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

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

DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTERESTS
IN THE TARGET HOSPITALS

Financial Adviser to the Company



THE ACQUISITIONS AND THE PARTNERSHIP INTEREST TRANSFER

The Board is pleased to announce that on September 26, 2022 (before trading hours), the Purchasers and the Vendors entered into the Equity Transfer Agreement in relation to the acquisition of the Target Equity Interests in the respective Target Hospitals. Pursuant to the Equity Transfer Agreement, (a) Chaoju Leda has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, in aggregate, (i) 70% equity interest in Tangshan Jidong Hospital, (ii) 51% equity interest in Yutian Jidong Hospital, (iii) 51% equity interest in Luannan Jidong Hospital and (iv) 65% equity interest in Luanzhou Jidong Hospital, and (b) Xiamen Xingkangnuo has conditionally agreed to purchase and Bolin Group has conditionally agreed to sell 5% equity interest in Tangshan Jidong Hospital. In addition, pursuant to the Partnership Interest Transfer Agreement, Xiamen Xinkangnuo has also conditionally agreed to purchase, and the Partnership Interest Vendors have conditionally agreed to sell, 1% general partnership interest and 53% limited partnership interest in Ningbo Gaoshi, an employee share incentive platform of Tangshan Jidong Hospital which holds 5% equity interest in Tangshan Jidong Hospital.

Upon Completion, the Company will (i) indirectly hold 70% equity interest in Tangshan Jidong Hospital and control 10% equity interest in Tangshan Jidong Hospital through Xiamen Xinkangnuo by virtue of the Existing Contractual Arrangements, (ii) indirectly hold 51% equity interest in Yutian Jidong Hospital, (iii) indirectly hold 51% in Luannan Jidong Hospital and (iv) indirectly hold 65% equity interest in Luanzhou Jidong Hospital. Hence, the Target Hospitals will become indirect non-wholly owned subsidiaries of the Company and the financial results of the Target Hospitals will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisitions and the Partnership Interest Transfer exceeds 5% but is less than 25%, the Acquisitions and the Partnership Interest Transfer constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on September 26, 2022 (before trading hours), the Purchasers and the Vendors entered into the Equity Transfer Agreement in relation to the acquisition of the Target Equity Interests in the respective Target Hospitals. Pursuant to the Equity Transfer Agreement, (a) Chaoju Leda has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, in aggregate, (i) 70% equity interest in Tangshan Jidong Hospital, (ii) 51% equity interest in Yutian Jidong Hospital, (iii) 51% equity interest in Luannan Jidong Hospital and (iv) 65% equity interest in Luanzhou Jidong Hospital, and (b) Xiamen Xingkangnuo has conditionally agreed to purchase and Bolin Group has conditionally agreed to sell 5% equity interest in Tangshan Jidong Hospital. In addition, pursuant to the Partnership Interest Transfer Agreement, Xiamen Xingkangnuo has also conditionally agreed to purchase, and the Partnership Interest Vendors have conditionally agreed to sell, 1% general partnership interest and 53% limited partnership interest in Ningbo Gaoshi, an employee share incentive platform of Tangshan Jidong Hospital which holds 5% equity interest in Tangshan Jidong Hospital.

Upon Completion, the Company will (i) indirectly hold 70% equity interest in Tangshan Jidong Hospital and control 10% equity interest in Tangshan Jidong Hospital through Xiamen Xingkangnuo by virtue of the Existing Contractual Arrangements, (ii) indirectly hold 51% equity interest in Yutian Jidong Hospital, (iii) indirectly hold 51% in Luannan Jidong Hospital and (iv) indirectly hold 65% equity interest in Luanzhou Jidong Hospital. Hence, the Target Hospitals will become indirect non-wholly owned subsidiaries of the Company and the financial results of the Target Hospitals will be consolidated into the financial statements of the Group and based on discussion with the Company's auditors, the Company has confirmed that it has the right to do so under the prevailing accounting principles.

THE ACQUISITIONS

The Equity Transfer Agreement

The main terms and conditions of the Equity Transfer Agreement are set out as follows:

1. Date

September 26, 2022

2. Parties

- Chaoju Leda, as purchaser
- Xiamen Xinkangnuo, as purchaser
- Bolin Group, as vendor
- Mr. Duan Junqiang (段軍強), as vendor
- Mr. Gao Jinta (高金塔), as vendor

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Target Hospitals, Bolin Group, Mr. Duan Junqiang and Mr. Gao Jinta are third parties independent of the Company and its associates.

