⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%
Ms. Zhang Xiaoli ⁽¹⁾⁽³⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,404,289	40.62%
Mr. Zhang Junfeng ⁽¹⁾⁽⁴⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%
Mr. Zhang Guangdi ⁽⁵⁾	Beneficial owner	49,180	0.01%

Notes:

- Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei have entered into Acting-in-concert Agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company and irrevocably entrust Mr. Zhang Bozhou to exercise, at his discretion, their voting rights at the shareholders meetings of the Group. Under the SFO, Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei are deemed to be interested in the Company's Shares which each other has interest in.
- Mr. Zhang Bozhou wholly-owns Jutong Medical Management Co. Ltd and controls Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) (廈門聚鷺達洲股權投資合夥企業(有限合夥)) as its general partner, which held 77,684,000 and 21,563,299 Shares, respectively as of June 30, 2023. As of June 30, 2023, Mr. Zhang Bozhou is beneficially interested in a total of 333,910 underlying Shares in the Company, which comprises 333,910 award Shares granted to him pursuant to the Scheme.
- Ms. Zhang Xiaoli wholly-owns Sihai Medical Management Co. Ltd, which held 84,266,000 Shares as of June 30, 2023. As of June 30, 2023, Ms. Zhang Xiaoli is beneficially interested in a total of 100,000 underlying Shares in the Company, which comprises 100,000 award Shares granted to her pursuant to the Scheme.
- Mr. Zhang Junfeng wholly-owns Guangming Medical Management Co. Ltd, which held 59,966,000 Shares as of June 30, 2023. As of June 30, 2023, Mr. Zhang Junfeng is beneficially interested in a total of 80,640 underlying Shares in the Company, which comprises 80,640 award Shares granted to him pursuant to the Scheme.
- As of June 30, 2023, Mr. Zhang Guangdi is beneficially interested in a total of 49,180 underlying Shares in the Company, which comprises 49,180 award Shares granted to him pursuant to the Scheme.

(ii) Interests in the Company's associated corporations

So far as the Directors are aware, as of June 30, 2023, the following persons were interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company):

Name of Director	Name of member of the Group	Approximate percentage of shareholding
Mr. Zhang Bozhou	Xiamen Xinkangnuo	26.64%
Ms. Zhang Xiaoli	Xiamen Xinkangnuo	29.03%
Mr. Zhang Junfeng	Xiamen Xinkangnuo	20.67%

Save as disclosed above, as of June 30, 2023, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES ON DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Other Information

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as of June 30, 2023, the following persons had an interest or a short position in the Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding interest in the Company	Long position/ Short position/ Lending pool
Mr. Zhang Bozhou ⁽¹⁾⁽²⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%	Long position
Ms. Zhang Xiaoli ⁽¹⁾⁽³⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,404,289	40.62%	Long position
Mr. Zhang Junfeng ⁽¹⁾⁽⁴⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%	Long position
Mr. Zhang Fengsheng ⁽¹⁾⁽⁵⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%	Long position
Ms. Zhang Yumei ⁽¹⁾⁽⁶⁾	Interests held jointly with another person; interests of controlled corporation	287,404,289	40.62%	Long position
Ms. Zhang Hongbo ⁽⁷⁾	Interests of spouse	287,404,289	40.62%	Long position
Mr. He Yong ⁽⁸⁾	Beneficial owner; interests of spouse	287,404,289	40.62%	Long position
Ms. Su Yuqin ⁽⁹⁾	Interests of spouse	287,404,289	40.62%	Long position
Ms. Li Furong ⁽¹⁰⁾	Interests of spouse	287,404,289	40.62%	Long position
Mr. Jin Longqi ⁽¹¹⁾	Interests of spouse	287,404,289	40.62%	Long position
Jutong Medical Management Co. Ltd	Beneficial owner	77,684,000	10.98%	Long position
Sihai Medical Management Co. Ltd	Beneficial owner	84,266,000	11.91%	Long position
Guangming Medical Management Co. Ltd	Beneficial owner	59,966,000	8.47%	Long position
Orchid Asia VII Global Investment Limited ⁽¹²⁾	Beneficial owner	68,642,000	9.70%	Long position
Ms. Lam Lai Ming ⁽¹²⁾	Interests of controlled corporation	68,642,000	9.70%	Long position
Mr. Gabriel Li ⁽¹²⁾	Interests of controlled corporation	68,642,000	9.70%	Long position
Ms. Zhang Wenwen ⁽¹³⁾	Interests of controlled corporation	35,699,000	5.04%	Long position
Mr. Xiao Feng ⁽¹⁴⁾	Interests of spouse	35,699,000	5.04%	Long position

