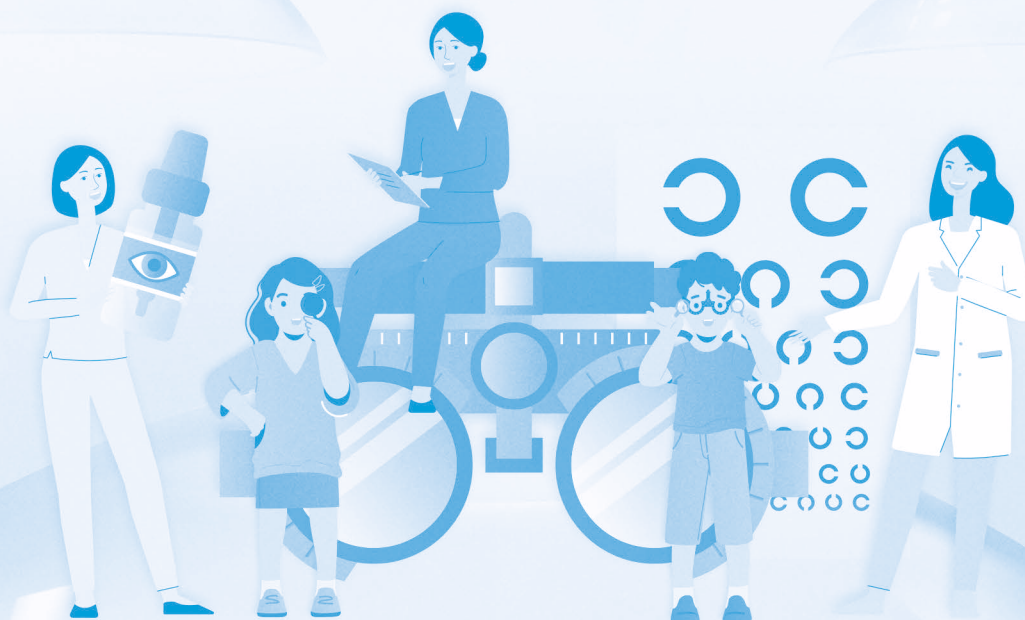


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CORPORATE INFORMATION

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. Richard Chen Mao

Mr. Li Zhen

Ms. Zhang Li

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

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Cayman Islands

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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Wanchai
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HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP
Suites 3203-3207, Edinburgh Tower
The Landmark
Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay
Hong Kong

STOCK CODE

2219

COMPANY WEBSITE

www.chaojueye.com

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change
	2024	2023	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Operating Results			
Revenue	734,287	692,688	6.0%
Gross profit	335,974	322,922	4.0%
Profit before tax	179,640	184,566	(2.7%)
Net profit	133,620	146,912	(9.0%)
Non-IFRS adjusted net profit ⁽¹⁾	144,753	136,539	6.0%
Profitability			
Gross profit margin	45.8%	46.6%	
Net profit margin	18.2%	21.2%	
Non-IFRS adjusted net profit margin ⁽²⁾	19.7%	19.7%	
Non-IFRS EBITDA ⁽³⁾	234,818	223,233	
Non-IFRS adjusted EBITDA	245,951	212,860	
	As at	As at	Change
	June 30,	December 31,	
	2024	2023	
	RMB'000	RMB'000	
	(Unaudited)	(Audited)	
Financial Position			
Total assets	2,835,653	2,922,806	(3.0%)
Total equity	2,341,006	2,378,425	(1.6%)
Total liabilities	494,647	544,381	(9.1%)
Cash and cash equivalents	395,734	463,437	(14.6%)

Notes:

- (1) Adjustments to the net profit for the six months ended June 30, 2024 include share-based compensation expenses. Adjustments to the net profit for the six months ended June 30, 2023 include share-based compensation expenses and one-off gain on a deemed disposal of interest previously held in an associate.
- (2) Non-IFRS adjusted net profit margin was calculated based on non-IFRS adjusted net profit divided by revenue.
- (3) Non-IFRS EBITDA represents profit before tax excluding (i) finance costs; (ii) interest income and fair value gains on financial assets at fair value through profit or loss; (iii) depreciation of property, plant and equipment; (iv) depreciation of investment properties; (v) amortization of intangible assets; and (vi) 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. 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 REVIEW

The Group expands its network of ophthalmic hospitals and optical centers in a cautious and accountable manner. Since January 2024, the Group continues providing ophthalmic medical services in North and East China while proactively leveraging its leadership position in the ophthalmology industry to expand its customer base in new regions with strong growth potential.

As at June 30, 2024, the Group operated a network of 31 ophthalmic hospitals and 29 optical centers spanning across a total of in seven provinces, municipalities and 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 demands from customers.

The following table sets forth a breakdown of certain operational information by type of services provided for the periods indicated:

	Unaudited Six months ended June 30,	
	2024	2023
The hospitals		
Out-patient services		
Number of out-patient visits	571,087	531,714
Average spending per visit (RMB) ⁽²⁾	764	752
In-patient services		
Number of in-patient admissions	35,814	32,922
Average spending per admission (RMB) ⁽²⁾	7,052	7,473
Optical centers		
Number of customer visits ⁽¹⁾	51,774	58,317
Average selling price (RMB) ⁽²⁾	868	803

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/admission represents the average spending per visit/admission 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 visit/admission (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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue increased by 6.0% from RMB692.7 million for the six months ended June 30, 2023 to RMB734.3 million for the six months ended June 30, 2024, primarily due to an increase in our market share through the acquisitions of ophthalmic hospitals and optical centers.

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

	Unaudited Six months ended June 30,			
	2024	Percentage of revenue	2023	Percentage of revenue
	Revenue (RMB'000)		Revenue (RMB'000)	
Consumer ophthalmic services	376,483	51.3%	361,113	52.1%
Basic ophthalmic services	357,214	48.6%	331,575	47.9%
Sales of equipment and medical consumables	590	0.1%	–	–
Total	734,287	100.0%	692,688	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 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.

To maintain the Group's strong reputation in the provision of consumer ophthalmic services, the Group (i) optimized its marketing and promotion activities with a focus on online promotion, new media and other online channels; (ii) chaired various pro bono eye disease screening activities for the public; (iii) formulated operational management measures to optimize its customer membership management and maintain customer loyalty; and (iv) streamlined the admission process to increase the Group's capacity for entertaining patient visits. The Group continued to reinforce the training on consumer ophthalmic services techniques and related skills and improve the service quality in adherence to the Group's core values of "Providing its patients with safe, reassuring and pleasant ophthalmic medical experience". Furthermore, the Group also implemented stringent medical quality control measures in providing high-quality medical services to its patients to enhance its 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 will devote more resources to pursue continuous and rapid growth of consumer ophthalmic services.

