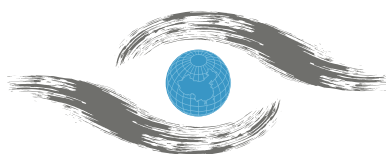


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C-MER 希瑪

C-MER EYE CARE HOLDINGS LIMITED

希瑪眼科醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3309)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Change
Revenue		1,731,903	1,112,577	55.7%
Gross profit		447,697	358,228	25.0%
(Loss)/profit before income tax		(11,227)	26,875	N/A
(Loss)/profit for the year		(46,225)	16,230	N/A
(Loss)/profit for the year attributable to equity holders of the Company		(21,875)	21,861	N/A
Earnings before interest, taxes, depreciation and amortisation	1	225,351	183,976	22.5%
Gross profit margin (%)		25.9%	32.2%	(6.3 pp)
Net profit margin (%)		N/A	1.5%	N/A
<i>Note:</i>				
1	This is not a measure of performance under Hong Kong Financial Reporting Standards (“ HKFRS ”), but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by other companies.			

The board (the “**Board**”) of directors (the “**Directors**”) of C-MER Eye Care Holdings Limited (the “**Company**”) announces the annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	1,731,903	1,112,577
Cost of revenue	6	(1,284,206)	(754,349)
Gross profit		447,697	358,228
Other income	4	28,654	10,580
Selling expenses	6	(126,774)	(126,442)
Administrative expenses	6	(345,347)	(234,115)
Other (losses)/gains, net	5	(40,712)	16,492
Operating (loss)/profit		(36,482)	24,743
Finance income		7,112	4,475
Finance costs		(19,656)	(12,995)
Finance costs, net	7	(12,544)	(8,520)
Share of profit of associates		37,799	10,652
(Loss)/profit before income tax		(11,227)	26,875
Income tax expense	8	(34,998)	(10,645)
(Loss)/profit for the year		(46,225)	16,230
(Loss)/profit for the year attributable to:			
– Equity holders of the Company		(21,875)	21,861
– Non-controlling interests		(24,350)	(5,631)
		(46,225)	16,230

		Year ended 31 December	
	<i>Note</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income		13,762	–
Currency translation difference		(3,534)	–
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(86,492)</u>	<u>19,069</u>
Other comprehensive (loss)/income for the year		<u>(76,264)</u>	<u>19,069</u>
Total comprehensive (loss)/income for the year		<u>(122,489)</u>	<u>35,299</u>
Total comprehensive (loss)/income for the year attributable to:			
– Equity holders of the Company		<u>(94,605)</u>	40,286
– Non-controlling interests		<u>(27,884)</u>	<u>(4,987)</u>
		<u>(122,489)</u>	<u>35,299</u>
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– Basic	9	<u>(1.77)</u>	<u>1.90</u>
– Diluted	9	<u>(1.77)</u>	<u>1.90</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 31 December	
		2022	2021
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		392,333	301,961
Investment property		13,038	–
Right-of-use assets		665,308	599,325
Intangible assets		821,393	203,961
Interest in associates		41,962	24,814
Financial assets at fair value through other comprehensive income		74,167	52,575
Deferred income tax assets		6,937	10,971
Deposits and prepayments		29,992	15,881
		2,045,130	1,209,488
		2,045,130	1,209,488
Current assets			
Inventories		51,378	33,444
Trade receivables	11	47,133	17,980
Deposits, prepayments and other receivables		52,795	240,489
Amounts due from associates		6,739	12,113
Financial asset at fair value through profit or loss		22,484	55,704
Short-term deposits		31,330	–
Cash and cash equivalents		644,698	386,659
		856,557	746,389
		856,557	746,389
Total assets		2,901,687	1,955,877
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		126,656	115,034
Reserves		1,739,405	1,216,196
		1,866,061	1,331,230
Non-controlling interests		132,178	6,013
		1,998,239	1,337,243
		1,998,239	1,337,243

		As at 31 December	
	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Other payables		2,968	3,657
Loans from non-controlling interests		21,215	7,595
Lease liabilities		281,937	198,616
Deferred income tax liabilities		72,530	518
		<u>378,650</u>	<u>210,386</u>
Current liabilities			
Trade payables	12	45,306	39,866
Accruals and other payables		117,112	79,643
Contract liabilities		39,490	10,728
Borrowings		34,257	179,406
Amounts due to non-controlling interests		154,704	3,961
Amount due to a related party		–	33
Current income tax liabilities		18,851	8,537
Lease liabilities		115,078	86,074
		<u>524,798</u>	<u>408,248</u>
Total liabilities		<u>903,448</u>	<u>618,634</u>
Total equity and liabilities		<u>2,901,687</u>	<u>1,955,877</u>

NOTES

1 GENERAL INFORMATION

C-MER Eye Care Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 1 February 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (the “**Group**”) are principally engaged in the provision of ophthalmic, provision of dental and other medical services, sales of vision aid products and sales of medical consumables in Hong Kong (“**HK**”) and Mainland China. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 January 2018.

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”) and all values are rounded to nearest thousand (HK\$’000) except when otherwise indicated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

(a) *New and amended standards adopted by the Group*

The Group has adopted the following new and amended standards which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2022:

Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The adoption of the above new and amended standards did not have any significant financial impact on the consolidated financial statements.

(b) *New standards and amendments to standards not yet adopted*

There are certain new standards and amendments to standards that are published but not mandatory for the year ended 31 December 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above new standards and amendments to standards when they become effective. No new standards and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Provision of ophthalmic services	1,074,301	920,049
Sales of vision aid products	160,981	140,342
Sales of medical consumables	298,342	–
Provision of dental and other medical services	198,279	52,186
	<u>1,731,903</u>	<u>1,112,577</u>

During the year ended 31 December 2022, the timing of revenue recognition was mainly at a point in time.

(b) Liabilities related to contract with customers

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Contract liabilities – advanced payments received from clients	<u>39,490</u>	<u>10,728</u>

Revenue recognised during the year ended 31 December 2022 that was included in the contract liabilities balance at the beginning of the year amounted to approximately HK\$10,728,000 (2021: HK\$8,603,000).

(c) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to making strategic decisions. The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from a client perspective and assess the performance of the operating segments based on segment revenue and segment results for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as the consolidated financial statements.

The reportable segment of the Group is a component that is engaged either in providing a particular type of service or goods, or in providing services or goods within a particular geographical region.

Since 1 January 2022, in view of more diversified businesses of the Group currently operates, the chief operating decision-maker assessed the performance of the Group by reviewing the results of four reportable segments, namely HK medical business, sales of medical consumables, Mainland China ophthalmic business and Mainland China dental business as follows:

- i. HK medical business – provision of ophthalmic, dental, oncology, medical aesthetics and other services and sales of vision aid products in Hong Kong
- ii. Sales of medical consumables – sales of medical consumables in Hong Kong

- iii. Mainland China ophthalmic business – provision of ophthalmic services and sales of vision aid products in Mainland China
- iv. Mainland China dental business – provision of dental services in Mainland China

Such a change is to align with the updated internal management and reporting structure. The segment information of the comparative year has been restated to conform to the current year categorisation and presentation.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets and intangible assets.