Notes:

- (1) Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei have entered into Acting-in-concert Agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company and irrevocably entrust Mr. Zhang Bozhou to exercise, at his discretion, their voting rights at the shareholders meetings of the Group. Under the SFO, Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei are deemed to be interested in the Shares which each other has interest in.
- (2) Mr. Zhang Bozhou wholly-owns Jutong Medical Management Co. Ltd and controls Xiamen Juludazhou Equity Investment* (廈門聚鷺達洲股權投資合夥企業(有限合夥)) as its general partner, which held 77,684,000 and 21,563,299 Shares, respectively as of June 30, 2023.
- (3) Ms. Zhang Xiaoli wholly-owns Sihai Medical Management Co. Ltd, which held 84,266,000 Shares as of June 30, 2023.
- (4) Mr. Zhang Junfeng wholly-owns Guangming Medical Management, which held 59,966,000 Shares as of June 30, 2023.
- (5) Mr. Zhang Fengsheng wholly-owns Xiwang Medical Management, which held 33,686,000 Shares as of June 30, 2023.
- (6) Ms. Zhang Yumei wholly-owns Sitong Medical Management, which held 8,910,000 Shares as of June 30, 2023.
- (7) Ms. Zhang Hongbo is the spouse of Mr. Zhang Bozhou and is deemed to be interested in Mr. Zhang Bozhou's interests in the Company.
- (8) Mr. He Yong is the spouse of Ms. Zhang Xiaoli and is deemed to be interested in Ms. Zhang Xiaoli's interests in the Company.
- (9) Ms. Su Yuqin is the spouse of Mr. Zhang Junfeng and is deemed to be interested in Mr. Zhang Junfeng's interests in the Company.
- (10) Ms. Li Furong is the spouse of Mr. Zhang Fengsheng and is deemed to be interested in Mr. Zhang Fengsheng's interests in the Company.
- (11) Mr. Jin Longqi is the spouse of Ms. Zhang Yumei and is deemed to be interested in Ms. Zhang Yumei's interests in the Company.
- (12) Orchid Asia VII Global Investment Limited is owned as to 7% by Orchid Asia VII Co-Investment, Limited, which is in turn wholly-owned by Areo Holdings Limited, and 93% by Orchid Asia VII, L.P.. Orchid Asia VII, L.P. is wholly-owned by OAVII Holdings, L.P., which is in turn wholly-owned by Orchid Asia VII GP, Limited. Orchid Asia VII GP, Limited is wholly-owned by Orchid Asia V Group Management, Limited, which is in turn wholly-owned by Orchid Asia V Group Limited. Orchid Asia V Group Limited is wholly-owned by Areo Holdings Limited, which is in turn wholly-owned by Ms. Lam Lai Ming, and is controlled by Mr. Gabriel Li by virtue of his directorship there.
- (13) Ms. Zhang Wenwen controls Riverhead Capital I, L.P. (北京陽光融匯醫療健康產業成長投資管理中心(有限合夥)) and Ronghui Yangguang Runfeng, L.P. (北京融匯陽光潤豐投資管理中心(有限合夥)), which held 22,240,500 and 13,458,500 Shares, respectively, as of June 30, 2023.
- (14) Mr. Xiao Feng is the spouse of Ms. Zhang Wenwen and is deemed to be interested in Ms. Zhang Wenwen's interests in the Company.