For the six months ended June 30, 2024, the Group's consumer ophthalmic services contributed to 51.3% of the Group's total revenue, representing a decrease of approximately 0.8 percentage points compared to the six months ended June 30, 2023. In terms of revenue, consumer ophthalmic services have continued to be the Group's major source of 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 costs of which are mostly covered by public health insurance programs. On the other hand, femtosecond cataract surgery is gaining popularity as a self-paying treatment option due to the significant number of elderly patients in China and the stability of patients' income, which contribute to the strong demand for high-quality surgery.

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 equipment and consumables, which further raised the quality of the Group's medical services, and in turn increased the 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, 2024, the Group's basic ophthalmic services accounted for 48.6% of the Group's total revenue, representing an increase of approximately 0.7 percentage points compared to the six months ended June 30, 2023.

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	
	2024		2023	
	Gross profit	Gross	Gross profit	Gross
	(RMB'000)	profit margin	(RMB'000)	profit margin
Consumer ophthalmic services	183,025	48.6%	185,903	51.5%
Basic ophthalmic services	152,892	42.8%	137,019	41.3%
Sales of equipment and medical consumables	57	9.7%	–	–
Total	335,974	45.8%	322,922	46.6%

The gross profit generated from consumer ophthalmic services was RMB183.0 million for the six months ended June 30, 2024, representing a decrease of 1.6% compared to the six months ended June 30, 2023, primarily due to an increase in costs from consumer ophthalmic services of 10.4% as compared to the six months ended June 30, 2023. The gross profit generated from basic ophthalmic services was RMB152.9 million for the six months ended June 30, 2024, representing an increase of 11.6% compared to the six months ended June 30, 2023, primarily due to an increase in revenue from basic ophthalmic services of 7.7% compared to the six months ended June 30, 2023 and the dilution of related costs. The Group's gross profit was RMB336.0 million for the six months ended June 30, 2024, representing an increase of 4.1% compared to the six months ended June 30, 2023.

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 at June 30, 2024, the Group had a total of 1,458 full-time medical professionals (as at June 30, 2023: 1,316), including 302 physicians, 622 nurses and 534 other professionals (as at June 30, 2023: 262 physicians, 598 nurses and 456 other professionals). Among the 302 physicians, 265 are full-time physicians registered as specialized ophthalmologists. In addition, the Group also had 60 multi-site practice physicians who were full-time employees of other medical institutions.

Awards, Recognitions and Social Responsibility

The Group provides charitable medical aid and free medical consultations to public institutions and disadvantaged communities from time to time. Such charitable events allow the Company to maintain good relationships with government authorities and agencies while simultaneously promote its ophthalmic and optical services. These events do not only benefit the disadvantaged communities, but also improve the Group's brand awareness and reputation. For example, in the first half of 2024, 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 professional and customized rehabilitation trainings for children with low vision and squint and prevention activities to educate children and parents for early diagnosis;
4. 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
5. led 3 scientific research projects with various authorities and published 6 articles on reputable scientific journals.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PROSPECTS AND STRATEGIC HIGHLIGHTS

The demand for ophthalmic medical services has grown steadily in recent years and is expected to experience relatively high growth in the foreseeable future as a result of continued economic growth and an increasingly aging population, according to the report of Frost and Sullivan. The size of China's ophthalmic medical services market is expected to further reach RMB223.1 billion by 2024, and in particular, the size of ophthalmic medical services market in North China 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 at the date of this report, the Group operated a network of 31 ophthalmic hospitals and 29 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 establish and acquire more hospitals and optical centers in the coming years. As at the date of this report, the Group had not entered into any letters of intent or agreements with respect to acquisitions and had not identified any definite acquisition targets.

As a leading ophthalmic medical services group in China, the Group is able to leverage on its branding and market reputation 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 the second half of 2024 and 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 and promote "Happy Action" plans;
2. reinforce its leading position in North China and enhance its market positioning in Yangtze River Delta region and other key regions while developing its featured ophthalmic hospitals, new-build and mergers and acquisitions in key regions;
3. broaden opportunities in the consumer ophthalmic market and expand consumer ophthalmology by leveraging Chaoju Eye ophthalmic's clinical expertise in ophthalmology diagnosis and treatment in order to become a national chain service provider of ophthalmic trusted by the public;

4. improve the utilization efficiency of its regional resources and strengthen its centralized management model with regional center hospitals as the core;
5. serve with quality medical services and continuously improve patient satisfaction and brand awareness;
6. continue to promote Golocal Talent Program, actively attract and recruit talents by further refining its training and career developments 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 corporate governance; and
8. continue to promote the construction of a sound environmental, social and corporate governance (ESG) system and constantly give back to society.

Financial Review

Revenue

During the Reporting Period, the Group generated revenue primarily from (i) consumer ophthalmic services and (ii) basic ophthalmic services. The revenue of the Group increased by 6.0% from RMB692.7 million for the six months ended June 30, 2023 to RMB734.3 million for the six months ended June 30, 2024.

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 4.3% from RMB361.1 million for the six months ended June 30, 2023 to RMB376.5 million for the six months ended June 30, 2024, primarily due to the expansion of our business, through establishing and acquiring new hospitals and optical centers, inviting more ophthalmic experts to join the Group and introducing highly effective equipment and technologies to improve our professionalism and attract more high-end patients.

Basic ophthalmic services

The Group's basic ophthalmic services offer a wide range of common eye diseases treatments, 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 7.7% from RMB331.6 million for the six months ended June 30, 2023 to RMB357.2 million for the six months ended June 30, 2024, primarily due to (i) improving our marketing efforts by chairing and holding various pro bono health lectures, eye disease screening, physical examination and other activities for the public; (ii) enhancing admission, reception, pre-surgery and post-surgery process to provide more convenient treatment services, more efficient emergency process and better reception capacity to enable serving rapidly increased patients in a short period of time; (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 single customer value; 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 7.7% from RMB369.8 million for the six months ended June 30, 2023 to RMB398.3 million for the six months ended June 30, 2024, primarily due to an increase in fixed costs (such as depreciation, amortization and lease payments) and expenses incurred in relation to (i) the upgrading and renovation of the Group's existing hospitals, (ii) the commencement of businesses of Zhangjiakou Chaoju Eye Hospital Co., Ltd. in July 2023, and (iii) the acquisitions of Beijing Chaoju Ophthalmic Clinic Co., Ltd., Bayannur Xudong Ophthalmic Hospital Co., Ltd., Bayannur Chaoju Optometry Co., Ltd., Wuyuan County Xudong Ophthalmic Hospital Co., Ltd. and Wulate Qianqi Xudong Ophthalmic Out-Patient Department Co., Ltd. (collectively referred as to the "New Hospitals") in September 2023.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 4.1% from RMB322.9 million for the six months ended June 30, 2023 to RMB336.0 million for the six months ended June 30, 2024.