3. Target Equity Interests to be acquired

Pursuant to the Equity Transfer Agreement, the equity interest in each of the Target Hospitals will be acquired in the following manner:

(1) *Tangshan Jidong Hospital*

- Chaoju Leda has conditionally agreed to purchase, and Bolin Group and Mr. Duan Junqiang have conditionally agreed to sell, in aggregate 70% equity interest in Tangshan Jidong Hospital, of which, 59% equity interest will be from Bolin Group and 11% equity interest will be from Mr. Duan Junqiang;
- Xiamen Xinkangnuo has conditionally agreed to purchase, and Bolin Group has conditionally agreed to sell, 5% equity interest in Tangshan Jidong Hospital;

(2) *Yutian Jidong Hospital*

- Chaoju Leda has conditionally agreed to purchase, and Bolin Group has conditionally agreed to sell, 51% equity interest in Yutian Jidong Hospital;

(3) *Luannan Jidong Hospital*

- Chaoju Leda has conditionally agreed to purchase, and Bolin Group has conditionally agreed to sell, 51% equity interest in Luannan Jidong Hospital; and

(4) *Luanzhou Jidong Hospital*

- Chaoju Leda has conditionally agreed to purchase, and Bolin Group and Mr. Gao Junta have conditionally agreed to sell, in aggregate 65% equity interest in Luanzhou Jidong Hospital, of which, 60% equity interest will be from Bolin Group and 5% equity interest will be from Mr. Gao Junta.

4. Consideration and Payment Conditions

The total Consideration for the Acquisitions under the Equity Transfer Agreement amounts to RMB100,542,500, of which:

(1) *Tangshan Jidong Hospital*

RMB68,635,000 is for the consideration of the acquisition of Tangshan Jidong Hospital, where Chaoju Leda shall pay an amount of RMB57,849,500 to Bolin Group and RMB10,785,500 to Mr. Duan Junqiang;

RMB4,902,500 is for the consideration of the acquisition of Tangshan Jidong Hospital, which shall be paid by Xiamen Xinkangnuo to Bolin Group;

(2) *Yutian Jidong Hospital*

RMB13,999,500 is for the consideration of the acquisition of Yutian Jidong Hospital, which shall be paid by Chaoju Leda to Bolin Group;

(3) *Luannan Jidong Hospital*

RMB9,001,500 is for the consideration of the acquisition of Luannan Jidong Hospital, which shall be paid by Chaoju Leda to Bolin Group; and

(4) ***Luanzhou Jidong Hospital***

RMB4,004,000 is for the consideration of the acquisition of Luanzhou Jidong Hospital, where Chaoju Leda shall pay an amount of RMB3,696,000 to Bolin Group and RMB308,000 to Mr. Gao Junta.

The payment of the Consideration for the Acquisitions shall be split into four instalments as follows:

Payment	Amount	Payment due
First instalment	90% of the Consideration	The first instalment of the Consideration shall be paid within 10 Business Days of the Vendors fulfilling the Conditions Precedent of the Equity Transfer Agreement, or any other date as agreed by the parties.
Second instalment	3% of the Consideration	The second instalment of the Consideration shall be paid 12 months following the Completion Date.
Third instalment	3% of the Consideration	The third instalment of the Consideration shall be paid 24 months following the Completion Date.
Fourth instalment	4% of the Consideration	The fourth instalment of the Consideration shall be paid 36 months following the Completion Date.

The Consideration was determined after arm's length negotiations between the Purchasers and the Vendors with reference to, among other things: (i) the valuation reports prepared by an independent professional valuer in respect of the market value of each of the Target Hospitals using the market approach as of the benchmark date (i.e. December 31, 2021), the independent professional valuer appraised Tangshan Jidong Hospital to be RMB104,809,700, Yutian Jidong Hospital to be RMB28,868,900, Luannan Jidong Hospital to be RMB18,582,700 and Luanzhou Jidong Hospital to be RMB6,673,100, (ii) the historical financial performance of the Target Hospitals, and (iii) the benefits derived from the Group's ability to control and influence over the management and operations of the Target Hospitals, as set out in the section headed "Reasons and Benefits of the Acquisitions and the Partnership Interest Transfer".

Having considered the aforesaid factors, the Directors consider that the Consideration and the terms of the Equity Transfer Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. The Consideration will be funded by the internal resources of the Group.