Other income, other (losses)/gains, net, finance costs, net and income tax expense are not included in segment results.

The segment results for the year ended 31 December 2022 are as follows:

	Year ended 31 December 2022				
	HK medical business HK\$'000	Sales of medical consumables HK\$'000	Mainland China ophthalmic business HK\$'000	Mainland China dental business HK\$'000	Total HK\$'000
Segment revenue	805,656	298,342	502,943	124,962	1,731,903
Gross profit	187,122	108,902	139,457	12,216	447,697
Selling expenses	(15,321)	(142)	(91,102)	(20,209)	(126,774)
Administrative expenses	(128,526)	(901)	(187,131)	(28,789)	(345,347)
Share of profit of associates	37,799	–	–	–	37,799
Segment results	81,074	107,859	(138,776)	(36,782)	13,375
Other income					28,654
Other losses, net					(40,712)
Finance income					7,112
Finance costs					(19,656)
Loss before income tax					(11,227)
Income tax expense					(34,998)
Loss for the year					(46,225)
Other segment information					
Additions to non-current assets	63,858	1,785	177,921	1,245	244,809
Depreciation and amortisation	(72,585)	(214)	(126,092)	(25,143)	(224,034)
(Losses)/gains on disposal of property, plant and equipment, net	(5)	–	(439)	19	(425)

The segment results for the year ended 31 December 2021 are as follows:

	Year ended 31 December 2021				Total HK\$'000
	HK medical business HK\$'000	Sales of medical consumables HK\$'000	Mainland China ophthalmic business HK\$'000	Mainland China dental business HK\$'000	
Segment revenue	543,909	–	568,668	–	1,112,577
Gross profit	154,383	–	203,845	–	358,228
Selling expenses	(9,330)	–	(117,112)	–	(126,442)
Administrative expenses	(72,421)	–	(161,694)	–	(234,115)
Share of profit of associates	10,652	–	–	–	10,652
Segment results	83,284	–	(74,961)	–	8,323
Other income					10,580
Other gains, net					16,492
Finance income					4,475
Finance costs					(12,995)
Profit before income tax					26,875
Income tax expense					(10,645)
Profit for the year					<u>16,230</u>
Other segment information					
Additions to non-current assets	67,743	–	149,148	–	216,891
Depreciation and amortisation	(49,042)	–	(99,539)	–	(148,581)
Losses on disposal of property, plant and equipment, net	(607)	–	(9)	–	(616)

As at 31 December 2022, the total non-financial non-current assets including property, plant and equipment, investment property, right-of-use assets and other intangible assets located in HK and Mainland China are approximately HK\$123,701,000 and HK\$956,174,000 respectively (2021: HK\$125,666,000 and HK\$784,611,000).

No analysis of segment assets and liabilities is presented as they are not regularly provided to the executive directors.

There was no single external client which contributed more than 10% to the Group's revenue for the year ended 31 December 2022 (2021: same).

4 OTHER INCOME

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Management fee income	18,884	5,776
Rental income	352	–
Government grants (<i>Note</i>)	8,792	4,468
Others	626	336
	<u>28,654</u>	<u>10,580</u>

Note: There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

5 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Losses on disposal of property, plant and equipment, net	(425)	(616)
Gains on early termination of lease	–	452
Loss on disposal of a subsidiary	–	(4,499)
(Losses)/gains on financial assets at fair value through profit or loss	(33,220)	16,711
Loss on written-off of trade receivables	(7)	–
Exchange (losses)/gains, net	<u>(7,060)</u>	<u>4,444</u>
	<u>(40,712)</u>	<u>16,492</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Amortisation of intangible assets	1,428	1,187
Auditor's remuneration		
– Audit services	2,280	2,100
– Non-audit services	136	66
Depreciation of property, plant and equipment	86,274	50,593
Depreciation of investment property	353	–
Depreciation of right-of-use assets	135,979	96,801
Doctors' consultation fees	342,978	204,623
Cost of inventories and medical consumables sold	504,901	272,259
Employee benefit expenses	446,959	277,065
Short-term lease expenses	3,327	2,353
Legal and professional fees	7,769	10,132
Share option expenses to doctors and consultants	985	25
Promotion expenses	125,646	125,660
Bank service charges	11,711	8,877
Repair and maintenance fees	12,813	8,856
Subcontracting fees	–	4,997
Others	72,788	49,312
	<u>1,756,327</u>	<u>1,114,906</u>
Total cost of revenue, selling and administrative expenses		

7 FINANCE COSTS, NET

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Finance income		
Bank interest income	7,112	4,475
	<u>7,112</u>	<u>4,475</u>
	-----	-----
Finance costs		
Interest expense on leases	(18,470)	(12,533)
Interest expense on loan from a non-controlling interest	(417)	(270)
Interest expense on bank loans	(769)	(192)
	<u>(19,656)</u>	<u>(12,995)</u>
	-----	-----
Finance costs, net	<u>(12,544)</u>	<u>(8,520)</u>

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year ended 31 December 2022.

The applicable tax rate for the subsidiaries in Mainland China of the Group was 25% (2021: 25%) for the year ended 31 December 2022.

Under the new Corporate Income Tax Law, corporate withholding income tax is levied on the foreign investor incorporated in Hong Kong for dividend which arises from profit of foreign investment enterprises earned in Mainland China after 1 January 2008 at a tax rate of 5%.

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	28,688	14,495
– China enterprise income tax	3,091	3,051
Under/(over)-provision in prior years	11	(852)
Deferred income tax	3,208	(6,049)
	<u>34,998</u>	<u>10,645</u>
Income tax expense	<u>34,998</u>	<u>10,645</u>

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to equity holders of the Company during the year (HK\$'000)	<u>(21,875)</u>	<u>21,861</u>
Weighted average number of ordinary shares in issue	<u>1,233,126,103</u>	<u>1,148,202,532</u>
Basic (loss)/earnings per share (HK cents)	<u>(1.77)</u>	<u>1.90</u>

Note:

- (i) The (loss)/earnings per share as presented above is calculated using the weighted average number of 1,233,126,103 (2021: 1,148,202,532) ordinary shares deemed to be in issue for the year ended 31 December 2022.

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2022, the Group has no (2021: one category of) dilutive potential ordinary shares.

As at 31 December 2022, 4,195,000 post-IPO share options (2021: 200,000 post-IPO share options) outstanding are not included in the calculation of diluted loss (2021: earnings) per share because they are antidilutive for the year ended 31 December 2022.

	Year ended 31 December	
	2022	2021
(Loss)/profit attributable to equity holders of the Company during the year (<i>HK\$'000</i>)	<u>(21,875)</u>	<u>21,861</u>
Weighted average number of ordinary shares in issue	1,233,126,103	1,148,202,532
Adjustments for:		
– impact of the share option schemes	<u>–</u>	<u>2,529,558</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share	<u>1,233,126,103</u>	<u>1,150,732,090</u>
Diluted (loss)/earnings per share (<i>HK cents</i>)	<u>(1.77)</u>	<u>1.90</u>

10 DIVIDENDS

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend of 2021, declared and paid of HK nil cents (2021: Final dividend of 2020 of HK2.0 cents) per ordinary share (<i>Note (i)</i>)	<u>–</u>	<u>22,968</u>

Notes:

- (i) At a board meeting held on 31 March 2021, the Directors recommended the payment of a final dividend in respect of 2020 of HK2.0 cents per ordinary share, which was estimated to be approximately HK\$22,945,000 at the time calculated on the basis of the ordinary shares in issue as at 31 December 2020. The final dividend was declared and approved at the annual general meeting on 26 May 2021, totalled HK\$22,968,000.
- (ii) The Directors do not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

11 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	47,133	17,980

The carrying amounts of trade receivables approximate their fair values.