Save as disclosed above, the Directors are not aware of any person who had, as of June 30, 2023, an interest or a short position in the Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE SCHEMES

Share Award Scheme

The Scheme was approved and adopted by the Board on May 10, 2022 (“**Adoption Date**”). The following is a summary of the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(1) Purpose of the Scheme

The purposes and objectives of the Scheme are to (i) recognize and motivate the contribution of certain employees of the Group; (ii) incentivize them and help the Group in retaining its existing employees and attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group; and (iii) provide them with a direct economic interest in attaining the long-term business objectives of the Group.

(2) Eligibility of Participation in the Scheme

The following classes of persons (the “**Eligible Persons**”) (excluding the Excluded Persons) are eligible for being elected to be Selected Person for participation in the Scheme:

- (i) any employee or director of the Company or any of its subsidiaries (including persons who are granted Shares under the Scheme as an inducement to enter into employment contracts with these companies);
- (ii) any employee or director of a Related Entity; and
- (iii) any person who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long-term growth of the Group.

(3) Total number of Shares to be granted

The Board shall not make any further award which will result in:

- (i) the aggregate number of the Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company as of the Adoption Date (i.e. 70,762,500 Shares, representing 10% of the issued share capital of the Company as of the date of this report); and
- (ii) the aggregate number of the Shares held by public Shareholders falls below the minimum percentage as prescribed under the Listing Rules.

Pursuant to the Scheme, awarded Shares can be satisfied by (i) new Shares to be subscribed by the trustee of the Scheme (the “**Trustee**”) under the Company’s available general mandate or under a specific mandate approved or to be approved by the Shareholders; or (ii) Shares purchased by the Trustee in the open market as directed by the Board.

As of the date of this report, the total number of Shares available for issue in respect of which award Shares may be granted under the Scheme is 57,365,776 Shares, representing approximately 8.11% of the Shares in issue as of that date. During the Reporting Period, the number of Shares underlying the award Shares that granted under the Scheme divided by the weighted average number of total Shares issue during the Reporting Period is 1.89%.

(4) **Maximum entitlement of each Selected Person**

The maximum number of Shares which may be awarded to each Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company as of the Adoption Date (i.e. 7,076,250 Shares).

(5) **Administration of the Scheme**

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme, the terms of the trust deed entered into between the Company and the Trustee (the “**Trust Deed**”) and all applicable laws and regulations. The Board shall have the absolute power to interpret the Scheme Rules or any part thereof. The Board may delegate and authorize any committee, sub-committee or person to administer the Scheme in accordance with its rules.

The Board may, from time to time at its absolute discretion, select any Eligible Persons for participation in the Scheme as a Selected Person, make an offer to the Selected Persons and grant award shares to such Selected Persons.

(6) **Vesting Period of award Shares under the Scheme**

Vesting shall only occur upon satisfaction (or where applicable, waiver by the Board) of the conditions imposed by the Board. The Trustee shall transfer the relevant award Shares to the relevant Selected Person as soon as practicable after the Vesting Date if no event of lapse occurs on or before the vesting date.

(7) **Consideration for acceptance and purchase price**

Selected Persons are not required to pay for the acceptance of the relevant award Shares. The purchase price payable for each award Share under the Scheme (if any) shall be determined by the Board and shall be set forth in the grant letter for such award Shares.

(8) **Life of the Scheme**

The Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, subject to the occurrence of any of the following terminating events (whichever is earlier):

- (i) the Board gives not less than 3 months’ prior notice in writing to the Trustee and all Selected Persons to terminate the Scheme; or
- (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

During the Reporting Period, a total of 13,396,724 award Shares were granted under the Scheme. Details of the movements of the award Shares granted under the Scheme during the Reporting Period are set out in note 13 to the condensed consolidated financial statements of this report.