The Group's gross profit margin decreased from 46.6% for the six months ended June 30, 2023 to 45.8% for the six months ended June 30, 2024. The decrease in gross profit margin was primarily due to (i) the low gross profit margin of the New Hospitals during their incubation period and (ii) an increase in expenses incurred in relation to the upgrading and renovation of the Group's existing hospitals.

Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily comprised interest income, fair value gains and government grants.

The Group's other income and gains decreased by 36.5% from RMB40.5 million for the six months ended June 30, 2023 to RMB25.7 million for the six months ended June 30, 2024, primarily due to the appreciation gain on the valuation of Ningxia Chaoju Kaiming Eye Hospital Co., Ltd. was no longer incurred during the Reporting Period.

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 22.8% from RMB51.3 million for the six months ended June 30, 2023 to RMB63.0 million for the six months ended June 30, 2024, primarily due to the addition of newly acquired hospitals and the increased expense in marketing and advertising activities by existing hospitals as part of our efforts in market expansion.

Administrative Expenses

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

The Group's administrative expenses decreased by 3.8% from RMB110.6 million for the six months ended June 30, 2023 to RMB106.4 million for the six months ended June 30, 2024, primarily due to a decrease in professional service and office expenses as a result of cost control, partially offset by an increase in shared-based payments and administrative costs incurred by New Hospitals including Bayannur Xudong Ophthalmic Hospital Co., Ltd. and Beijing Chaoju Ophthalmic Clinic Co., Ltd. acquired in the second half year of 2023.

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 64.3% from RMB1.4 million for the six months ended June 30, 2023 to RMB0.5 million for the six months ended June 30, 2024, 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 were RMB5.7 million for the six months ended June 30, 2023 and RMB5.6 million for the six months ended June 30, 2024, which remained relatively stable.

Income Tax Expense

During the Reporting Period, the income tax rate generally applicable to the Group's subsidiaries in China is 25% and certain subsidiaries of the Group 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 22.0% from RMB37.7 million for the six months ended June 30, 2023 to RMB46.0 million for the six months ended June 30, 2024, primarily due to the increase in the profit before tax of high income tax rate subsidiaries.

Net Profit and Net Profit Margin

As a result of the foregoing, the Group's net profit decreased by 9.1% to RMB133.6 million for the six months ended June 30, 2024 from RMB146.9 million for the six months ended June 30, 2023. The Group's net profit margin decreased to 18.2% for the six months ended June 30, 2024 from 21.2% for the same period in 2023. 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 6.1% to RMB144.8 million for the six months ended June 30, 2024 from RMB136.5 million for the same period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2023 and 2024 to the nearest measures prepared in accordance with IFRS:

	Unaudited	
	Six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
Net Profit	133,620	146,912
Adjustments:		
Share-based compensation expenses	11,133	1,700
One-off gain on a deemed disposal of interest previously held in an associate	–	(12,073)
Non-IFRS adjusted net profit	144,753	136,539
Non-IFRS adjusted net profit margin	19.7%	19.7%

Note:

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

Financial Position

Trade Receivables

The Group's trade receivables increased by 21.2% from RMB55.7 million as of December 31, 2023 to RMB67.5 million as of June 30, 2024, 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, trust funds and deposits. Prepayments, other receivables and other assets increased by 55.6% from RMB76.8 million as of December 31, 2023 to RMB119.5 million as of June 30, 2024, primarily due to an increase in prepayments paid to purchase of land.

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	
	Six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
Net cash flows from operating activities	174,461	194,784
Net cash flows used in investing activities	(18,791)	(589,356)
Net cash flows used in financing activities	(224,348)	(153,764)
Effect of foreign exchange rate changes, net	975	17,516
Net decrease in cash and cash equivalents	(67,703)	(530,820)

The Group's net decrease in cash and cash equivalents is RMB67.7 million for the six months ended June 30, 2024, primarily due to net cash inflows of RMB174.5 million from operating activities, net cash outflows of RMB18.8 million from investing activities, mainly attributable to the payment for acquisition of subsidiaries in prior years, and net cash outflows of RMB224.3 million from financing activities, which resulted from the payment of dividends for the year ended December 31, 2023.

Trade Payables

The Group's trade payables increased by 13.0% from RMB55.4 million as of December 31, 2023 to RMB62.6 million as of June 30, 2024, primarily due to an increase in accounts payable as a result of the Group's business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Payables and Accruals

The Group's other payables and accruals include salaries and welfare payables, rent payables, equity payables, payables for purchases of property, plant and equipment and contract liabilities.

The Group's other payables and accruals decreased by 16.8% from RMB229.2 million as of December 31, 2023 to RMB190.6 million as of June 30, 2024, primarily due to (i) a decrease in compensation payable to the employees; and (ii) equity payables of the consideration for the acquisition of Beijing Chaoju Ophthalmic Clinic Co., Ltd., were paid in the current period.

Contingent Liabilities

As of June 30, 2024, the Group did not have any material contingent liabilities or guarantees.

Pledge or Charge of Assets

As of June 30, 2024, no asset has been pledged or charged by the Group.

Capital Commitments

As of June 30, 2024, the Group had a total capital commitment of approximately RMB30.0 million (as of December 31, 2023: RMB71.5 million), primarily related to the subscription of limited partnership interest in Xiamen Ronghui Hongshang Phase II Equity Investment Partnership (Limited Partnership)* (廈門融匯弘上二期股權投資合夥企業(有限合夥)).

Significant Investments

The Group subscribed for low-risk short-term structured deposit products issued by reputable commercial banks with certain portion of its temporary idle funds (being surplus cash received from its business operations) for treasury management purpose in order to enhance the efficiency of 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, 2024, the Group maintained a portfolio of structured deposit products with a total outstanding principal amount of RMB350.0 million, representing approximately 12.3% of the Group's total assets.