The trade receivables are due when services are rendered and goods are sold. As at 31 December 2022, the ageing analysis of the trade receivables based on due date and invoice date was as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	39,354	16,590
91 – 180 days	4,565	594
Over 180 days	3,214	796
	47,133	17,980

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As at 31 December 2022, all the trade receivables balances were not impaired (2021: same). These relate to a number of independent clients, commercial companies and local government to which no credit terms were granted.

12 TRADE PAYABLES

Trade payables, based on invoice date, were aged as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	29,462	32,377
31 – 60 days	7,361	4,477
61 – 90 days	2,609	233
Over 90 days	5,874	2,779
	45,306	39,866

13 BUSINESS COMBINATIONS

To expand the Group's healthcare services network in Hong Kong and Mainland China, the Group entered into the following transactions during the year ended 31 December 2022:

- (i) On 19 January 2022, the Group completed the acquisition of 100% of the equity interests in Champion Eye Centre Limited ("**Champion Eye**"), a company that operates ophthalmic clinics in Hong Kong, from independent third parties and the consideration was paid by allotment and issue of 8,790,000 shares of the Company (their value being approximately equivalent to HK\$50,367,000).
- (ii) On 19 January 2022, the Group completed the acquisition of 60% of the equity interests in The Optometry (OPT) Centre Limited ("**OPT**"), a company that operates optometry centres in Hong Kong, from independent third parties, for a total consideration of HK\$34,500,000 (comprising of an acquisition price of HK\$13,800,000 and a shareholder's loan of HK\$20,700,000 provided to OPT).
- (iii) On 17 February 2022, the Group completed the investment of 61.5% equity interests of Shenzhen C-MER Aikangjian Dental Group Co., Ltd. (formerly known as Shenzhen Aikangjian Group Co., Ltd) and its subsidiaries ("**Shenzhen CKJ Group**"), a company that operates dental clinics in Mainland China, at a total consideration of RMB430,500,000 (equivalent to HK\$517,590,000) (comprising of a consideration of RMB380,500,000 and capital contribution of RMB50,000,000 in cash).
- (iv) During the year ended 31 December 2022, the Group completed the acquisition of several clinics that provide clinical research, dental and other medical services in Hong Kong ("**Other clinics**"), from different independent third parties, at a total cash consideration of HK\$27,572,000.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition dates during the year ended 31 December 2022.

	Champion Eye As at 19 January 2022 HK\$'000	OPT As at 19 January 2022 HK\$'000	Shenzhen CKJ Group As at 17 February 2022 HK\$'000	Other clinics acquired during the year HK\$'000	Total HK\$'000
Consideration					
Cash	–	34,500	517,590	27,572	579,662
Allotment of shares (<i>Note</i>)	50,367	–	–	–	50,367
	<u>50,367</u>	<u>34,500</u>	<u>517,590</u>	<u>27,572</u>	<u>630,029</u>

Note:

The fair value of the 8,790,000 shares allotted as part of the consideration paid for acquisition of Champion Eye (HK\$50,367,000) was based on the published share price of the Company of approximately HK\$5.73 per share.

Date of completion of the acquisition	Note	Champion	OPT	Shenzhen	Other	Total
		Eye	As at	CKJ	clinics	
		As at	As at	Group	acquired	
		19 January	19 January	17 February	during	
		2022	2022	2022	the year	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recognised amounts of identifiable assets acquired and liabilities assumed						
– Property, plant and equipment		2,485	278	116,450	662	119,875
– Right-of-use assets		7,609	2,609	70,110	2,227	82,555
– Investment property		–	–	14,298	–	14,298
– Intangible assets		–	–	79	–	79
– Brand name	(i)	–	–	289,911	–	289,911
– Cash and cash equivalents		18,969	1,945	27,087	741	48,742
– Trade receivables		817	762	875	646	3,100
– Deposits, prepayments and other receivables		2,268	21,395	58,650	448	82,761
– Inventories		4,684	1,360	4,831	57	10,932
– Trade payables		(967)	(755)	(5,092)	–	(6,814)
– Accruals and other payables		(10,477)	(1,625)	(42,711)	(1,254)	(56,067)
– Borrowings		–	–	(16,832)	–	(16,832)
– Lease liabilities		(7,839)	(2,629)	(74,912)	(2,280)	(87,660)
– Deferred income tax liabilities		–	–	(72,478)	–	(72,478)
– Current income tax liabilities		(2,801)	(41)	(666)	(656)	(4,164)
Total identifiable net assets		14,748	23,299	369,600	591	408,238
Non-controlling interests	(ii)	–	(9,320)	(142,296)	(175)	(151,791)
Goodwill	(iii)	35,619	20,521	290,286	27,156	373,582
Total consideration		<u>50,367</u>	<u>34,500</u>	<u>517,590</u>	<u>27,572</u>	<u>630,029</u>
Acquisition-related costs	(iv)	<u>149</u>	<u>83</u>	<u>60</u>	<u>37</u>	<u>329</u>
Net cash outflow on acquisition						
Cash paid during the year ended 31 December 2022		–	–	108,327	27,572	135,899
Less: Cash and cash equivalents acquired		<u>(18,969)</u>	<u>(1,945)</u>	<u>(27,087)</u>	<u>(741)</u>	<u>(48,742)</u>
		<u>(18,969)</u>	<u>(1,945)</u>	<u>81,240</u>	<u>26,831</u>	<u>87,157</u>

During the year ended 31 December 2022, the Company have settled the consideration payable for prior year acquisition of approximately HK\$7,170,000 and the total cash paid for acquisition of subsidiaries, net of cash acquired, during the period is approximately HK\$94,327,000.

Notes:

(i) Brand name

The brand name arising from business combination represents the reputable and established brand that is widely recognised by public in the dental industry. None of the brand name recognised is expected to be deductible for income tax purposes.

(ii) Non-controlling interests

The non-controlling interests were recognised at their proportionate share of the recognised amounts of identifiable net assets.

(iii) Goodwill

The goodwill arises from a number of factors including expected synergies through leveraging the expertise and reputation of the Group, the local knowledge and experience of the acquirees and the established workforce including ophthalmologists, local doctors, dentists and supporting staff. None of the goodwill recognised is expected to be deductible for income tax purposes.

(iv) Acquisition-related costs

Acquisition-related costs represent legal and professional fees incurred to effect the business combinations. Total acquisition-related costs amounted to HK\$329,000 which is charged to the consolidated statement of comprehensive income for the year ended 31 December 2022.