The total number of Shares available for grant under the Scheme as of January 1, 2023 and June 30, 2023 was 70,762,500 Shares and 57,365,776 Shares respectively.

Other Information

The table below shows details of the award Shares granted under the Scheme during the Reporting Period:

Name of Participant or Category of Participant	Date of Grant	Vesting Period ⁽¹⁾	Closing price of Shares immediately before the date on which the award Shares were granted (HK\$)	Number of award Shares held at January 1, 2023	Number of award Shares granted during the Reporting Period	Number of award Shares lapsed and cancelled during the Reporting Period	Number of award Shares vested during the Reporting Period	Number of award Shares held at June 30, 2023	Weighted average closing price of the Shares immediately before the dates on which the award Shares were vested (HK\$)	Fair value of award Shares at the date of grant ⁽²⁾ (HK\$)
Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates										
Mr. Zhang Bozhou	June 14, 2023	10 months – 3 years	4.31	-	333,910	-	-	333,910	-	1,402,422
Ms. Zhang Xiaoli	June 14, 2023	10 months – 3 years	4.31	-	100,000	-	-	100,000	-	420,000
Mr. Zhang Junfeng	June 14, 2023	10 months – 3 years	4.31	-	80,640	-	-	80,640	-	338,688
Mr. Zhang Fengsheng	June 14, 2023	10 months – 3 years	4.31	-	83,470	-	-	83,470	-	350,574
Mr. Zhang Guangdi	June 14, 2023	10 months – 3 years	4.31	-	49,180	-	-	49,180	-	206,556
Mr. He Yong	June 14, 2023	10 months – 3 years	4.31	-	83,470	-	-	83,470	-	350,574
Other employee participants, related entity participants and service providers										
	June 14, 2023	10 months – 3 years	4.31	-	12,666,054	-	-	12,666,054	-	53,197,427
Total				-	13,396,724	-	-	13,396,724		

Notes:

- (1) The vesting of the award Shares shall be subject to certain vesting conditions based on a set of indicators that are linked with, and subject to, the results of individual performance assessments carried out by the Group for each grantee under the Scheme and the achievement of the overall performance of the Group by the grantees.
- (2) The fair value of awarded Shares at the date of grant was approximately HK\$4.20 per Share, being the closing price of the Shares at the date of grant.
- (3) The purchase price payable in respect of each award Share under the Scheme is HK\$1.00.

Share Option Scheme

The Company has not adopted any share option scheme.

Independent Review Report

To the board of directors of Chaoju Eye Care Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 36 to 64, which comprises the condensed consolidated statement of financial position of Chaoju Eye Care Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

29 August 2023

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			
Basic for the period (expressed in RMB per share)	8	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 RMB'000 (Unaudited)	2022 RMB'000 (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

30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	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	17(b)	–	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	10	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	11	62,462	44,027
Other payables and accruals		192,580	138,918
Due to related parties	17(b)	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

30 June 2023

	Notes	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	12	152	152
Treasury shares	12	(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

Zhang Bozhou
Director

Zhang Guangdi
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve	Share-based	Exchange	Retained profits	Total	Non-	Total
				payment reserve	fluctuation reserve			controlling interests	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (audited)	152	(18,665)	1,908,470*	11,862*	41,443*	329,456*	2,272,718	25,755	2,298,473
Profit for the period	-	-	-	-	-	150,613	150,613	(3,701)	146,912
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	17,696	-	17,696	-	17,696
Total comprehensive income for the period	-	-	-	-	17,696	150,613	168,309	(3,701)	164,608
Share-based payments	-	-	-	1,672	-	-	1,672	28	1,700
Share vested under the share-based payments	-	-	6,591	(6,591)	-	-	-	-	-
Purchases of shares for the share award scheme (note 12)	-	(30,858)	-	-	-	-	(30,858)	-	(30,858)
Share of capital reserves of an associate	-	-	3,207	-	-	-	3,207	-	3,207
Deemed disposal of an associate	-	-	(3,207)	-	-	-	(3,207)	-	(3,207)
Dividend (note 7)	-	-	-	-	-	(109,750)	(109,750)	-	(109,750)
At 30 June 2023 (unaudited)	152	(49,523)	1,915,061*	6,943*	59,139*	370,319*	2,302,091	22,082	2,324,173