For the six months ended June 30, 2024, the total principal amount of the structured deposit products that the Group has subscribed for was RMB500.0 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 RMB4.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the major structured deposit products subscribed by the Group and remain outstanding as at June 30, 2024:

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, 2024 (RMB'000)	Percentage of the total assets of the Group as of June 30, 2024
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202404371)	March 22, 2024	September 23, 2024	105,000	1.5000% to 3.4100%	105,429	3.72%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202404372)	March 22, 2024	September 24, 2024	95,000	1.4900% to 3.4000%	95,390	3.36%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202408404)	June 3, 2024	December 4, 2024	78,000	1.5000% to 2.9000%	78,086	2.75%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202408405)	June 3, 2024	December 6, 2024	72,000	1.4950% to 2.8950%	72,080	2.54%

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, and the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plan for Material Investment and Capital Asset

Save as disclosed in this report and the Prospectus, as of June 30, 2024, the Group did not have any future plan for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings and Gearing Ratio

As of June 30, 2024, the Group was 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 of the Group. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

Interest Rate Risk

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against interest rate exposure.

Credit Risk

Credit risk is the risk regarding the loss arising from a counterparty's inability to meet its obligations. The management of the Group has put in place a credit policy and the exposure to such credit risks is monitored on an on-going basis.

Liquidity Risk

The Group's liquidity is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and the ability to obtain external financing to meet its committed future capital expenditure.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operation and mitigate the effects of fluctuations in cash flows.

Interim Dividends and Closure of Register of Members

The Board has resolved to declare an interim dividend of HK\$0.1307 (June 30, 2023: Nil) per share for the six months ended June 30, 2024. The interim dividend is expected to be payable to the Shareholders on September 25, 2024. The interim dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on September 17, 2024.

The register of members of the Company will be closed from September 13, 2024 to September 17, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to the interim dividend, during which period no share transfers will be registered. To be eligible to receive the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on September 12, 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since January 1, 2024 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 (the “**CG Code**”) contained in Appendix C1 to the Listing Rules.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer 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 C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code since January 1, 2024 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee is composed of three independent non-executive Directors, being Mr. Li Jianbin (chairman of the Audit Committee), Ms. Guo Hongyan and Mr. Bao Shan. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

PROCEEDS FROM GLOBAL OFFERING AND ITS UTILIZATION

The shares of the Company were listed on the Main Board of the Stock Exchange on July 7, 2021. In the Global Offering, the Company issued 137,500,000 Shares at HK\$10.60 per share and subsequently issued 20,125,000 Shares at HK\$10.60 per share on August 3, 2021 upon partial exercise of the overallotment 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, were approximately HK\$1,599 million. The Company intends to apply the net proceeds for the purposes as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus and the announcement dated March 26, 2024 in relation to the update on the expected timeline for the use of proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds	Net Proceeds from the Global Offering HK\$ million	Percentage of the net proceeds from the Global Offering	Utilized during the six months ended June 30, 2024 HK\$ million	Utilized as at June 30, 2024 HK\$ million	Unutilized amount as at June 30, 2024 HK\$ million	Expected timeline for utilization⁽¹⁾⁽²⁾
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	572.44	35.80%	75.10	257.69	314.75	Expected to be fully utilized on or before December 31, 2025
Acquiring hospitals, when appropriate opportunities arise, in new markets which has sizable population and relatively high level of demand for ophthalmic healthcare services	716.35	44.80%	22.14	353.68	362.67	Expected to be fully utilized on or before December 31, 2025
Upgrading information technology systems	150.31	9.40%	8.63	42.58	107.73	Expected to be fully utilized on or before December 31, 2025
Working capital and other general corporate purposes	159.90	10.00%	–	159.90	–	
Total	1,599.00	100.00%	105.87	813.85	785.15	

Notes:

- (1) The update on the expected timeline for the use of proceeds as per announcement dated March 26, 2024.
- (2) The updated expected timeline for utilizing the remaining net proceeds is made based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business development and need, and is therefore subject to change.

As at the date of this report, there were no changes of the use of IPO Proceeds plans from those disclosed in the Prospectus and the announcement dated March 26, 2024.

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

In order to safeguard the value of the Company and the interests of the Shareholders, the Company repurchased from the Stock Exchange 49,000 Shares and 49,500 Shares on January 12, 2024 and January 15, 2024, respectively, all of which were cancelled on January 25, 2024. The Company repurchased a total of 98,500 Shares on the Stock Exchange, with an aggregate cash consideration (excluding expenses) of HK\$422,200. Please refer to the next day disclosure returns of the Company dated January 15, 2024 and January 25, 2024 for further details.

Save as disclosed above, since January 1, 2024 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 (including sale of treasury shares).

As of June 30, 2024, the Group did not hold any treasury shares.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2024, the Group had 2,648 full-time employees, among which, 1,458 were professionals at the hospitals, 101 were professionals at the optical centers and 1,089 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 48 practice physicians who were fulltime employees of other medical institutions. For the Reporting Period, the total staff cost incurred by the Group was approximately RMB188.9 million (including the bonus in a total amount of RMB8.8 million), representing an increase of approximately 1.5% compared with approximately RMB186.1 million (including the bonus in a total amount of RMB34.1 million) in the same period of 2023. The increase was mainly because of the adjustment of talent structure. The following table shows a breakdown of the Group's full-time employees by function as of June 30, 2024:

	Number of employees	Percentage of total employees
Professionals at the hospitals		
Physicians ⁽¹⁾	302	11.40%
Nurses	622	23.49%
Other professionals	534	20.17%
Professionals at the optical centers	101	3.81%
Administrative, finance and other employees at		
The headquarters	185	6.99%
The hospitals	868	32.78%
The optical centers	36	1.36%
Total	2,648	100.00%

Note:

(1) As of June 30, 2024, 265 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 employees. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group also sets performance targets for its employees based on their position and regularly reviews their performances, the results of which are used in their annual salary reviews and promotion appraisals.

The Group adopted a share award scheme on May 10, 2022, for the purposes of recognizing and motivating the contribution of certain employees of the Group and incentivizing them and helping 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 providing them with a direct economic interest in attaining the long-term business objectives 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 at June 30, 2024, the Company has granted 13,396,724 award Shares in aggregate to 224 employees, Directors and the directors of the Company's subsidiaries pursuant to the Scheme, among which 248,055 and 3,989,935 award Shares have lapsed and vested, respectively as at the date of this report. As at the date of this report, a total of 57,613,831 Shares are allowed to be granted under the Scheme. Further details of the Scheme are set out in the section headed "Share Schemes" in the report.