(v) Revenue and profit contribution

Champion Eye contributed revenue of approximately HK\$150,723,000 and net profit of approximately HK\$3,429,000 to the Group since acquisition date. OPT contributed revenue of approximately HK\$22,253,000 and net profit of approximately HK\$3,486,000 to the Group since acquisition date. Shenzhen CKJ Group contributed revenue of approximately HK\$124,962,000 and net loss of approximately HK\$38,626,000 to the Group since acquisition date. Other clinics contributed revenue of approximately HK\$11,875,000 and net profit of approximately HK\$182,000 to the Group since acquisition date. Had the business combinations taken place at 1 January 2022, the consolidated statement of comprehensive income would show pro-forma revenue and net loss of approximately HK\$1,749,105,000 and HK\$55,820,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview and business development and prospect

As the pandemic struck again in Mainland China in the second half of 2022, with the highly transmissible Omicron variant ravaging many regions, especially in first and second-tier cities where our eye hospitals were located, the Group faced short-term challenges in Mainland China during the second half of 2022 as the market conditions deteriorated. However, the Group maintained its growth momentum and continued with the plan to expand our service network in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**GBA**”) (粵港澳大灣區) and other Mainland China regions. Despite the challenges, our diversified portfolio of businesses remained resilient. Leveraging on our strong reputation in providing quality medical services, our revenue increased by 55.7%, reaching HK\$1,731.9 million, and our core medical service revenue (comprising of provision of ophthalmic services, sales of vision aid products and provision of dental and other medical services) increased by 28.9%, reaching HK\$1,433.6 million, for the year ended 31 December 2022.

Benefiting from the rebound in economic activities in Mainland China in the first quarter of 2023, the Group recorded a very strong revenue growth, laying a solid foundation of business development for our medical businesses for the current financial year. Furthermore, the easing of COVID-19 rules and restrictive border control measures between Mainland China and Hong Kong is expected to have an immediate positive impact on our newly acquired dental business in Shenzhen which, based on the latest preliminary operational data in 2023, suggested that its business level has already returned to the pre-pandemic level.

Development in Hong Kong

Although the COVID-19 situation remained precarious, during the year ended 31 December 2022, we were committed to maintaining proactive business development. This was achieved in part by the Group expanding our service portfolio by leveraging our expertise in quality medical management and the recognition of our brand and our capabilities from our patients. In 2021, we started our business in dental, optometry, oncology, and medical aesthetics in Hong Kong. In 2022, we continued to expand our business scope in these areas.

In January 2022, the Group acquired 100% of the equity interests in Champion Eye Centre Limited (“**Champion Eye**”) (嘉賓眼科中心有限公司), which has over 20 years of history and operates two clinics in Jordan and Causeway Bay in Hong Kong. This increased the Group’s market share, expanded our medical team and further solidified the leadership position of the Group in the ophthalmology sector in Hong Kong.

To expand our services offering in the area of myopia control, optometry assessments and spectacles and contact lens prescriptions in Hong Kong, we have acquired 60% of the equity interest in The Optometry (OPT) Centre Limited (“OPT”), an optometry group with centres located in Sai Wan, North Point, Mong Kok, and Tseung Kwan O, and completion of the acquisition took place in January 2022. This complemented the Group’s existing business, created patient traffic from these optometry centres to the Group’s ophthalmology clinic network, and further expanded the Group’s service network to additional locations in Hong Kong. In October 2022, a new optometry centre was opened in Diamond Hill. It is expected that OPT will further expand into different locations in Hong Kong to expand our customer base.

For our dental business in Hong Kong, we started to provide our services in Causeway Bay, Tsim Sha Tsui, Diamond Hill and Shatin in 2021, and we expanded our service locations to Central, Kwun Tong, and Wan Chai in 2022.

Further, we started our clinical research business in July 2022, which may bring us opportunities for collaboration with different biotech companies for, among other things, research and clinical work. We expanded our general practice clinic network to Tai Wai and Olympic (Tai Kok Tsui) in Hong Kong in April 2022 and July 2022 respectively.

In addition, the Group has been a distributor of COVID-19 related medical consumables in Hong Kong since February 2022. In view of the severe outbreak of the fifth wave of COVID-19 pandemic in Hong Kong in the first quarter of 2022, the revenue from the sales of COVID-19 related medical consumables amounted to HK\$298.3 million during the year ended 31 December 2022, which partly neutralised the adverse impact on the Group’s medical business arising from the restrictive pandemic control measures that were put in place to limit the spread of COVID-19.

Development in Mainland China

Our ophthalmic service network in Mainland China mainly included nine eye hospitals, namely Futian (Shenzhen), Baoan (Shenzhen), Beijing, Shanghai, Guangzhou, Zhuhai, Huizhou, Kunming, Jieyang and two eye centres in Fuzhou and Nanshan (Shenzhen), of which six of them are located in the GBA.

We experienced substantial development in Mainland China with the setting up of eye clinics, centres and hospitals during the year ended 31 December 2022. Our ninth and tenth eye hospital/centre are located in Guangzhou (廣州) and Jieyang (揭陽) of Guangdong Province (廣東省), which commenced operations in April 2022 (with an area of about 5,400 square meters with four operating theatres and twelve consultation rooms), and in August 2022 (with an area of about 5,500 square meters with three operating theatres and three consultation rooms), respectively. Furthermore, our eye clinic in Nanshan, Shenzhen commenced operations in June 2022. This further strengthened our service network in Shenzhen and the rest of the GBA.

In addition, the Group is in the progress of setting up an eye hospital in Foshan (佛山) of Guangdong Province (廣東省) and it is expected that the eye hospital will commence operations in the second half of 2023.

Our hospitals in Zhuhai, Shenzhen (Futian) and Guangzhou are designated hospitals under the Measure of allowing Designated Healthcare Institutions operating in the GBA to use drugs and medical devices that are registered and being used in Hong Kong but are not yet registered by National Medical Products Administration (港澳藥械通). With the supportive measures and our medical experiences in Hong Kong, the Group is expected to be at a better position to serve the patients in the GBA giving patients who receive treatment from us in the GBA faster access to innovative and effective treatments.

In February 2022, we completed our acquisition of 61.5% equity interest of Shenzhen C-MER Aikangjian Dental Group Co., Ltd. (formerly known as Shenzhen Aikangjian Group Co., Ltd.) (“**Shenzhen CKJ**”) which became a non-wholly owned subsidiary of the Company. Shenzhen CKJ is a leading and reputable dental clinic chain in Shenzhen and the GBA with 26 years of history and a sizeable service network. Acquisition of Shenzhen CKJ not only allowed us to have an immediate and sizeable presence in the growing dental market in Shenzhen and the GBA, it also significantly enhanced our network and influence in the area. Together with Shenzhen CKJ, we have become one of the largest private medical service groups in Shenzhen with three hospitals (two eye hospitals and a dental hospital), an eye centre and 12 dental clinics. We believe that we are well-positioned to continue to expand in and exploit the sizeable and growing healthcare market in Shenzhen. Since the easing of COVID-19 rules and restrictive border measures between Mainland China and Hong Kong in February 2023, we have observed an immediate positive impact on our dental business in Shenzhen which, based on the most recent preliminary operations data, soared to the pre-pandemic level in the first quarter of 2023.