* These reserve accounts comprise the consolidated reserves of RMB2,351,462,000 (31 December 2022: RMB2,291,231,000) in the interim condensed consolidated statement of financial position as at 30 June 2023.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent							
	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	152	1,884,678	32,907	(15,958)	204,438	2,106,217	22,189	2,128,406
Profit for the period	-	-	-	-	103,598	103,598	(1,837)	101,761
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	28,492	-	28,492	-	28,492
Total comprehensive income for the period	-	-	-	28,492	103,598	132,090	(1,837)	130,253
Share-based payments	-	-	1,489	-	-	1,489	-	1,489
Dividend (note 7)	-	-	-	-	(62,734)	(62,734)	-	(62,734)
At 30 June 2022 (unaudited)	152	1,884,678	34,396	12,534	245,302	2,177,062	20,352	2,197,414

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	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	13	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

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (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	14	(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			
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 the Interim Condensed Consolidated Financial Information

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures (Continued)

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.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures (Continued)

- (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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers	692,688	532,742
Analyzed 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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Types of goods or services</i>		
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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Timing of revenue recognition</i>		
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

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

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%.

6. INCOME TAX EXPENSES (CONTINUED)

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, the Group is not subject to any income tax in the Cayman 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(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.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

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, as adjusted to reflect the rights 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	2022
	RMB'000	RMB'000
	(Unaudited)	(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	2022
	'000	'000
	(Unaudited)	(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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment at an aggregate cost of RMB42,269,000 (30 June 2022: RMB60,638,000).

Assets with a net book value of RMB811,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB15,000), resulting in RMB465,000 loss on disposal (30 June 2022: RMB6,000).

10. 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 RMB'000 (Unaudited)	31 December 2022 RMB'000 (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

11. 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 RMB'000 (Unaudited)	31 December 2022 RMB'000 (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

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

12. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 19 May 2020 with authorized share capital of HK\$380,000 divided into 1,520,000,000 shares with a par value of HK\$0.00025 each.

Share Capital	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Authorized 1,520,000,000 Share of par value of HK\$0.00025 each		380	380
		RMB'000	RMB'000
Issued and fully paid 707,625,000 shares of par value of HK\$0.00025 each		152	152
		Number of shares repurchased	RMB'000
Treasury Shares			
At 1 January, 2022 (audited)		–	–
Purchases of shares for the share award scheme (audited)		5,800,000	18,665
At 31 December 2022 (audited)		5,800,000	18,665
Purchases of shares for the share award scheme (unaudited)	(i)	7,750,000	30,858
At 30 June 2023 (unaudited)		13,550,000	49,523

Note:

- (i) Pursuant to the board resolution passed on 10 May 2022, as the board directed, the trustee of the share award scheme purchased a total of 7,750,000 shares at a total consideration of HKD33,985,000 (equivalent to approximately RMB30,858,000) during the six months ended 30 June 2023.

13. SHARE-BASED PAYMENTS

Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) (“**Juludazhou**”) 廈門聚鷺達洲股權投資合夥企業(有限合夥) was incorporated on 10 April 2020 in the PRC as the domestic shareholding platform for employee incentive. The main purpose of establishing the domestic shareholding platform is to allow key domestic employees to enjoy the economic interest of the equity of the Group through the shareholding platform indirectly to achieve employee incentive. The vesting conditions and schedule for each of the eligible participants were agreed after taking into consideration his/her roles and responsibilities, historical contributions to the Group as well as his/her performance judged against a set of key performance indicators.