For the purpose of ascertaining the profit and loss corresponding to the Target Equity Interests from January 1, 2022 to the Completion Date, the Purchasers and the Vendors shall engage an independent third-party auditor as approved by the parties to conduct a closing audit on the Target Hospitals. Pursuant to the Equity Transfer Agreement and as agreed between the parties, all profit or loss corresponding to the Target Equity Interests shall be enjoyed or borne by Vendors proportionate to their shareholdings in each Target Hospital.

5. Conditions Precedent

The Acquisition Completion is conditional on the fulfillment or waiver by the Purchasers/the Vendors of the following conditions precedent, among others:

- (a) all necessary and required approvals regarding the transactions contemplated under the Equity Transfer Agreement having been obtained, including: (i) with respect to the Vendors, both internal and external approvals, consents and authorities and the consents from all other third parties; and (ii) with respect to the Purchasers, the approval from its shareholders (if applicable) and its board of directors;
- (b) the Vendors having completed the industrial and commercial registration of changes (including but not limited to the changes of the shareholders of the Target Hospitals and amendments made to the articles of association of the Target Hospitals) and having delivered the updated business licenses of the Target Hospitals to the Purchasers;
- (c) the Purchasers having confirmed the various business resources of the Target Hospitals related to medical coverage, taxation and finance, procurement and other business involved in the main business of the Target Hospitals to be transferred to the Purchasers at the Acquisition Completion and having completed all commercial, financial and taxation and legal due diligence work on the Target Hospitals;
- (d) the Target Hospitals having completed all the personnel arrangements, including (i) having obtained the approval from its shareholders and its board of directors regarding the appointments and removal of the directors, supervisors and senior management; (ii) having entered into employment contracts, confidentiality agreements and non-compete agreements with the key personnel in a form and substance satisfactory to the Purchasers; and (iii) having renewed the employment contracts with the employees designated for retention by the Purchasers each with a term not less than two years commencing from the Completion Date;

- (e) the Partnership Interest Vendors having entered into the Partnership Interest Transfer Agreement to transfer the relevant partnership interest in Ningbo Gaoshi to an entity as designated by the Purchasers, the partners of Ningbo Gaoshi having duly approved the change of its general partner, Ningbo Gaoshi having submitted the registration of changes of its general partner to the State Administration for Market Regulation of the PRC and delivered the acceptance notice issued by the State Administration for Market Regulation of the PRC;
- (f) the Vendors, affiliates of the Vendors, the Target Hospitals and its shareholders (save for the Vendors) having entered into an agreement to terminate all preceding transaction documents in relation to the Target Hospitals and undertake not to pursue any claims and liabilities thereunder;
- (g) (if applicable) all such waivers, consents or other documents as the Purchasers and the Vendors may respectively require in relation to the completion of the transactions contemplated under the Equity Transfer Agreement having been obtained;
- (h) the loan under the Loan Agreement having been repaid in full in accordance with the terms of the Loan Agreement;
- (i) certain off-balance-sheet funds attributable to the Target Hospitals as of December 31, 2021 having been collected by the respective member of the Target Hospitals, such relevant payment proof having been delivered to the Purchasers and the information contained in the Target Hospitals' accounts and financial records as of the Completion Date is consistent with their actual cash, inventories and fixed assets;
- (j) the representations and warranties of the Vendors remaining true, accurate, complete and not misleading in any material respects; and
- (k) no material adverse effect is reasonably likely to result from the Acquisitions and the payment of the Consideration, including: (i) no governmental orders having been formulated or promulgated that would render the Acquisitions and the payment of the Consideration unlawful, or limit or prohibit such payment; (ii) no governmental authority having taken any legal action against any member of the Target Hospitals or the Vendors or the Purchasers which would limit the Acquisitions, or might have a material adverse effect on the Purchasers or the Target Hospitals; and (iii) no material adverse effect to the Target Hospitals' business, assets, liabilities, operations and financial conditions.

6. Completion

The Acquisition Completion shall take place within 10 Business Days after the Conditions Precedent have been satisfied or waived in writing by the Purchasers, or at another time as agreed by the parties. The Vendors shall notify the Purchasers in writing the details of the Vendors' bank accounts for receiving the first instalment of the Consideration at least five Business Days prior to the Completion Date. The first instalment of the Consideration shall be transferred within 10 Business Days upon satisfaction of the Conditions Precedent to the account as designated by the Vendors.

Following the Acquisition Completion, the Target Hospitals shall become indirect non-wholly owned subsidiaries of the Company and the financial results of the respective Target Hospital will be consolidated into the consolidated financial statements of the Group.