Revenue Overview

Our revenue had experienced a rapid growth during the year ended 31 December 2022, which amounted to HK\$1,731.9 million (2021: HK\$1,112.6 million), representing a significant increase of 55.7%. The increase was due to (i) the revenue from sales of medical consumables in Hong Kong starting from February 2022, which amounted to HK\$298.3 million during the year; (ii) the increase in revenue from our medical services in Hong Kong by 48.1% to HK\$805.7 million (2021: HK\$543.9 million); and (iii) the revenue from the our newly acquired dental business in Shenzhen, Shenzhen CKJ, which amounted to HK\$125.0 million after the completion in February 2022 and up to 31 December 2022, and netted off by (iv) the decrease in revenue from our ophthalmic services in Mainland China mainly due to the pandemic control measures that were put in place to limit the spread of COVID-19 in the second half of 2022.

For the year ended 31 December 2022, we generated 63.7% (2021: 48.9%) of our revenue in Hong Kong and 36.3% (2021: 51.1%) of our revenue in Mainland China.

Our revenue derived from our operations in Hong Kong increased by 103.0% to HK\$1,104.0 million (2021: HK\$543.9 million) due to the new business segment of the sales of medical consumables, the integration of our newly acquired businesses and the organic growth of our ophthalmic, dental and other medical services. Moreover, our core medical service revenue generated from Hong Kong also increased by 48.1% to HK\$805.7 million (2021: HK\$543.9 million) despite the adverse impact of the pandemic on Hong Kong. This demonstrated our leading market position and the resilient demand for quality medical service in Hong Kong.

Our revenue derived from our operation in the Mainland China recorded an increase of 10.4% during the year ended 31 December 2022 as a result of the integration of our newly acquired business of Shenzhen CKJ, and netted off by the decrease in revenue from our ophthalmic services in Mainland China mainly due to the pandemic control measures that were put in place to limit the spread of COVID-19 in the second half of 2022.

In the midst of COVID-19, the total revenue from the hospitals in Futian and Baoan, Shenzhen decreased slightly by 16.2% and amounted to HK\$261.4 million (2021: HK\$311.8 million) for the year ended 31 December 2022, mainly due to the pandemic control measures that were put in place to limit the spread of COVID-19 in the second half of 2022.

Despite the approval as a Medical Insurance Designated Medical and Pharmaceutical Institution (醫保定點醫療機構) for our Beijing hospital in January 2022 which would broaden our patient base, our eye hospital in Beijing was adversely affected by the outbreak of COVID-19 in the region in April 2022 and the second half of 2022, and the revenue of this eye hospital decreased by 38.8% and amounted to HK\$59.9 million (2021: HK\$97.8 million).

Our eye hospital in Shanghai had a challenging first half of 2022 due to the stringent COVID-19 restrictions imposed across the city. From March onwards, there was a serious deterioration in business as various lockdowns commenced. The revenue of the eye hospital in Shanghai decreased by 24.1% and amounted to HK\$49.7 million (2021: HK\$65.5 million).

The other two acquired eye hospitals in Kunming and Zhuhai contributed HK\$60.6 million (2021: HK\$61.8 million), and HK\$37.2 million (2021: HK\$24.9 million) to the revenue of the Group, respectively, during the year ended 31 December 2022. Operations have been running smoothly and positively after the acquisitions.

The eye hospitals in Huizhou, Guangzhou and Jieyang and the eye centre in Fuzhou commenced full operations in March 2021, April 2022, August 2022 and December 2021 and contributed HK\$13.9 million (2021: HK\$6.8 million), HK\$11.4 million (2021: Nil), HK\$2.1 million (2021: Nil) and HK\$6.3 million (2021: Nil) to the revenue of the Group, respectively, during the year ended 31 December 2022.

FINANCIAL REVIEW

Revenue

We are an ophthalmic, dental and other medical service provider in Hong Kong and Mainland China. Our ophthalmologists/physicians are specialised in the fields of cataract, glaucoma, strabismus and refractive surgeries and external eye diseases. Our dentists have expertise and qualifications across a wide range of specialty areas, covering general dentistry, orthodontics and implantology. Our revenue is derived from our fees charged to our clients on consultation, procedures, surgeries, and other medical services, as well as the sales of vision aid products, including glasses and lens, and medical consumables. The following table sets forth our revenue for the years indicated as a percentage of total revenue:

	Year ended 31 December					
	2022		2021		Change	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Provision of ophthalmic services	1,074,301	62.0	920,049	82.7	154,252	16.8
Sales of medical consumables	298,342	17.2	–	–	298,342	N/A
Provision of dental and other medical services	198,279	11.5	52,186	4.7	146,093	279.9
Sales of vision aid products	160,981	9.3	140,342	12.6	20,639	14.7
	<u>1,731,903</u>	<u>100.0</u>	<u>1,112,577</u>	<u>100.0</u>	<u>619,326</u>	<u>55.7</u>

Our revenue was generated from Hong Kong and Mainland China. In Hong Kong, our service network mainly included our five day surgery centres and eight satellite clinics for our ophthalmic services, six dental clinics, six optometry centres, three general practice clinics, an oncology centre and a one-stop centre for medical aesthetics, dental and ophthalmic services located in a prime location in Tsim Sha Tsui. In Mainland China, our service network included nine eye hospitals in Shenzhen (Futian and Baoan), Beijing, Shanghai, Guangzhou, Zhuhai, Kunming, Huizhou, Jieyang, our two eye centres in Fuzhou and Nanshan and our three satellite eye clinics in Shanghai, and a dental hospital and 12 dental clinics in Shenzhen. The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Year ended 31 December					
	2022		2021		Change	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	1,103,998	63.7	543,909	48.9	560,089	103.0
Mainland China	627,905	36.3	568,668	51.1	59,237	10.4
	<u>1,731,903</u>	<u>100.0</u>	<u>1,112,577</u>	<u>100.0</u>	<u>619,326</u>	55.7

Our total revenue during the year ended 31 December 2022 recorded a significant increase of 55.7% as compared with our total revenue during the year ended 31 December 2021. In addition to the new business segment of the sales of medical consumables which recorded revenue of HK\$298.3 million, the increase was primarily driven by (i) the increase in the revenue generated from the provision of ophthalmic services to HK\$1,074.3 million during the year ended 31 December 2022 from HK\$920.0 million during the year ended 31 December 2021, representing an increase of 16.8%, which was primarily attributable to the increase in the number of surgeries performed by us in Hong Kong and the increase in the average surgery fee in Hong Kong and (ii) the increase in the revenue generated from the provision of dental and other medical services to HK\$198.3 million during the year ended 31 December 2022 from HK\$52.2 million during the year ended 31 December 2021, representing an increase of 279.9%, which was primarily attributable to the contribution by our newly acquired business of Shenzhen CKJ after its integration into our Group.

The revenue generated by our business operations in Hong Kong accounted for 63.7% of our total revenue. As a percentage of our total revenue, revenue from Hong Kong increased from 48.9% for the year ended 31 December 2021 due to the quick growth of our revenue in Hong Kong in 2022 by 103.0%, which grew at a faster pace than that in Mainland China, which grew by 10.4% in 2022.