On 22 October 2017, as approved by the board of directors of Chaoju Medical Technology, it was resolved to grant 1,996,976 shares of shareholding platform which the controlling shareholders of the Group originally held for employee incentive purposes, and the economic interests of such shares were further allocated to eligible participants of the Group. The grant price for each share under the share-based incentive scheme is RMB2.00. Subject to the terms and conditions as set out in the share-based incentive scheme, these granted shares will be vested in the proportion of 40%, 30% and 30% on the first working day after 6 months, 18 months and 30 months after the listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Listing**”), respectively.

On 26 December 2019, as approved by the board of directors of Chaoju Medical Technology, it was resolved to grant 3,200,702 shares of shareholding platform which the controlling shareholders of the Group originally held for employee incentive purposes, the economic interests of which were further allocated to eligible participants of the Group. The grant price for each share under the share-based incentive scheme is in the range between RMB5.21 and RMB11.00. Subject to the terms and conditions as set out in the share-based incentive scheme, these granted shares will be vested either on the first working day after 6 months after the Listing or in the proportion of 40%, 30% and 30% on the first working day after 6 months, 18 months and 30 months after the Listing (for the other eligible participants), respectively.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

13. SHARE-BASED PAYMENTS (CONTINUED)

The following table discloses the movements of the shares awarded, which granted on 22 October 2017 and 26 December 2019, in the period and prior year:

Date of grant	Share price as at the date of grant RMB'000 per share	Grant price RMB'000 per share	Number of shares			Vesting period
			As at 1 January 2023	Vested during the period	As at 30 June 2023	
22 October 2017	9.20	2.00	1,198,186	599,093	599,093	6–30 months after the Listing
26 December 2019	11.82	5.21–11.00	1,080,421	540,210	540,211	6–30 months after the Listing

Date of grant	Share price as at the date of grant RMB'000 per share	Grant price RMB'000 per share	Number of shares			Vesting period
			As at 1 January 2022	Vested during the period	As at 30 June 2022	
22 October 2017	9.20	2.00	1,996,976	798,790	1,198,186	6–30 months after the Listing
26 December 2019	11.82	5.21–11.00	3,200,702	2,120,281	1,080,421	6–30 months after the Listing

The Company operates a share award scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Scheme became effective on 10 May 2022 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share awards currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under the share award scheme to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share awards in excess of this limit is subject to shareholders’ approval in a general meeting.

13. SHARE-BASED PAYMENTS (CONTINUED)

On 14 June 2023 (the “**Grant Date**”), the Company approved a batch of Scheme. Pursuant to the batch of granted share awards, the Company granted 13,396,724 restricted shares to 224 eligible Persons, who are employees of the Company and its subsidiaries.

Share awards granted under the batch of granted Share awards shall be valid and vest over a three-year period, with 30%, 30% and 40% of total share awards vesting on 31 May each year from 2024 to 2026. Performance targets are set out for each batch of granted share awards and determined annually by the Board.

The following table discloses the movements of the shares awarded, which granted on 14 June 2023, in the period:

Date of grant	Share price as at the date of grant HKD per share	Grant price HKD per share	Number of shares			Vesting period
			As at 1 January 2023	Granted during the period	As at 30 June 2023	
14 June 2023	4.20	nil – 1.00	–	13,396,724	13,396,724	31 May 2024 to 31 May 2026

The fair value of the awarded shares was approximately HKD4.20 per Share, which was calculated based on the market price of the Company’s shares at the date of grant.

At the end of the reporting period, the Company had 13,396,724 awarded shares outstanding under the Scheme, and the awarded shares can be satisfied by the treasury shares held under the Scheme by the Company. The exercise in full of the outstanding shares would, under the present capital structure of the Company, result in the reduce of 13,396,724 treasury shares held under the Scheme by the Company, and such amount of the treasury shares will be transferred to the capital reserve.