PARTNERSHIP INTEREST TRANSFER AGREEMENT

On the same date as the entering into of the Equity Transfer Agreement, Xiamen Xinkangnuo further entered into the Partnership Interest Transfer Agreement with Meicheng Medical, Mr. Gao Fan (高凡) and Mr. Zhang Jun (張軍), pursuant to which, (i) Meicheng Medical has conditionally agreed to sell its 1% general partnership interest in Ningbo Gaoshi to Xiamen Xinkangnuo for a consideration of RMB46,296, (ii) Mr. Gao Fan has conditionally agreed to sell his 43% limited partnership interest in Ningbo Gaoshi to Xiamen Xinkangnuo for a consideration of RMB1,990,741 and (iii) Mr. Zhang Jun has conditionally agreed to sell his 10% limited partnership interest in Ningbo Gaoshi to Xiamen Xinkangnuo for a consideration of RMB462,963. The Partnership Interest Transfer Completion is subject to, among others, (a) the fulfilment of the Conditions Precedent in the Equity Transfer Agreement; and (b) the Partnership Interest Vendors having completed their respective tax filing and payment obligations with respect to Ningbo Gaoshi. Upon the Partnership Interest Transfer Completion, Xiamen Xinkangnuo will control all voting rights of Ningbo Gaoshi by virtue of the general partnership interest it holds therein.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE PARTNERSHIP INTEREST TRANSFER

The Acquisitions and the Partnership Interest Transfer represent a strategic investment in line with the Group's well-established strategy of leveraging its leadership in ophthalmic services in North China and expanding its network layout by targeting other ophthalmic service providers and capture markets with significant potential for development. Tangshan City and its neighboring cities in Hebei Province is a prime location which can further facilitate the business development plans and expand the business scale of the Group in the field of ophthalmic medical services in North China. Tangshan City is the largest economy in Hebei Province with a GDP of RMB823.1 billion and a residential population of 7.70 million in 2021, and the market for ophthalmic medical services is in high demand and continues to grow. There remains to be a huge potential for the market development of private ophthalmic hospitals in Tangshan City.

The Target Hospitals were jointly established by a team of doctors, and each has a complete team of ophthalmologists. In aggregate, the Target Hospitals are market leaders among the private ophthalmic hospitals in Tangshan City in terms of revenue generated in 2021 and the brand awareness of “Jidong” is already well-regarded in Hebei Province. Also, the close proximity of Tangshan City to Beijing and Tianjin provides the Target Hospitals with a sufficient reserve of ophthalmologists, doctors and other medical professionals to support the further development of the Target Hospitals.

Following Completion, the Group intends to accelerate the expansion and strengthen the consumer ophthalmic services of the Target Hospitals and improve its operational efficiency and profitability by implementing its clustered operational model. The Group will equip the Target Hospitals with advanced medical equipment and technologies to assist with femtosecond laser assisted cataract surgeries (FLACS) and apply its centralized and standardized management system to bolster its regional and operational efficiency and provide the support of its leading ophthalmology experts across the PRC to diversify its diagnosis and treatment services for various complicated eye-related diseases. Furthermore, the Target Hospitals will be able to leverage off the branding of “Chaoju” which is expected to further enhance the reputation and brand image of the Target Hospitals which is conducive to the further development of the Target Hospitals.

The Group will be able to create synergies with the clustered operations of its ophthalmic hospitals in Chengde City and the Target Hospitals in Tangshan City, as they will collaborate and expand its coverage in eastern Hebei Province which will be significant to its future development into Beijing, Tianjin and other regions in Hebei Province. The Acquisitions and the Partnership Interest Transfer will expand the Group’s network layout in North China in an eastwardly direction to gradually interact with the ophthalmic market in the Beijing – Tianjin region, which simultaneously allows the Group to attract national ophthalmology experts and recruit top-talent ophthalmologists to join the Group, and thus, strengthening its network coverage and market share in North China. In light of the above, the Directors are of the view that the terms of the Equity Transfer Agreement and the Partnership Interest Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, and are on normal commercial terms and that the Acquisitions and the Partnership Interest Transfer are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

The Group is a leading ophthalmic medical service group in North China with a strong reputation nationwide. As of the date of this announcement, the Group operated a network of 20 ophthalmic hospitals and 25 optical centers spanning across five provinces or autonomous region in China. The ophthalmic hospitals are specialized in providing ophthalmic services and the optical centers provide a series of optical products and services to satisfy a wide array of requests from customers.