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

As of June 30, 2024, 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

REVIEW OF INTERIM REPORT

The independent auditors of the Company, namely Ernst & Young, have carried out a review of the unaudited 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, 2024) of the Group. The Audit Committee and the independent auditors considered that the preparation of such interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate and adequate disclosures.

CHANGES TO DIRECTORS' INFORMATION

During the Reporting Period, there were no 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 were listed on the Main Board of the Stock Exchange on July 7, 2021, and 137,500,000 Shares 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 August 3, 2021, in respect of an aggregate of 20,125,000 Shares. Subsequently, pursuant to the share repurchase mandate approved by the Shareholders at the AGM held on June 6, 2023, the Company repurchased a total of 98,500 Shares from Stock Exchange. Details of the repurchases are summarized as follows:

Repurchase date	Price per share		Number of shares HK\$	Total consideration
	Highest price	Lowest price		
	HK\$	HK\$		
January 12, 2024	4.38	4.20	49,000	211,265
January 15, 2024	4.28	4.24	49,500	210,935

All the above repurchased Shares have been cancelled on January 25, 2024. As at the date of this report, the issued share capital of the Company was reduced by the nominal value of the repurchased Shares. The premium paid on repurchase was charged against the share premium of the Company. The Board considers that the repurchase can benefit the Shareholders as a whole by enhancing the earnings per share. Save as disclosed above, the Group had not redeemed, sold or repurchased any listed securities of the Company for the six months ended June 30, 2024 and up to the date of this report.

The share capital of the Group only comprises ordinary shares. As at the date of this report, the total authorised share capital of the Company was HKD380,000 divided into 1,520,000,000 Shares.

The capital structure of the Group was 17.4% debt and 82.6% equity as of June 30, 2024, compared with 18.6% debt and 81.4% equity as of December 31, 2023. As at June 30, 2024, the Group had recorded interest-bearing borrowings in an amount of RMB6,930,000 (as at June 30, 2023: RMB7,153,000) at such interest rate ranging from 4.15% to 5.70%, and all such borrowings shall fall due on or before December 31, 2024.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Since July 1, 2024 and up to the date of this report, the Group subscribed for structured deposit products in the principal amount of RMB20 million in total offered by BOC. For details, please refer to the announcement of the Company dated August 12, 2024.

Save as disclosed above, there was no 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, 2024, 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⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328(L)	40.63%
Mr. Zhang Xiaoli ⁽¹⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,452,328(L)	40.63%
Mr. Zhang Junfeng ⁽¹⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328(L)	40.63%
Mr. Zhang Guangdi	Beneficial owner	48,699(L)	0.01%

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 Company's Shares which each other has interest in, being 287,452,328 Shares;

(2) As at June 30, 2024, the Company had a total of 707,526,500 Shares in issue.

(ii) Interests in the Company's associated corporations

So far as the Directors are aware, as of June 30, 2024, 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, 2024, 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 OR 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, 2024, 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 or which are required to be entered in the register of deposit of shares of the Company pursuant to the provisions of Section 336 of the SFO:

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	287,452,328	40.63%	Long position
Mr. Zhang Xiaoli ⁽¹⁾⁽³⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,452,328	40.63%	Long position
Mr. Zhang Junfeng ⁽¹⁾⁽⁴⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Mr. Zhang Fengsheng ⁽¹⁾⁽⁵⁾	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Ms. Zhang Yumei ⁽¹⁾⁽⁶⁾	Interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Ms. Zhang Hongbo ⁽⁷⁾	Interests of spouse	287,452,328	40.63%	Long position
Mr. He Yong ⁽⁸⁾	Beneficial owner; interests of spouse	287,452,328	40.63%	Long position
Ms Su Yuqin ⁽⁹⁾	Interests of spouse	287,452,328	40.63%	Long position
Ms. Li Furong ⁽¹⁰⁾	Interests of spouse	287,452,328	40.63%	Long position
Mr. Jin Longqi ⁽¹¹⁾	Interests of spouse	287,452,328	40.63%	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	8.48%	Long position
Orchid Asia VII Global Investment Limited ⁽¹²⁾	Beneficial owner	84,948,500	12.01%	Long position
ORCHID ASIA VII, L.P. ⁽¹²⁾	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA VII GP, LIMITED ⁽¹²⁾	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA V GROUP, LIMITED ⁽¹²⁾	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA V GROUP MANAGEMENT, LIMITED ⁽¹²⁾	Interests of controlled corporation	79,002,105	11.17%	Long position
OAVII HOLDINGS, L.P. ⁽¹²⁾	Interests of controlled corporation	79,002,105	11.17%	Long position
AREO HOLDINGS LIMITED ⁽¹²⁾	Interests of controlled corporation	84,948,500	12.01%	Long position
Ms. Lam Lai Ming ⁽¹²⁾	Interests of controlled corporation	84,948,500	12.01%	Long position
Mr. Gabriel Li ⁽¹²⁾	Interests of controlled corporation	84,948,500	12.01%	Long position
Ms. Zhang Wenwen ⁽¹³⁾	Interests of controlled corporation	35,699,000	5.05%	Long position
Mr. Xiao Feng ⁽¹⁴⁾	Interests of spouse	35,699,000	5.05%	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 Company's Shares which each other has interest in, being 287,452,328 Shares;
- (2) 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 at June 30, 2024.
- (3) Ms. Zhang Xiaoli wholly-owns Sihai Medical Management Co., Ltd, which held 84,266,000 Shares as at June 30, 2024.
- (4) Mr. Zhang Junfeng wholly-owns Guangming Medical Management Co., Ltd, which held 59,966,000 Shares as at June 30, 2024.
- (5) Mr. Zhang Fengsheng wholly-owns Xiwang Medical Management Co., Ltd, which held 34,398,500 Shares as at June 30, 2024.
- (6) Ms. Zhang Yumei wholly-owns Sitong Medical Management Co., Ltd, which held 8,910,000 Shares as at June 30, 2024.
- (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 and vice versa.
- (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, 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 at June 30, 2024.
- (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.
- (15) As at June 30, 2024, the Company had a total of 707,526,500 Shares in issue.

Save as disclosed above, the Directors are not aware of any person who had, as of June 30, 2024, 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.