For the six months ended 30 June 2023, the Group recognized share-based payments of RMB1,700,000 (six months ended 30 June 2022: RMB1,489,000).

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

14. BUSINESS COMBINATION

On 31 March 2023, the Group acquired the remaining 70% equity interest in Ningxia Chaoju Kaiming Eye Hospital Co., Ltd. (an 30% associate of the Group) at a consideration of RMB28,170,000. The acquisition was made as part of the Group's strategy to expand its market share in the ophthalmology industry. The purchase consideration for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of companies acquired as at the date of acquisition were as follows:

	Fair value recognized on acquisition RMB'000 (Unaudited)
Property, plant and equipment	13,780
Intangible assets	12,123
Right-of-use assets	6,218
Prepayments, other receivables and other assets	351
Inventories	1,842
Trade receivables	636
Cash and cash equivalents	3,904
Other payables and accruals	(1,753)
Interest-bearing bank and other borrowings	(5,820)
Trade payables	(1,119)
Lease liabilities	(7,571)
Deferred tax liabilities	(1,785)
Total identifiable net assets at fair value	20,806
Goodwill on acquisition	19,437
Satisfied by cash	28,170
Acquisition date fair value of 30% interest previously held	12,073

14. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000 (Unaudited)
Cash consideration paid during 2023	28,170
Less: Cash and cash equivalents acquired	(3,904)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	24,266

The revenue and loss included in the consolidated statement of profit or loss from the acquisition date to 30 June 2023, contributed by companies acquired were RMB5,949,000 and RMB1,619,000, respectively.

Had the combination taken place at the beginning of 2023, the revenue of the Group and the profit of the Group for the year would have been RMB698,263,000 and RMB146,475,000, respectively.

15. CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	2,579	10,022
Equity investment at fair value through profit or loss	70,000	–
	72,579	10,022

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related party transactions

The Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Purchase of services: Entities controlled by controlling shareholders	(i)	100	–
Purchase of property, plant and equipment from: Entities controlled by controlling shareholders	(i)	101	–
Lease payments: Entities controlled by controlling shareholders	(i)	398	21,240
Controlling shareholders		1,578	923
		1,976	22,163

Note:

- (i) The pricing for the rental paid to related parties were determined according to the published price. Other transactions were conducted in accordance with the terms mutually agreed between the parties.

17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties

Due from related parties, net and impairment

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables		
Associate	-	448
Impairment	-	(448)
	-	-
Prepayments and other receivables		
Associate	-	15,988
Impairment	-	(14,988)
	-	1,000

Due to related parties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Other payables		
Entities ultimately controlled by the Controlling shareholders	-	2,415
Controlling shareholders	666	-
	666	2,415

As at 30 June 2023 and 31 December 2022, the amounts due from/to related parties are unsecured, interest-free and collectable on demand.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

17. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Compensation of key management personnel of the Group

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	2,381	1,955
Performance related bonuses	909	690
Pension scheme contributions	123	127
Share-based payments	275	1,016
	3,688	3,788

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets				
Financial assets at fair value through profit or loss	742,525	382,793	742,525	382,793
Equity investment at fair value through profit or loss	30,000	–	30,000	–
Time deposits – non-current	83,331	82,002	83,331	82,002
	855,856	464,795	855,856	464,795

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, time deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, due to related parties, interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or their floating interest rates.

The fair value of long-term deposits has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss	–	742,525	–	742,525
Equity investment at fair value through profit or loss	–	–	30,000	30,000
	–	742,525	30,000	772,525

As at 31 December 2022

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial assets at fair value through profit or loss	–	382,793	–	382,793

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

Assets for which fair values are disclosed:

As at 30 June 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Time deposits – non-current	–	83,331	–	83,331

As at 31 December 2022

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Time deposits – non-current	–	82,002	–	82,002

Liabilities for which fair values are disclosed:

The Group did not have any financial liabilities disclosed at fair value as at 30 June 2023 and 31 December 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2022: Nil).