Information on the Vendors and Partnership Interest Vendors

Bolin Group and Mr. Gao Fan

Bolin Group is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in provision of eye care medical services. Bolin Group is owned by Tianjin Gaofeng Yijia Technology Co., Ltd.* (天津高峰益佳科技有限公司) as to 38.4%, Tianjin Gaofeng Wonderful Enterprise Management Consulting Partnership (Limited Partnership)* (天津高峰美好企業管理諮詢合夥企業(有限合夥)) as to 12.32%, Tianjin Gaofeng Yuanda Enterprise Management Consulting Partnership (Limited Partnership)* (天津高峰遠大企業管理諮詢合夥企業(有限合夥)) as to 3.6%, Tianjin Gaofeng Qiancheng Enterprise Management Consulting Partnership (Limited Partnership)* (天津高峰前程企業管理諮詢合夥企業(有限合夥)) as to 3.6%, Tianjin Gaofeng Vision Enterprise Management Consulting Partnership (Limited Partnership)* (天津高峰視界企業管理諮詢合夥企業(有限合夥)) as to 0.48%, Beijing Meide Daguang Technology Co., Ltd.* (北京美德大光科技有限公司) as to 21.6% and Mr. Gao Fan as to 20%. The ultimate beneficial owner of Bolin Group is Mr. Gao Fan and he controls it as to 84.6% equity interest.

Mr. Gao Fan

Mr. Gao Fan founded Bolin Group in 2016 and serves as its general manager and CEO. Previously, he was the founder of Beijing Gaoshi Yuanwang Technology Co., Ltd.* (北京高視遠望科技有限責任公司) in 1994 and served as the general manager from 1994 to 2008, the manager of Beijing Aomeida Technology Co., Ltd.* (北京奧美達科技股份有限公司) (formerly known as Beijing Aomeida Technology Limited* (北京奧美達科技有限公司)) from 2008 to 2012, and the chairman and president of Gaoshi Medical Investment Co., Ltd.* (高視醫療投資有限公司) from 2012 to 2016. Mr. Gao Fan possesses more than 20 years of experience in the field of ophthalmic medical services and device sales.

Mr. Duan Junqiang

Mr. Duan Junqiang was one of the co-founders of the Target Hospitals in 2015 and served as the general manager of Tangshan Jidong Hospital, Yutian Jidong Hospital, Luannan Jidong Hospital and Luanzhou Jidong Hospital since 2020. Mr. Duan Junqiang possesses more than 20 years of experience in the field of ophthalmic medical services and medical device sales.

Mr. Gao Jinta

Mr. Gao Jinta is currently the legal representative of the Target Hospitals and also serves as the chairman of Tangshan Jidong Hospital since 2014. Simultaneously, he is also an executive director of Yutian Jidong Hospital since 2017, Luannan Jidong Hospital since 2018 and Luanzhou Jidong Hospital since 2018. Mr. Gao Jinta currently does not participate in the operation nor management of the Target Hospitals.

Mr. Zhang Jun

Mr. Zhang Jun was one of the co-founders of the Target Hospitals in 2015 and served as the head of logistics. Since 2021, Mr. Zhang Jun worked in the procurement department at Bolin Group.

Meicheng Medical

Meicheng Medical is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in equity investments in the medical industry and is the general partner of Ningbo Gaoshi. Meicheng Medical is owned by Mr. Gao Fan as to 87.26% and Mr. Liu Xidong (劉希東) as to 12.74%.

Information on the Target Hospitals

Tangshan Jidong Hospital

Tangshan Jidong Hospital is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in eye care medical services. As of the date of this announcement, Tangshan Jidong Hospital is owned as to 64% by Bolin Group, 11% by Mr. Duan Junqiang, 5% by Ningbo Gaoshi and 20% by an Independent Third Party. For the year ended December 31, 2021, Tangshan Jidong Hospital received 56,291 out-patient visits and 1,826 in-patient visits.

The net liabilities of Tangshan Jidong Hospital as of December 31, 2021 was approximately RMB23,020,621. The following table sets out the revenue and net profit (both before and after taxation) of Tangshan Jidong Hospital for the years ended December 31, 2020 and 2021.

	For the year ended December 31,	
	2020	2021
	RMB'000	RMB'000
Revenue	27,722.6	44,190.4
Net profit before taxation	(7,258.5)	(2,083.3)
Net profit after taxation	<u>(7,258.5)</u>	<u>(2,083.3)</u>

Yutian Jidong Hospital

Yutian Jidong Hospital is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in eye care medical services. As of the date of this announcement, Yutian Jidong Hospital is owned as to 51% by Bolin Group and 49% by Independent Third Parties. For the year ended December 31, 2021, Yutian Jidong Hospital received 19,971 out-patient visits and 762 in-patient visits.