OTHER INFORMATION

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 approximately 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 57,613,831 Shares, representing approximately 8.14% of the Shares in issue (excluding treasury shares) as of that date. During the Reporting Period, the number of Shares underlying the award Shares granted under the Scheme divided by the weighted average number of total Shares issue (excluding treasury shares) during the Reporting Period is approximately 1.86%.

(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, the Company did not further grant award Shares under the Scheme and a total of 196,425 award Shares were lapsed. 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.

OTHER INFORMATION

The total number of Shares available for grant under the Scheme as of January 1, 2024 and June 30, 2024 was 57,417,406 Shares and 57,613,831 Shares, respectively.

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

Name/ category	Position/ description	Grant date	Purchase price per Share (HKD)	Unvested Shares as at 1 January 2024	New grants during the Reporting Period	Number of Shares vested during the Reporting Period	Weighted average closing price of Shares immediately before the vesting date (HKD)	Unvested Shares as at 30 June 2024	Closing price of the Shares immediately before the grant date (HKD)	Awards cancelled during the Reporting Period	Awards lapsed during the Reporting Period	Vesting period ⁽¹⁾	Fair value of awarded Shares at the date of grant (HKD) ⁽²⁾
Zhang Bozhou	Executive Director and Chief Executive Officer	June 14, 2023	1.00	333,910	-	100,173	3.75	233,737	4.31	-	-	April 1, 2024 to May 31, 2026	1,402,422
Zhang Junfeng	Executive Director	June 14, 2023	1.00	80,640	-	24,192	3.75	56,448	4.31	-	-	April 1, 2024 to May 31, 2026	338,688
Zhang Xiaoli	Executive Director	June 14, 2023	1.00	100,000	-	30,000	3.75	70,000	4.31	-	-	April 1, 2024 to May 31, 2026	420,000
Zhang Guangdi	Executive Director	June 14, 2023	1.00	49,180	-	14,754	3.75	34,426	4.31	-	-	April 1, 2024 to May 31, 2026	206,556
Zhang Fengsheng	Substantial Shareholder	June 14, 2023	1.00	83,470	-	25,041	3.75	58,429	4.31	-	-	April 1, 2024 to May 31, 2026	350,574
Zhang Jiao	Associate of Zhang Junfeng	June 14, 2023	1.00	74,960	-	22,488	3.75	52,472	4.31	-	-	April 1, 2024 to May 31, 2026	314,832
He Yong	Associate of Zhang Xiaoli	June 14, 2023	1.00	83,470	-	25,041	3.75	58,429	4.31	-	-	April 1, 2024 to May 31, 2026	350,574
212 employee participants	-	June 14, 2023	Nil-1.00	12,019,464	-	3,592,246	3.75	8,230,793	4.31	-	196,425	April 1, 2024 to May 31, 2026	50,698,594.80
5 service providers	-	June 14, 2023	Nil	520,000	-	156,000	3.75	364,000	4.31	-	-	April 1, 2024 to May 31, 2026	2,184,000
Total:			-	13,345,094	-	3,989,935		9,158,734		-	196,425		

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.

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 32 to 56, 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 2024 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 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	734,287	692,688
Cost of sales		(398,313)	(369,766)
Gross profit		335,974	322,922
Other income and gains		25,674	40,501
Selling and distribution expenses		(62,976)	(51,265)
Administrative expenses		(106,437)	(110,585)
Impairment losses on financial assets, net		(534)	(1,368)
Other expenses		(6,443)	(9,937)
Finance costs		(5,618)	(5,702)
PROFIT BEFORE TAX	5	179,640	184,566
Income tax expense	6	(46,020)	(37,654)
PROFIT FOR THE PERIOD		133,620	146,912
Attributable to:			
Owners of the parent		136,453	150,613
Non-controlling interests		(2,833)	(3,701)
		133,620	146,912
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic for profit for the period (expressed in RMB per share)		0.20	0.21
Diluted for profit for the period (expressed in RMB per share)		0.20	0.21

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	133,620	146,912
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,352	17,696
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	137,972	164,608
Attributable to:		
Owners of the parent	140,805	168,309
Non-controlling interests	(2,833)	(3,701)
	137,972	164,608

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	387,714	396,995
Investment properties		28,094	28,774
Right-of-use assets		184,586	195,100
Goodwill		205,986	205,986
Intangible assets		163,620	166,963
Financial assets at fair value through profit or loss		128,401	92,000
Deferred tax assets		6,197	5,712
Time deposits		31,685	95,007
Prepayments, other receivables and other assets		45,744	6,604
Total non-current assets		1,182,027	1,193,141
CURRENT ASSETS			
Inventories		55,299	51,112
Trade receivables	10	67,524	55,742
Prepayments, other receivables and other assets		73,716	70,190
Financial assets at fair value through profit or loss		350,985	412,453
Other current financial assets		–	50,222
Time deposits		710,368	626,509
Cash and cash equivalents		395,734	463,437
Total current assets		1,653,626	1,729,665
CURRENT LIABILITIES			
Trade payables	11	62,571	55,356
Other payables and accruals		181,725	221,137
Due to related parties	16(b)	22	306
Interest-bearing bank and other borrowings		6,930	7,153
Lease liabilities		46,242	41,822
Tax payable		25,621	16,965
Total current liabilities		323,111	342,739
NET CURRENT ASSETS		1,330,515	1,386,926
TOTAL ASSETS LESS CURRENT LIABILITIES		2,512,542	2,580,067

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024	31 December 2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		127,182	151,822
Deferred tax liabilities		35,445	41,777
Other payables and accruals		8,909	8,043
<hr/>			
Total non-current liabilities		171,536	201,642
<hr/>			
Net assets		2,341,006	2,378,425
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EQUITY			
Equity attributable to owners of the parent			
Share capital	12	152	152
Treasury shares	12	(63,963)	(76,901)
Reserves		2,388,979	2,436,803
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		2,325,168	2,360,054
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Non-controlling interests		15,838	18,371
<hr/>			
Total equity		2,341,006	2,378,425

Zhang Bozhou
Director

Zhang Guangdi
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	152	(76,901)	1,915,061*	19,359*	53,763*	448,620*	2,360,054	18,371	2,378,425
Profit for the period	-	-	-	-	-	136,453	136,453	(2,833)	133,620
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	4,352	-	4,352	-	4,352
Total comprehensive income for the period	-	-	-	-	4,352	136,453	140,805	(2,833)	137,972
Share-based payments	-	-	-	10,833	-	-	10,833	300	11,133
Share vested under the share-based payments	-	15,244	6,591	(18,535)	-	-	3,300	-	3,300
Repurchase of shares (note 12)	-	(2,690)	-	-	-	-	(2,690)	-	(2,690)
Cancellation of treasury shares	-	384	(384)	-	-	-	-	-	-
Dividend (note 7)	-	-	-	-	-	(187,134)	(187,134)	-	(187,134)
At 30 June 2024 (unaudited)	152	(63,963)	1,921,268*	11,657*	58,115*	397,939*	2,325,168	15,838	2,341,006