Provision of ophthalmic services

Our revenue generated from the provision of ophthalmic services may be broadly divided into two categories, namely (1) consultation and other medical service fees and (2) surgery fees. The following table sets forth our revenue by category for the years indicated as a percentage of total revenue generated from the provision of ophthalmic services:

	Year ended 31 December				Change	
	2022		2021			
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Consultation and other medical service fees						
– Hong Kong	250,254	23.3	181,356	19.7	68,898	38.0
– Mainland China	97,929	9.1	124,361	13.5	(26,432)	(21.3)
	348,183	32.4	305,717	33.2	42,466	13.9
Surgery fees						
– Hong Kong	449,078	41.8	307,457	33.4	141,621	46.1
– Mainland China	277,040	25.8	306,875	33.4	(29,835)	(9.7)
	726,118	67.6	614,332	66.8	111,786	18.2
Total	1,074,301	100.0	920,049	100.0	154,252	16.8

The ophthalmic services provided by us focused on surgeries for the treatment of not only cataract, glaucoma and strabismus, but also eye diseases including corneal and vitreoretinal diseases. Generally speaking, ophthalmic services provided by us are outpatient or day care procedures, performed under local anaesthesia. Hence, unlike other hospitals, clinics or nursing homes, we are not constrained by bed capacity and do not focus on providing large inpatient facilities at our eye centres, hospitals or clinics.

Our revenue generated from our eye hospitals, eye centres, eye clinics and optometry centres can be broadly divided into different categories, namely (1) consultation, examination, laser procedures and other procedures, (2) refractive surgeries, (3) cataract surgeries, (4) other surgeries and (5) sales of vision aid products which included our optometry services, which accounted for 28.2%, 28.1%, 17.1%, 13.6% and 13.0%, respectively, as a percentage of the total revenue for the Group derived from our ophthalmic business during the year ended 31 December 2022.

The following table sets forth the total surgery fees, the total number of surgeries performed by us and the average fee per surgery:

	Year ended 31 December		Change %
	2022	2021	
For Hong Kong			
Total surgery fee (<i>in HK\$'000</i>)	449,078	307,457	46.1
Number of surgeries performed by us	15,969	11,478	39.1
Average surgery fee (<i>HK\$</i>)	28,122	26,787	5.0
For Mainland China			
Total surgery fee (<i>in HK\$'000</i>)	277,040	306,875	(9.7)
Number of surgeries performed by us	19,062	23,661	(19.4)
Average surgery fee (<i>HK\$</i>)	14,534	12,970	12.1

In Hong Kong, the average surgery fee increased by 5.0% due to the change of the type of surgery mix. Also, the surgery volume increased during the year ended 31 December 2022 as a result of the increasing number of our Hong Kong ophthalmologists and the demand of quality medical services.

In Mainland China, the average surgery fee increased by 12.1% due to the change of surgery mix during the year ended 31 December 2022. The number of surgeries decreased by 19.4% to 19,062 during the year ended 31 December 2022 mainly due to the pandemic control measures that were put in place to limit the spread of COVID-19 in the second half of 2022.

Sales of medical consumables

The Group has been a distributor of COVID-19 related medical consumables in Hong Kong since February 2022, and the revenue from the sales amounted to HK\$298.3 million, representing approximately 17.2% (2021: Nil) of our total revenue for the year ended 31 December 2022, which partly neutralised the adverse impact to the Group's medical business arising from the restrictive pandemic control measures that were put in place to limit the spread of COVID-19.

Provision of dental and other medical services

We started our dental, oncology, medical aesthetics and laboratory services in 2021 and our revenue generated from these services during the year ended 31 December 2022 amounted to approximately HK\$198.3 million (2021: HK\$52.2 million), representing approximately 11.5% (2021: 4.7%) of our total revenue.

Sales of vision aid products

We also generate revenue from the sales of vision aid products including glasses and lens. The sales were conducted by us through the assessment of patients by optometrists employed by us in Hong Kong and Mainland China. During the year ended 31 December 2022, our revenue generated from the sales of vision aid products amounted to HK\$161.0 million (2021: HK\$140.3 million), representing an increase of 14.7% year over year.

Cost of revenue

The following table sets forth an analysis of our cost of revenue for the years indicated, both in terms of Hong Kong dollars and as a percentage of total revenue:

Cost of revenues breakdown	Year ended 31 December				Change	
	2022		2021			
	<i>HK\$'000</i>	<i>% to revenue</i>	<i>HK\$'000</i>	<i>% to revenue</i>	<i>HK\$'000</i>	<i>%</i>
Doctors' consultation fees	342,978	19.8	204,623	18.4	138,355	67.6
Cost of inventories and medical consumables sold	504,901	29.2	272,259	24.5	232,642	85.4
Staff salaries and allowance	245,696	14.2	140,088	12.6	105,608	75.4
Depreciation of right-of-use assets	84,093	4.8	60,820	5.5	23,273	38.3
Depreciation of property, plant and equipment	56,349	3.2	38,226	3.4	18,123	47.4
Others	50,189	2.9	38,333	3.4	11,856	30.9
Total	<u>1,284,206</u>	<u>74.1</u>	<u>754,349</u>	<u>67.8</u>	<u>529,857</u>	70.2

As compared with the year ended 31 December 2021, during the year ended 31 December 2022, in Mainland China, apart from the newly acquired Shenzhen CKJ with a dental hospital and 12 dental clinics in Shenzhen, there were three new service locations that commenced operations to meet the increased demand of ophthalmic services, including the eye hospitals in Guangzhou and Jieyang, and the eye centre in Fuzhou, which commenced operation in April 2022, August 2022 and December 2021 respectively; they together made primary contributions to the increase of cost of revenue. In Hong Kong, as compared with the year ended 31 December 2021, during the year ended 31 December 2022, there were two newly acquired day surgery centres of Champion Eye, a new satellite clinic for our ophthalmic services, five optometry centres of OPT, four dental clinics and two general practice clinics, and they together made primary contributions to the increase of cost of revenue.

Accordingly, our cost of revenue increased by 70.2% from HK\$754.3 million for the year ended 31 December 2021 to HK\$1,284.2 million for the year 31 December 2022, primarily as a result of (i) an increase in cost of inventories and medical consumables sold of HK\$232.6 million, (ii) an increase in doctors' consultation fees of HK\$138.4 million, and (iii) an increase in staff salaries and allowance of HK\$105.6 million.

Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin according to geographical markets for the years indicated:

	Year ended 31 December		2021		Change	
	2022		2021			
	Gross Profit	GP %	Gross Profit	GP %	Gross Profit	%
	HK\$'000		HK\$'000		HK\$'000	
HK medical business	187,122	23.2	154,383	28.4	32,739	21.2
Sales of medical consumables	108,902	36.5	–	–	108,902	N/A
Mainland China ophthalmic business	139,457	27.7	203,845	35.8	(64,388)	(31.6)
Mainland China dental business	12,216	9.8	–	–	12,216	N/A
	<u>447,697</u>	<u>25.9</u>	<u>358,228</u>	<u>32.2</u>	<u>89,469</u>	<u>25.0</u>

With the expanded scope of our operations, our gross profit for the year ended 31 December 2022 amounted to HK\$447.7 million, representing an increase of 25.0% from HK\$358.2 million during the year ended 31 December 2021. Our gross profit margin was 25.9% during the year ended 31 December 2022, as compared with 32.2% during the year ended 31 December 2021. The gross profit margin for our business segment of Mainland China ophthalmic business decreased to 27.7% from 35.8%, primarily due to the COVID-19 restrictions imposed in certain Mainland China cities that the Group operated during the year ended 31 December 2022, and the gross profit margin for our business segment of HK medical business recorded a decrease to 23.2% from 28.4% due to the adverse impact of COVID-19. Our new business segments of sales of medical consumables and Mainland China dental business recorded a gross profit margin of 36.5% and 9.8%, respectively.

Selling expenses

Our selling expenses remained relatively constant at HK\$126.8 million (2021: HK\$126.4 million). The amount of selling expenses, as a percentage of our total revenue, decreased from 11.4% for the year ended 31 December 2021 to 7.3% for the year ended 31 December 2022. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses during the year ended 31 December 2022 amounted to HK\$345.3 million and had an increase of 47.5% as compared with HK\$234.1 million during the year ended 31 December 2021. The increase in our administrative expenses during the year was primarily driven by the increase in our staff salaries and allowances and depreciation of fixed assets and right-of-use assets as a result of business expansion.

Other income

Our other income during the year ended 31 December 2022 consisted primarily of the management fee income from an associate and government grants, and increased to HK\$28.7 million from HK\$10.6 million during the year ended 31 December 2021. The increase was primarily contributed by the increase in management fee income from an associate.

Other losses, net

Our other losses, net during the year ended 31 December 2022 amounted to HK\$40.7 million and mainly consisted of loss on a financial asset at fair value through profit or loss and exchange losses, net.

Finance costs, net

Our finance costs, net during the year ended 31 December 2022 amounted to HK\$12.5 million and mainly consisted of interest expenses on leases netted off by bank interest income.

Income tax expense

Our income tax expense during the year ended 31 December 2022 amounted to HK\$35.0 million, representing an increase of 228.8% from HK\$10.6 million during the year ended 31 December 2021. The increase was primarily due to the increase in the profit before tax for the operations in Hong Kong.

(Loss)/profit for the year

As a result of the foregoing, our loss for the year ended 31 December 2022 amounted to HK\$46.2 million (2021: profit of HK\$16.2 million), the decrease was primarily due to the adverse impact of COVID-19 and the losses incurred by the operations in Mainland China, which was partially offset by profits derived from the sales of medical consumables in Hong Kong and an increase in the share of profit from an associate which carries out medical laboratory services in Hong Kong.

Capital expenditure and commitments

For the year ended 31 December 2022, the Group incurred capital expenditures of HK\$244.8 million, primarily due to addition of right-of-use assets and purchase of equipment and leasehold improvements for our hospitals, centres and clinics.

As at 31 December 2022, the Group had a total capital commitment of approximately HK\$47.7 million (2021: HK\$312.4 million), mainly comprising the related contracts of capital expenditure for construction of our headquarters in Pingshan, Shenzhen and leasehold improvements for our hospitals.

Gearing ratio

As at 31 December 2022, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (2021: same).

Contingent liabilities

The Group had no material contingent liability as at 31 December 2022.

Pledge of assets

On 17 February 2022, the Group completed its investment to own an 61.5% equity interest of Shenzhen CKJ at a total consideration of RMB430,500,000. Under the relevant equity investment agreements, the Group shall give security against its payment obligations under the said agreements, and interests representing approximately RMB34.6 million, or 55.0%, of Shenzhen CKJ's registered capital had been pledged under this arrangement (the "**Shenzhen CKJ Share Pledge**"), and such security have been fully released on 9 March 2023 as all payment obligations by the Group have been fulfilled.

Further details of the Shenzhen CKJ Share Pledge and the Shenzhen CKJ investment can be found in the announcements of the Company dated 3 September 2021, 24 November 2021 and 17 February 2022, respectively.

In addition, the Group had buildings of HK\$50.8 million in Mainland China which were pledged as security for bank borrowings as at 31 December 2022.

Save for the above, the Group had no pledge of assets as at 31 December 2022.

Financial instruments

Our major financial instruments include trade receivables, other receivables excluding prepayments, cash and cash equivalents, bank deposits, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, trade payables, other payables excluding non-financial liabilities, amount due to non-controlling interests, bank borrowings and lease liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

Foreign exchange risk

Our subsidiaries mainly operate in Hong Kong and Mainland China with most of the transactions settled in HK\$ and RMB, respectively. Foreign exchange rate risk arises when recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2022, the financial assets and liabilities of our subsidiaries in Hong Kong and Mainland China were primarily denominated in HK\$ and RMB, respectively. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's foreign exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. We do not anticipate significant impact resulted from the reasonable possible change in interest rates.

The Group's fair value interest rate risk mainly arises from lease liabilities at fixed interest rates.

Credit risk

Our credit risk mainly arises from trade receivables, deposits and other receivables and cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The credit risk of cash and cash equivalents are limited because the counterparties are state-owned or reputable commercial banks which are high-credit-quality financial institutions located in Hong Kong or Mainland China.

We have a highly diversified source of patients, without any single patient contributing material revenue. Moreover, some of our revenue is settled by reputable commercial companies and local government on behalf of patients. We have controls to closely monitor the patients' billing and payment status by communication with commercial companies and local government to minimise the credit risk.

Employees and remuneration policies

As at 31 December 2022, the Group employed a total of 2,115 employees (2021: 1,461). The increase in the number of employees was mainly due to the increase in the scale of the Group's business.

The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors (including the executive Directors), we take into account the experience of the Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual performance related bonus. Share options and/or awards are granted to selected employees to reward their contributions under the share option scheme and the share award scheme of the Company, details of which will be set forth in the Company's 2022 annual report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's business.

Events after the date of statement of financial position

There were no significant events affecting the Group which have occurred after 31 December 2022 and up to date of this announcement.

OUTLOOK AND STRATEGIES

Despite a highly challenging environment in 2022, after the relaxation of the restrictive COVID-19 preventive measures in December 2022, the Group experienced a significant rebound in business in 2023 alongside with the strong rebound in economic and consumption activities in Mainland China. With the completion of the acquisition of Shenzhen CKJ, the Group is not only the largest ophthalmic service provider in Hong Kong but also one of the largest private medical service groups in Shenzhen. Our expanded service network and service scope, together increasing brand influence in Hong Kong and Shenzhen (C-MER and Shenzhen CKJ have 10 and 27 years of history, respectively) will expedite our expansion in Hong Kong, Shenzhen and the rest of the GBA market.