The net assets of Yutian Jidong Hospital as of December 31, 2021 was approximately RMB4,572,345. The following table sets out the revenue and net profit (both before and after taxation) of Yutian Jidong Hospital for the years ended December 31, 2020 and 2021.

	For the year ended December 31,	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7,286.4	10,416.2
Net profit before taxation	253.5	680.6
	<hr/>	<hr/>
Net profit after taxation	253.5	680.6
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Luannan Jidong Hospital

Luannan Jidong Hospital is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in eye care medical services. As of the date of this announcement, Luannan Jidong Hospital is owned as to 51% by Bolin Group and 49% by Independent Third Parties. For the year ended December 31, 2021, Luannan Jidong Hospital received 6,688 out-patient visits and 1,196 in-patient visits.

The net assets of Luannan Jidong Hospital as of December 31, 2021 was approximately RMB4,841,427. The following table sets out the revenue and net profit (both before and after taxation) of Luannan Jidong Hospital for the years ended December 31, 2020 and 2021.

	For the year ended December 31,	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,199.8	6,780.7
Net profit before taxation	(375.8)	846.1
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Net profit after taxation	(375.8)	846.1
	<hr/>	<hr/>

Luanzhou Jidong Hospital

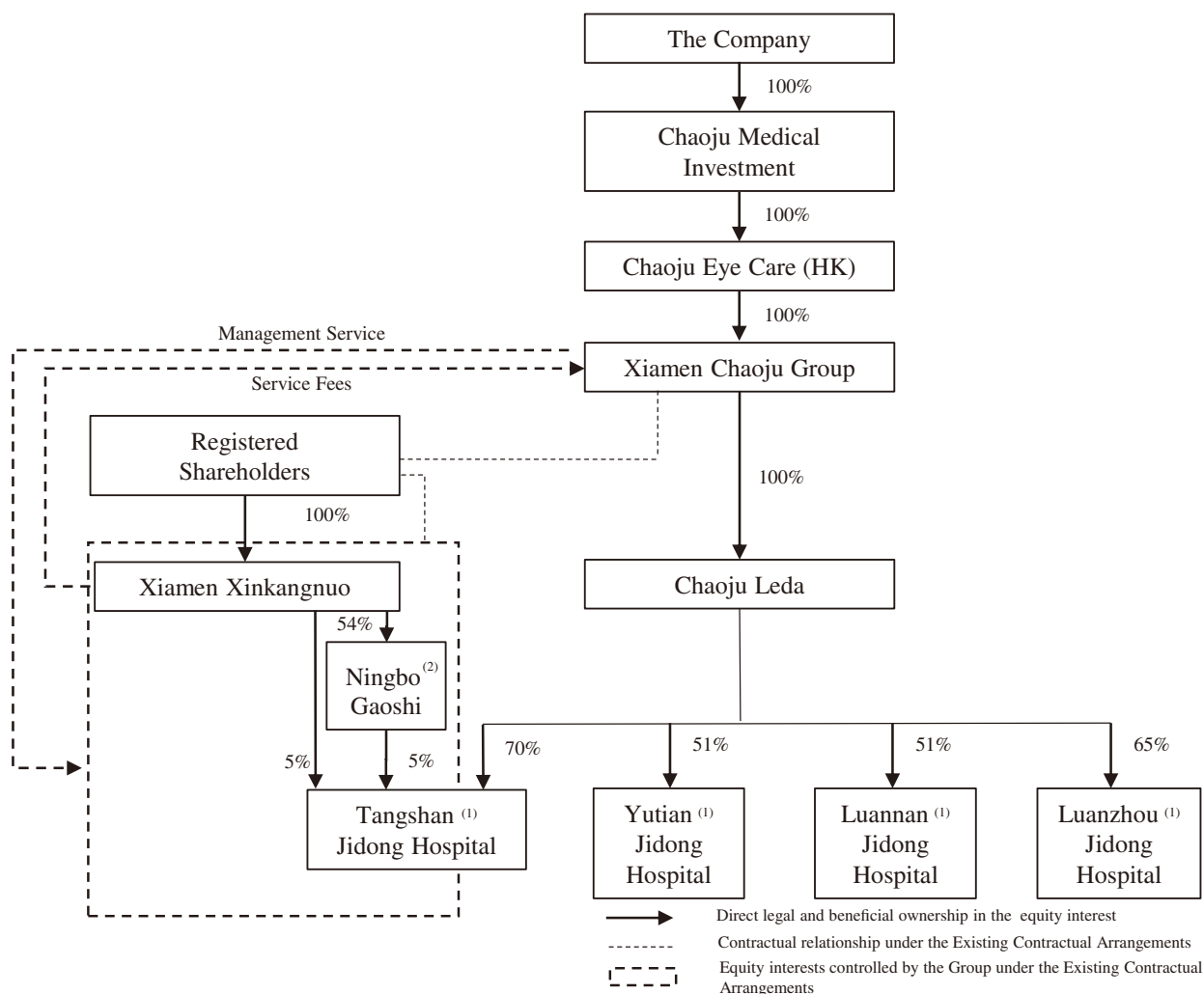
Luanzhou Jidong Hospital is a company incorporated under the laws of the PRC with limited liability and a third party independent to the Company. It is principally engaged in eye care medical services. As of the date of this announcement, Luanzhou Jidong Hospital is owned as to 60% by Bolin Group, 5% by Mr. Gao Jinta and 35% by Independent Third Parties. For the year ended December 31, 2021, Luanzhou Jidong Hospital received 9,730 out-patient visits and 490 in-patient visits.