* These reserve accounts comprise the consolidated reserves of RMB2,388,979,000 (31 December 2023: RMB2,436,803,000) in the interim condensed consolidated statement of financial position as at 30 June 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	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	-	(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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		179,640	184,566
Adjustments for:			
Finance costs		5,618	5,702
Interest income		(22,540)	(19,590)
Foreign exchange differences, net	5	3,380	179
Fair value gains on financial assets at fair value through profit or loss	5	(567)	(6,124)
Depreciation of property, plant and equipment	5	36,781	30,984
Depreciation of investment properties	5	679	–
Depreciation of right-of-use assets	5	28,611	23,547
Amortization of intangible assets	5	6,596	4,148
Impairment of trade receivables, net	5	594	1,368
Reversal of other receivables	5	(60)	–
Loss on disposal of items of property, plant and equipment, net	5	32	465
Gain on a deemed disposal of interest previously held in an associate	5	–	(12,073)
Share-based payments	13	11,133	1,700
Increase in inventories		(4,187)	(5,738)
Increase in trade receivables		(12,376)	(19,925)
Increase in prepayments, other receivables and other assets		(3,466)	(33,646)
Increase in trade payables		7,215	17,316
(Decrease)/Increase in other payables and accruals		(18,263)	44,119
(Decrease)/Increase in amounts due to related parties		(284)	275
Cash generated from operations		218,536	217,273
Interest received		5,567	5,544
Interest paid		(5,461)	(5,436)
Income tax paid		(44,181)	(22,597)
Net cash flows from operating activities		174,461	194,784

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of financial assets at fair value through profit or loss		(540,000)	(950,000)
Proceeds from disposal of financial assets at fair value through profit or loss		565,634	566,392
Purchases of time deposits over three months		(245,402)	(366,860)
Withdrawal of time deposits over three months		241,453	234,120
Redeem of other current financial assets		50,604	–
Payments for acquisition of items of property, plant and equipment		(30,359)	(44,241)
Payments for acquisition of intangible assets		(3,253)	(2,597)
Payments for acquisition of other assets		(40,945)	–
Proceeds from disposal of items of property, plant and equipment		64	346
Acquisition of subsidiaries, net of cash paid		–	(24,266)
Payment for acquisition of subsidiaries in prior years		(16,587)	(2,250)
Net cash flows used in investing activities		(18,791)	(589,356)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchases of shares for the share award scheme		(2,690)	(30,858)
Prepayments received from the award of shares under the share award scheme		4,364	10,228
Repurchase of restricted shares under the share award scheme		(191)	–
Repayment of interest-bearing bank and other borrowings		(380)	(9,339)
Principal portion of lease payments		(38,317)	(14,045)
Dividends paid		(187,134)	(109,750)
Net cash flows used in financing activities		(224,348)	(153,764)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		463,437	944,727
Effect of foreign exchange rate changes, net		975	17,516
CASH AND CASH EQUIVALENTS AT END OF PERIOD		395,734	413,907
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		395,734	413,907
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		395,734	413,907

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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, sales of optical products and sales of equipment and medical consumables 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 2024 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 2023.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for 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 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

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

2.2 Changes in Accounting Policies and Disclosures (continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of in-patient services, out-patient services, sales of optical products and sales of equipment and medical consumables. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	734,287	692,688
Analyzed into:		
Consumer ophthalmic services	376,483	361,113
Basic ophthalmic services	357,214	331,575
Sales of equipment and medical consumables	590	–
Total	734,287	692,688

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Types of goods or services</i>		
Out-patient services	436,163	399,816
In-patient services	252,569	246,032
Sales of optical products	44,965	46,840
Sales of equipment and medical consumables	590	–
Total	734,287	692,688

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Timing of revenue recognition</i>		
Services and goods transferred at a point in time	481,718	446,656
Services transferred over time	252,569	246,032
Total	734,287	692,688

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

5. PROFIT BEFORE TAX

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	398,313	369,766
Depreciation of property, plant and equipment	36,781	30,984
Depreciation of investment properties	679	–
Depreciation of right-of-use assets	28,611	23,547
Amortization of intangible assets	6,596	4,148
Total depreciation and amortization	72,667	58,679
Impairment of trade receivables, net	594	1,368
Reversal of other receivables	(60)	–
Fair value gains on financial assets at fair value through profit or loss	(567)	(6,124)
Loss on disposal of items of property, plant and equipment, net	32	465
Gain on a deemed disposal of interest previously held in an associate	–	(12,073)
Foreign exchange differences, net	3,380	179

6. INCOME TAX EXPENSE

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 Chinese Mainland 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%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6. INCOME TAX EXPENSE (continued)

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

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Chinese Mainland		
Charge for the period	52,837	43,597
Deferred	(6,817)	(5,943)
Total	46,020	37,654

7. DIVIDENDS

	30 June	30 June
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final 2023 declared and paid – HK22.08 cents (Final 2022: HK17.38 cents) per ordinary share	142,256	111,523
Special 2023 declared and paid – HK7.67 cents (Special 2022: Nil) per ordinary share	49,416	–
Less: Dividend for shares held under the share award scheme	(4,538)	(1,773)
Total	187,134	109,750

On 29 August 2024, the board of directors declared an interim dividend of HK13.07 cents (six months ended 30 June 2023: Nil) per ordinary share, amounting to a total of approximately HK\$92,444,000 (six months ended 30 June 2023: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 687,682,000 (30 June 2023: 700,746,000) 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 2024 and 2023.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	136,453	150,613
Total	136,453	150,613

	Number of shares For the six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	687,682	700,746
Total	687,682	700,746

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at an aggregate cost of RMB27,596,000 (30 June 2023: RMB42,269,000).

Assets with a net book value of RMB96,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB811,000), resulting in a loss on disposal of RMB32,000 (30 June 2023: RMB465,000).

