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

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2219)

**EARLY TERMINATION OF CONNECTED TRANSACTIONS
IN RELATION TO THE EXISTING CHIFENG TENANCY AGREEMENTS**

**EARLY TERMINATION OF CONNECTED TRANSACTIONS IN RELATION TO
THE EXISTING CHIFENG TENANCY AGREEMENTS**

On June 15, 2022, with a view to streamlining the contractual relationship and reducing uncertainty over rights and entitlements under the Existing Chifeng Tenancy Agreements, Baotou Chaoju (as the then sublessor), Haohui (being the owner of the Chifeng Hospital Premises and co-owner of the Chifeng Chaoju Premises) and Tongde (being the co-owner of the Chifeng Chaoju Premises) entered into negotiations with Chifeng Hospital and Chifeng Chaoju (as lessees) regarding Baotou Chaoju's cessation of the sub-lease arrangements and the entering into of the New Chifeng Tenancy Agreements. The parties mutually agreed that Baotou Chaoju will cease to sub-lease the Chifeng Hospital Premises and the Chifeng Chaoju Premises to Chifeng Hospital and Chifeng Chaoju, respectively, with effect from July 1, 2022 and the aforementioned premises will be leased to Chifeng Hospital and Chifeng Chaoju directly by the owner of such premises.

Save for the change of counterparties, the New Chifeng Tenancy Agreements were entered into under the same terms and conditions as the Existing Chifeng Tenancy Agreements. The Parties to the Existing Chifeng Tenancy Agreements are not subject to any penalty or claim for its early termination.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16, the Group will recognize the right-of-use assets in its consolidated statement of financial position in respect to the lease of the Chifeng Hospital Premises under the New Chifeng Hospital Tenancy Agreement and the lease of the Chifeng Chaoju Premises under the New Chifeng Chaoju Tenancy Agreement. Accordingly, the transactions under the New Chifeng Tenancy Agreements will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules.

As the highest applicable percentage ratio in respect to the remaining value of the right-of-use assets to be recognized by the Group under each of the New Chifeng Tenancy Agreements is less than 5%, the transaction under each of the New Chifeng Tenancy Agreements does not constitute a notifiable transaction of the Company and is hence not subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

This announcement is made pursuant to Rule 14A.35 of the Listing Rules in relation to the termination of connected transactions. Reference is made to the section headed "Relationship With Our Controlling Shareholders – Transactions Entered Into Before The Listing Which Would Otherwise Constitute Connected Transactions – Tenancy Agreements" in the Prospectus of the Company in relation to the Existing Chifeng Tenancy Agreements. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

EARLY TERMINATION OF CONNECTED TRANSACTIONS IN RELATION TO THE EXISTING CHIFENG TENANCY AGREEMENTS

On June 15, 2022, with a view to streamlining the contractual relationship and reducing uncertainty over rights and entitlements under the Existing Chifeng Tenancy Agreements, Baotou Chaoju (as the then sublessor), Haohui (being the owner of the Chifeng Hospital Premises and co-owner of the Chifeng Chaoju Premises) and Tongde (being the co-owner of the Chifeng Chaoju Premises) entered into negotiations with Chifeng Hospital and Chifeng Chaoju (as lessees) regarding Baotou Chaoju's cessation of the sub-lease arrangements and the entering into of the New Chifeng Tenancy Agreements. The parties mutually agreed that Baotou Chaoju will cease to sub-lease the Chifeng Hospital Premises and the Chifeng Chaoju Premises to Chifeng Hospital and Chifeng Chaoju, respectively, with effect from July 1, 2022 and the aforementioned premises will be leased to Chifeng Hospital and Chifeng Chaoju directly by the owner of such premises.

Subsequently, Chifeng Hospital, Chifeng Chaoju and Baotou Chaoju mutually agreed to an early termination of the Existing Chifeng Tenancy Agreements on June 15, 2022. On the same date, Haohui entered into the New Chifeng Hospital Tenancy Agreement as lessor with Chifeng Hospital as lessee at an annual rent of RMB2,880,000, and Haohui and Tongde entered into the New Chifeng Chaoju Tenancy Agreement as lessors with Chifeng Chaoju as lessee at an annual rent of RMB223,200.