The net liabilities of Luanzhou Jidong Hospital as of December 31, 2021 was approximately RMB268,438. The following table sets out the revenue and net profit (both before and after taxation) of Luanzhou Jidong Hospital for the years ended December 31, 2020 and 2021.

	For the year ended December 31,	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,752.2	3,512.0
Net profit before taxation	2,015.7	(1,539.7)
Net profit after taxation	<u>2,015.7</u>	<u>(1,539.7)</u>

STRUCTURE OF THE TARGET HOSPITALS UPON COMPLETION

The shareholding structure of the Target Hospitals upon Completion is set out below:



Notes:

- (1) The remaining equity interest in each of the Target Hospitals are held by individual parties to the Company.
- (2) Xiamen Xinkangnuo's partnership interest in Ningbo Gaoshi consists of 1% general partnership interest and 53% limited partnership interest.

Upon Completion, the Company will (i) indirectly hold Tangshan Jidong Hospital as to 70% equity interest and control 10% equity interest through Xiamen Xinkangnupo by virtue of the Existing Contractual Arrangements, (ii) indirectly hold Yutian Jidong Hospital as to 51% equity interest, (iii) indirectly hold Luannan Jidong Hospital as to 51% equity interest, and (iv) indirectly hold Luanzhou Jidong Hospital as to 65% equity interest. The Target Hospitals will become indirect non-wholly owned subsidiaries of the Company, and the financial results and assets and liabilities of the Target Hospitals will be consolidated into the financial statements of the Group and based on discussion with the Company's auditors, the Company has confirmed that it has the right to do so under the prevailing accounting principles.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisitions and the Partnership Interest Transfer exceeds 5% but is less than 25%, the Acquisitions and the Partnership Interest Transfer constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisitions and the Partnership Interest Transfer may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition Completion”	the completion of the Acquisitions, as more particularly respectively described in the section headed “Completion” in this announcement
“Acquisitions”	the acquisition of 75% equity interest in Tangshan Jidong Hospital, 51% equity interest in Yutian Jidong Hospital, 51% equity interest in Luannan Jidong Hospital and 65% equity interest in Luanzhou Jidong Hospital and the transactions contemplated under the Equity Transfer Agreement, and each transaction being an “ Acquisition ”

“Articles of Association”	the amended and restated articles of association of the Company conditionally adopted on June 12, 2021 which has become effective on July 6, 2021, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Chaoju”	Beijing Chaoju Investment Management Co., Ltd.* (北京朝聚投資管理有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Bolin Group”	Bolin Eye Care Medical Group Co., Ltd.* (鉑林眼科醫院集團有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Vendors
“Chaoju Eye Care (HK)”	Chaoju Eye Care (HK) Company Limited, a limited liability company established under the laws of Hong Kong and a subsidiary of the Company
“Chaoju Leda”	Xiamen Chaoju Leda Holdings Co., Ltd.* (廈門朝聚樂達控股有限公司), a company incorporated under the laws of the PRC with limited liability and a subsidiary of the Company
“Chaoju Medical Investments”	Chaoju Medical Investment Limited, a BVI business company with limited liability incorporated under the laws of the BVI and a subsidiary of the Company
“China” or the “PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Chaoju Eye Care Holdings Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	means the Acquisition Completion and Partnership Interest Transfer Completion, as more particularly and respectively described in the sections headed “Completion” and “Partnership Interest Transfer Agreement” in this announcement