Notes to the Interim Condensed Consolidated Financial Information

30 June 2023

19. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 June 2023.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial information was approved and authorized for issue by the board of directors on 29 August 2023.

Definitions & Glossary

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“Audit Committee”	the audit committee of the Board
“Baotou Hospital”	Baotou City Chaoju Eye Hospital Co., Ltd.* (包頭市朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on May 12, 2016, a subsidiary of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“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 report and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Company” or “the Company”	Chaoju Eye Care Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 19, 2020
“COVID-19”	Novel coronavirus pneumonia
“Directors”	director(s) of the Company
“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

Definitions & Glossary

“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\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hohhot No. 2 Hospital”	Hohhot Chaoju Eye Hospital Co., Ltd.* (呼和浩特朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on November 3, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
“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
“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
“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 Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“myopia”	a type of refractive error also known as nearsightedness, where the patient is unable to see distant objects clearly. Myopia is usually caused by a longer-than-normal eyeball or excessive refractive ability of the crystalline lens, which results in parallel lights focusing at a position before reaching the retina, thus forming a blurred spot when it reaches the retina
“Ningxia Hospital”	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)), a limited liability company incorporated in the PRC on October 8, 2015, a subsidiary of the Company
“North China”	a northern region of China consisting of Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia
“ocular fundus”	the interior surface of the eye opposite the crystalline lens, including the retina, optic disc, macula and posterior pole
“ocular surface”	the interface between the functioning eye and the environment, including the outer layer of the cornea, the conjunctiva, and the margin of the eye lids
“ophthalmologist”	a medical doctor who specializes in eye and vision care
“out-patient service”	treatments of patients who are not checked-in at hospitals and stay at the hospital only for a short period of time (usually completed within the day)
“presbyopia”	an eye condition where the patient has difficulty seeing near items clearly due to declines in refractive abilities of the lens. Presbyopia is a result of the aging of the eye, as the lens loses its natural elasticity and therefore its ability to focus on near objects
“Prospectus”	the prospectus of the Company published on June 24, 2021
“Reporting Period”	from January 1, 2023 to June 30, 2023
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

Definitions & Glossary

“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
“Xiamen Juludazhou Equity Investment”	Xiamen Juludazhou Equity Investment Partnership (Limited Partnership)* (廈門聚鷺達洲股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on April 10, 2020, a shareholder of the Company, which is controlled by Mr. Zhang Bozhou as its sole general partner
“Xiamen Xinkangnuo”	Xiamen Xinkangnuo Management Consulting Co., Ltd.* (廈門信康諾管理諮詢有限公司), a limited liability company established under the laws of the PRC on August 6, 2020, a subsidiary of the Company by way of consolidation of financial statements, which is owned by Mr. Zhang Bozhou as to 26.64%, Ms. Zhang Xiaoli as to 29.03%, Mr. Zhang Junfeng as to 20.67%, Mr. Zhang Fengsheng as to 20.67% and Ms. Zhang Yumei as to 2.99%, respectively
“Xiangshan Hospital”	Xiangshan Chaoju Eye Hospital Co., Ltd.* (象山朝聚眼科醫院有限公司) (formerly known as Xiangshan Renming Eye Diseases Hospital Co., Ltd.* (象山仁明眼病醫院有限公司)), a limited liability company incorporated in the PRC on April 7, 2015, a subsidiary of the Company
“Xiwang Medical Management”	Xiwang Medical Management Co. Ltd, a BVI business company with limited liability incorporated under the laws of the BVI on March 4, 2020, a shareholder of the Company, which is wholly owned by Mr. Zhang Fengsheng
“Zhoushan Hospital”	Zhoushan Chaoju Eye Hospital Co., Ltd.* (舟山朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on November 1, 2021, a subsidiary of the Company

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