Save for the change of counterparties, the New Chifeng Tenancy Agreements were entered into under the same terms and conditions as the Existing Chifeng Tenancy Agreements. The term of the New Chifeng Tenancy Agreements shall commence from July 1, 2022 until May 5, 2026, being the same expiry date as the Existing Chifeng Tenancy Agreements. The rental rates are on normal commercial terms determined after arm's length negotiations after taking into consideration the prevailing market rates for comparable properties at vicinity of the Chifeng Hospital Premises and the Chifeng Chaoju Premises.

The parties to the Existing Chifeng Tenancy Agreements are not subject to any penalty or claim for its early termination.

REASONS FOR AND BENEFITS OF THE NEW CHIFENG TENANCY AGREEMENTS

Under the New Chifeng Tenancy Agreements, the Company considers that (i) the termination of the Existing Chifeng Tenancy Agreements will not have any material adverse effect on the operation and financial position of the Group; (ii) the New Chifeng Tenancy Agreements will allow Chifeng Hospital and Chifeng Chaoju to continue providing ophthalmic services under the same premises without causing any disruptions to its business operations; and (iii) the transactions under the New Chifeng Tenancy Agreements are conducted in the ordinary and usual course of business of the Group and are on normal commercial terms or better. Accordingly, the Board (including the independent non-executive Directors) is of the view that the terms of the New Chifeng Tenancy Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES TO THE NEW TENANCY AGREEMENTS

The Group

The Group is a leading ophthalmic medical service group in North China with a strong reputation nationwide. As of the date of this announcement, the Group operated a network of 18 ophthalmic hospitals and 24 optical centers spanning across five provinces or autonomous region in China. The ophthalmic hospitals are specialized in providing ophthalmic services and the optical centers provide a series of optical products and services to satisfy a wide array of requests from customers.

Haohui and Tongde

Each of Haohui and Tongde is a sole proprietorship established in the PRC, with a current focus on property leasing. Haohui is operated by the brother-in-law of the spouse of Mr. Zhang Junfeng, being one of the Controlling Shareholders, while Tongde is operated by the cousin of the spouse of Mr. Zhang Junfeng. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, both the brother-in-law of the spouse of Mr. Zhang Junfeng and the cousin of the spouse of Mr. Zhang Junfeng are Independent Third Parties.

LISTING RULES IMPLICATIONS

In accordance with IFRS 16, the Group will recognize the right-of-use assets in its consolidated statement of financial position in respect to the lease of the Chifeng Hospital Premises under the New Chifeng Hospital Tenancy Agreement and the lease of the Chifeng Chaoju Premises under the New Chifeng Chaoju Tenancy Agreement. Accordingly, the transactions under the New Chifeng Tenancy Agreements will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. The remaining value of the right-of-use assets to be recognized by the Group in respect of the lease of the Chifeng Hospital Premises under the New Chifeng Hospital Tenancy Agreement and the lease of the Chifeng Chaoju Premises under the New Chifeng Chaoju Tenancy Agreement amounted to approximately RMB9,322,457.55 and RMB711,167.92 , respectively, in accordance with IFRS 16.

As of the date of this announcement, Baotou Chaoju is owned as to 30% by Mr. Zhang Bozhou (being one of the Controlling Shareholders and an executive Director), 30% by Ms. Zhang Xiaoli (being one of the Controlling Shareholders and an executive Director), 20% by Mr. Zhang Fengsheng (being one of the Controlling Shareholders) and 20% by Mr. Zhang Junfeng (being one of the Controlling Shareholders and an executive Director). Hence, Baotou Chaoju is an associate of the Controlling Shareholders and therefore a connected person of the Company.