“Completion Date”	the date of Acquisition Completion of the in accordance with the provisions of the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to the Acquisition as set out in the Equity Transfer Agreement and the section headed “Conditions Precedent” in this announcement
“Consideration”	the consideration payable by the Purchasers to the Vendors pursuant to the Equity Transfer Agreement, details of which are set out in the section headed “Consideration” in this announcement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated September 26, 2022 entered into among the respective Purchasers, the Vendors and Target Hospitals, in relation to, among other things, the acquisition of the equity interests in the Target Hospitals
“Existing Contractual Arrangements”	the series of contractual arrangements, as the case may be, entered into by, among others, Xiamen Chaoju Group, Xiamen Xinkangnuo, Xiamen Chaoju Hospital Management and the Registered Shareholders, details of which are described in the section headed “Contractual Arrangements” in the Prospectus
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing”	the listing of the shares of the Company on the Main Board of the Stock Exchange 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

“Loan Agreement”	the loan agreement entered into among Beijing Chaoju, Tangshan Jidong Hospital, Bolin Group, Mr. Gao Fan and Mr. Duan Junqiang on August 1, 2022, pursuant to which (i) Beijing Chaoju agreed to, among other things, make advances in the amount of approximately RMB28.31 million to Bolin Group; (ii) Beijing Chaoju may make further advancements to Tangshan Jidong Hospital, both to facilitate the restructuring and repayment of shareholder loans owed by Tangshan Jidong Hospital to Bolin Group and Mr. Duan Junqiang
“Luannan Jidong Hospital”	Luannan Jidong Vision Hospital Co., Ltd.* (灤南冀東視明眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Target Hospitals
“Luanzhou Jidong Hospital”	Luanzhou Jidong Eye Care Hospital Co., Ltd.* (灤州冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Target Hospitals
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Meicheng Medical”	Beijing Meicheng Medical Technology Co., Ltd.* (北京美程醫療技術有限公司), a company incorporated under the laws of the PRC with limited liability, and the general partner of Ningbo Gaoshi
“Ningbo Gaoshi”	Ningbo Gaoshi Huashan Investment Partnership (Limited Partnership)* (寧波高視華山投資合夥企業(有限合夥)), a company incorporated under the laws of the PRC with limited liability, and the employee share incentive platform of Tangshan Jidong Hospital
“Partnership Interest Transfer”	the acquisition of 1% general partnership interest and 53% limited partnership interest in Ningbao Gaoshi by Xiamen Xingkangnuo
“Partnership Interest Transfer Agreement”	the partnership interest transfer agreement dated September 26, 2022 entered into among Xiamen Xingkangnuo and the Partnership Interest Vendors, in relation to, among other things, the acquisition of the partnership interest in Ningbo Gaoshi

“Partnership Interest Transfer Completion”	completion of the Partnership Interest Transfer, as more particularly described in the section headed “Partnership Interest Transfer Agreement” in this announcement
“Partnership Interest Vendors”	Beijing Meicheng Medical Technology Co., Ltd.* (北京美程醫療技術有限公司), Mr. Gao Fan and Mr. Zhang Jun
“Prospectus”	the prospectus of the Company published on June 24, 2021
“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of HK\$0.00025
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules
“Tangshan Jidong Hospital”	Tangshan Jidong Eye Care Hospital Co., Ltd.* (唐山冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Target Hospitals
“Target Equity Interests”	(i) 75% equity interest in Tangshan Jidong Hospital, (ii) 51% equity interest in Yutian Jidong Hospital, (iii) 51% equity interest in Luannan Jidong Hospital and (iv) 65% equity interest in Luanzhou Jidong Hospital
“Target Hospitals”	Tangshan Jidong Hospital, Yutian Jidong Hospital, Luannan Jidong Hospital and Luanzhou Jidong Hospital, with each hospital referred to as a “ Target Hospital ”
“Xiamen Chaoju Group”	Xiamen Chaoju Medical Technology Group Co. Ltd.* (廈門朝聚醫療科技集團有限公司), a limited liability company established under the laws of the PRC and a subsidiary of the Company
“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, a subsidiary of our Company by way of the Existing Contractual Arrangements

“Yutian Jidong Hospital” Yutian County Jidong Eye Care Hospital Co., Ltd.* (玉田縣冀東眼科醫院有限公司), a company incorporated under the laws of the PRC with limited liability and one of the Target Hospitals

“%” per cent

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

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB0.89080, being the central parity rate published by the People’s Bank of China as of September 23, 2022. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, September 26, 2022

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