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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	48,519	41,691
4 to 6 months	6,209	4,570
7 to 12 months	7,997	3,657
Over 12 months	4,799	5,824
Total	67,524	55,742

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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	55,009	49,477
1 to 2 years	3,170	3,093
2 to 3 years	2,074	1,392
Over 3 years	2,318	1,394
Total	62,571	55,356

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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	30 June 2024 HK\$ (Unaudited)	31 December 2023 HK\$ (Audited)
Authorised 1,520,000,000 shares of par value of HK\$0.00025 each	380,000	380,000
	RMB	RMB
Issued and fully paid 707,526,500 (2023: 707,625,000) shares of par value of HK\$0.00025 each	151,731	151,752

	Shares in issued		Treasury shares	
	Number of shares	RMB'000	Number of shares	RMB'000
At 1 January, 2023 (audited)	707,625,000	152	5,800,000	18,665
Share repurchased (audited)	–	–	14,340,000	58,236
At 31 December 2023 (audited)	707,625,000	152	20,140,000	76,901
Share repurchased (unaudited) (i)	–	–	698,500	2,690
Share vested	–	–	(3,989,935)	(15,244)
Share cancelled	(98,500)	–	(98,500)	(384)
At 30 June 2024 (unaudited)	707,526,500	152	16,750,065	63,963

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 698,500 shares at a total consideration of HK\$2,966,000 (equivalent to approximately RMB2,690,000) during the six months ended 30 June 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2024

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 per share	Grant price RMB per share	Number of shares			
			As at 1 January 2024	Vested during the period	As at 30 June 2024	Vesting period
22 October 2017	9.20	2.00	599,093	(599,093)	–	6 – 30 months after the Listing
26 December 2019	11.82	5.21- 11.00	540,211	(540,211)	–	6 – 30 months after the Listing

Date of grant	Share price as at the date of grant RMB per share	Grant price RMB per share	Number of shares			
			As at 1 January 2023	Vested during the period	As at 30 June 2023	Vesting period
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

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 share awards 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 during the period from 1 April to 31 May of 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 HK\$ per share	Grant price HK\$ per share	Number of shares				Vesting period
			As at 1 January 2024	Vested during the period	Forfeited during the period	As at 30 June 2024	
			14 June 2023	4.20	Nil – 1.00	13,345,094	

Date of grant	Share price as at the date of grant HK\$ per share	Grant price HK\$ 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	–	

At the end of the reporting period, the Company had 9,158,734 restricted shares outstanding under the Scheme. The exercise in full of the outstanding shares would, under the present capital structure of the Company, result in the reduce of 9,158,734 treasury shares held under the Scheme by the Company, and such amount of the treasury shares were transferred to the capital reserve.

The fair value of the awarded shares was approximately HK\$4.20 per share, which was calculated based on the market price of the Company’s shares at the date of grant.

For the six months ended 30 June 2024, the Group recognised share-based payments of RMB11,133,000 (six months ended 30 June 2023: RMB1,700,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. CONTINGENT LIABILITIES

As at 30 June 2024, 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.

15. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Property, plant and equipment	–	1,500
Capital contributions to investment fund	30,000	70,000
Total	30,000	71,500

16. 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 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchase of services:			
Entities controlled by controlling shareholders	(i)	169	100
		169	100
Purchase of property, plant and equipment from:			
An entity controlled by controlling shareholders	(i)	–	101
		–	101
Lease payments:			
An entity controlled by controlling shareholders	(i)	17,644	398
Controlling shareholders	(ii)	2,027	1,578
Total		19,671	1,976

Notes:

- (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

Notes: (continued)

- (ii) In April 2024, the Group entered into three lease arrangements in respect of certain leasehold properties from an entity controlled by controlling shareholders for myopia prevention popularization hall and preparation room, students' dormitory, and teaching and training activities, respectively. The amount of rent payable by the Group under the lease is RMB3,184,000 (tax included) per year. The rent was paid in one-off in a total amount of RMB18,196,000 (tax included) within ten days of the date of the tenancy agreement, which is for the whole rental period. At the commencement date of the lease, the Group recognised right-of-use assets of RMB17,329,000.

(b) Outstanding balances with related parties

Due to related parties

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other payables		
Entities controlled by controlling shareholders	22	107
Controlling shareholders	–	199
Total	22	306

As at 30 June 2024 and 31 December 2023, the amounts due to related parties are unsecured, interest-free and collectable on demand.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,694	2,381
Performance related bonuses	1,034	909
Share-based payments	1,059	275
Pension scheme contributions	141	123
Total	4,928	3,688

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	479,386	504,453	479,386	504,453
Time deposits – non-current	31,685	95,007	31,685	95,007
Total	511,071	599,460	511,071	599,460

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, other receivables and other assets, 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 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:

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group invests in unlisted private funds with limited life, which were managed by financial institutions incorporated in Chinese Mainland. The fair value of the investment is determined using the latest round financing, i.e. the prior transaction price or the third-party pricing information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. 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 2024

	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	–	350,985	128,401	479,386
Total	–	350,985	128,401	479,386

As at 31 December 2023

	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	–	412,453	92,000	504,453
Total	–	412,453	92,000	504,453

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Financial assets at fair value through profit or loss		
At 1 January	92,000	–
Purchases	40,000	30,000
Total losses recognised in the statement of profit or loss included in other income	(3,599)	–
At 30 June	128,401	30,000

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

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 (six months ended 30 June 2023: Nil).

Assets for which fair values are disclosed:

As at 30 June 2024

	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	–	31,685	–	31,685
Total	–	31,685	–	31,685

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

As at 31 December 2023

	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	–	95,007	–	95,007
Total	–	95,007	–	95,007

Liabilities for which fair values are disclosed:

The Group did not have any financial liabilities disclosed at fair value as at 30 June 2024 and 31 December 2023.

18. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 June 2024.

19. 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 2024.

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”	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”	the Corporate Governance Code as set out in Appendix C1 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 Special Administrative Region and Taiwan region
“Company”	Chaoju Eye Care Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 19, 2020
“Directors”	director(s) of the Company
“East China”	an eastern region of China consisting of Hangzhou, Zhoushan and Zhejiang Province
“ESG Committee”	the environmental, social and governance committee of the Board
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, an Independent Third Party

DEFINITIONS & GLOSSARY

“glaucoma”	an eye condition usually caused by overly high intraocular pressure, which usually causes optic nerve atrophies and visual field defect
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group” or “the Group”	the Company together with its subsidiaries
“HK\$” 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

DEFINITIONS & GLOSSARY

“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 C3 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, 2024 to June 30, 2024
“RMB” or “Renminbi”	the lawful currency of the PRC

DEFINITIONS & GLOSSARY

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“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.