Apart from Mr. Zhang Bozhou, Ms. Zhang Xiaoli and Mr. Zhang Junfeng, who is each considered to have a material interest in the early termination of the Existing Chifeng Tenancy Agreements and has each abstained from voting on the relevant Board resolutions approving such termination, none of the Directors has any material interest in such termination or is required to abstain from voting on such Board resolutions.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, both Haohui and Tongde and their respective ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected person(s). The transactions contemplated respectively under the New Chifeng Tenancy Agreements do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules and hence, are not subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect to the remaining value of the right-of-use assets to be recognized by the Group under each of the New Chifeng Tenancy Agreements is less than 5%, the transaction under each of the New Chifeng Tenancy Agreements does not constitute a notifiable transaction of the Company and is hence not subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Baotou Chaoju”	Baotou City Chaoju Eye Medical Co. Ltd.* (包頭市朝聚眼科醫療有限公司), a limited liability company established under the laws of the PRC on August 8, 2002, a company controlled by the Controlling Shareholders, hence an associate of the Controlling Shareholders and therefore a connected person of the Company as of the date of this announcement
“Board”	the board of Directors
“Chifeng Chaoju”	Chifeng Chaoju Eyeglasses Co., Ltd.* (赤峰朝聚眼鏡有限責任公司), a limited liability company incorporated in the PRC on October 29, 2007, 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
“Chifeng Chaoju Premises”	the premises located at No. 96, North Road, Middle Section of Hada Street, Hongshan District, Chifeng City with a total gross floor area of 650 square meters
“Chifeng Hospital”	Chaoju (Chifeng) Eye Hospital Co., Ltd.* (朝聚(赤峰)眼科醫院有限公司), a limited liability company incorporated in the PRC on December 19, 2016, 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
“Chifeng Hospital Premises”	the premises located at No. 96, North Road, Middle Section of Hada Street, Hongshan District, Chifeng City with a total gross floor area of 7,662.12 square meters
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macao Special Administrative Region 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

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng, Ms. Zhang Yumei, Sihai Medical Management Co. Ltd, Jutong Medical Management Co. Ltd, Xiwang Medical Management Co. Ltd, Guangming Medical Management Co. Ltd, Sitong Medical Management Co. Ltd and Xiamen Juludazhou Equity Investment Partnership (Limited Partnership)* (廈門聚鷺達洲股權投資合夥企業(有限合夥))
“Director(s)”	director(s) of the Company
“Existing Chifeng Chaoju Tenancy Agreement”	the tenancy agreement dated May 6, 2021 entered into between Chifeng Chaoju as lessee and Baotou Chaoju as sublessor in relation to the lease of the Chifeng Chaoju Premises
“Existing Chifeng Hospital Tenancy Agreement”	the tenancy agreement dated May 6, 2021 entered into between Chifeng Hospital as lessee and Baotou Chaoju as sublessor in relation to the lease of the Chifeng Hospital Premises
“Existing Chifeng Tenancy Agreements”	the Existing Chifeng Chaoju Tenancy Agreement and the Existing Chifeng Hospital Tenancy Agreement
“Group” or “the Group”	the Company, together with its subsidiaries
“Haohui”	Hongshan District Haohui Information Consulting Center* (紅山區浩輝信息諮詢中心), a sole proprietorship (個體工商戶) established in the PRC which was operated by the brother-in-law of the spouse of one of the Controlling Shareholders, an Independent Third Party
“IFRS”	the 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, subsidiaries of the Company or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New Chifeng Chaoju Tenancy Agreement”	the tenancy agreement dated June 15, 2022 entered into between Chifeng Chaoju as lessee and Haohui and Tongde as lessors in relation to the lease of the Chifeng Chaoju Premises

“New Chifeng Hospital Tenancy Agreement”	the tenancy agreement dated June 15, 2022 entered into between Chifeng Hospital as lessee and Haohui as lessor in relation to the lease of the Chifeng Hospital Premises
“New Chifeng Tenancy Agreements”	the New Chifeng Chaoju Tenancy Agreement and the New Chifeng Hospital Tenancy Agreement
“Prospectus”	the prospectus of the Company published on June 24, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of HK\$0.00025 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongde”	Hongshan District Tongde Domestic Services* (紅山區同得家政服務部), a sole proprietorship (個體工商戶) established in the PRC which was operated by the cousin of the spouse of one of the Controlling Shareholders, an Independent Third Party
“%”	per cent

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

Hong Kong, June 15, 2022

As of the date of this announcement, the Board of Directors of the Company comprises Mr. ZHANG Bozhou as the chairman and executive Director; Ms. ZHANG Xiaoli, Mr. ZHANG Junfeng and Mr. ZHANG Guangdi as executive Directors; Mr. KE Xian, Mr. Richard Chen MAO, Mr. LI Zhen and Ms. ZHANG Wenwen as non-executive Directors; and Mr. HE Mingguang, Ms. GUO Hongyan, Mr. LI Jianbin and Mr. BAO Shan as independent non-executive Directors.

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