The implementation of the favorable policies to the medical industry in Mainland China, the development of the GBA and the increasing urbanisation and living standards of the middle-class population in Mainland China are expected to stimulate the demand for high-quality ophthalmic, dental and other medical services. The Group is prepared to exploit the business opportunities by implementing the following strategies:

- establish or acquire eye hospitals, eye centres and clinics in Hong Kong, Shenzhen and selected Mainland China cities including cities in the GBA;
- establish or acquire dental clinics and other speciality medical clinics in Hong Kong and Shenzhen;

- continue to improve our operational capacity and service capability; and
- identify suitable strategic partners for development, manufacture and distribution of myopia control related products.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

During the year ended 31 December 2022, the Company has applied the principles as set forth in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) which are applicable to the Company.

In the opinion of the Board, during the year ended 31 December 2022, the Company has complied with all applicable code provisions as set forth in the CG Code, save and except for a deviation from the code provision C.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. LAM Shun Chiu Dennis is both our Chairman and Chief Executive Officer and is responsible for the overall management of the Group and directing the strategic development and business plans of the Group.

The Board believes that vesting the roles of the Chairman and Chief Executive Officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Dr. LAM Shun Chiu Dennis) and six independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

Further information on the corporate governance practices of the Company will be set forth in the corporate governance report in the annual report of the Company for the year ended 31 December 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements are primarily used to satisfy the working capital needs for our business operations. Our principal sources of liquidity are cash generated from our business operations, our bank deposits and our bank borrowings. During the year ended 31 December 2022, we have completed two share subscriptions and net proceeds of approximately HK\$606.8 million were received by the Company. As at 31 December 2022, we had cash and cash equivalents of HK\$644.7 million, short-term bank deposits of HK\$31.3 million and bank borrowings of HK\$34.3 million, most of which were denominated in either US dollars, Renminbi or Hong Kong dollars.

As at 31 December 2022, all of the Group's borrowings of HK\$34.3 million (2021: 179.4 million) are repayable on demand or repayable within one year and the effective interest rate of borrowings was 5.49% per annum (2021: 2.44%). All of these borrowings were denominated in either Renminbi or Hong Kong dollars, and were subject to either fixed interest rates or floating interest rates. During the year ended 31 December 2022, the Group did not use any financial instruments, currency borrowings or other hedging instruments for hedging purposes.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 December 2022, the gearing ratio is not applicable due to net cash position (2021: same).

The current ratio (calculated as current assets over current liabilities) was 1.63 times as at 31 December 2022 compared with 1.83 times as at 31 December 2021.

As at 31 December 2022, the Group reported net current assets of HK\$331.8 million, as compared with HK\$338.1 million as at 31 December 2021.

Net cash generated from operating activities was HK\$164.9 million during the year ended 31 December 2022 (2021: HK\$144.4 million). The increase was mainly attributed to increase in business scale during the year ended 31 December 2022.

Net cash used in investing activities amounted to HK\$195.7 million during the year ended 31 December 2022 as compared to HK\$395.7 million during the year ended 31 December 2021. The Group invested approximately HK\$94.3 million for acquisitions of subsidiaries, net of cash acquired, and approximately HK\$89.0 million for acquisition of property, plant and equipment.

During the year ended 31 December 2022, net cash generated from financing activities amounted to HK\$293.7 million, as compared to net cash generated from financing activities of HK\$85.1 million during the year ended 31 December 2021. The cash generated from financing activities for the year ended 31 December 2022 was mainly from the net proceeds from issuance of shares under the two share subscriptions in the aggregate amount of HK\$606.8 million, netted off by repayment of borrowings of HK\$193.2 million and lease payments of HK\$132.9 million.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

To explore opportunities for strategic partnerships, alliances and investment and expand our service offerings into other medical services and projects including medical laboratory, dental and optometry services, the Group made the following significant investments and acquisitions to complement and leverage the Group's existing services and enhance the Group's medical services as an integrated medical service provider.

On 19 January 2022, the Group completed the acquisition of 100% of the equity interests in Champion Eye, of which the purchase consideration was settled by allotment and issue of 8,790,000 shares of the Company (their value being approximately equivalent to HK\$50,367,000 based on the published share price on the agreed date, 20 January 2022), under the sale and purchase agreements dated 4 January 2022. Champion Eye contributed revenue of approximately HK\$150.7 million and net profit of approximately HK\$3.4 million to the Group since the completion of its acquisition and up to 31 December 2022. Further details of the acquisition of Champion Eye can be found in the announcement of the Company dated 4 January 2022.

On 19 January 2022, the Group completed the acquisition of 60% of the equity interests in OPT, at a total consideration of HK\$34,500,000 (comprising of an acquisition price of HK\$13,800,000 and a shareholder's loan of HK\$20,700,000 provided to OPT), under an investment agreement dated 10 November 2021. OPT contributed revenue of approximately HK\$22.3 million and net profit of approximately HK\$3.5 million to the Group since the completion of its acquisition and up to 31 December 2022. Further details of the acquisition of OPT can be found in the announcement of the Company dated 10 November 2021.

On 17 February 2022, the Group completed its investment to own an 61.5% equity interest of Shenzhen CKJ at a total consideration of RMB430,500,000 (comprising of a consideration of RMB380,500,000 and capital contribution of RMB50,000,000 in cash) under an equity investment agreement dated 3 September 2021 (as supplemented by a supplemental agreement dated 24 November 2021 (collectively, the “**Equity Investment Agreement**”)) and an equity transfer agreement dated 24 November 2021. The Group's 55.0% equity interests in Shenzhen CKJ were used to provide security for its payment obligations under the Equity Investment Agreement, and such security have been fully released on 9 March 2023 as all payment obligations by the Group have been fulfilled. Shenzhen CKJ contributed revenue of approximately HK\$125.0 million and net loss of approximately HK\$38.6 million to the Group since the completion of its acquisition and up to 31 December 2022. Further details of the Shenzhen CKJ investment can be found in the announcements of the Company dated 3 September 2021, 24 November 2021 and 17 February 2022.

Save as disclosed in this announcement, the Group did not have any other significant investments, acquisitions or disposals for the year ended 31 December 2022.

UPDATES ON THE RESULTS OF REVENUE GUARANTEES AFTER ACQUISITIONS

Reference is made to the Company's announcement on 28 August 2020 in relation to acquisition of a satellite clinic (the “**Acquired Practice**”) in Central from an ophthalmologist. The Company prepared the management accounts of the Acquired Practice for the second twelve months after the closing of the acquisition (i.e. from September 2021 to August 2022) and the revenue guarantee of not less than HK\$12.0 million for the said period had been met.

Reference is made to the Company’s announcement on 10 February 2021 in relation to acquisition of 60% of the equity interests in CAD/CAM Restorative Dental Centre Limited. The Company prepared the management accounts of the CAD/CAM Restorative Dental Centre Limited for the first twelve months after the closing of the acquisition (i.e. from April 2021 to March 2022) and the revenue guarantee of not less than HK\$7.2 million for the same period had been met.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed (the “**Listing**”) on the Stock Exchange since 15 January 2018 (the “**Listing Date**”), and the net proceeds from the global offering (the “**Global Offering**”) amounted to HK\$609.8 million.

To maximise the flexibility of the Group in capturing potential acquisition opportunities as and when such opportunities arise, the Board has resolved and announced on 29 March 2022 to expand the use of the unutilised net proceeds from the Global Offering towards possible acquisition(s), and/or establishment of eye clinic(s), eye centre(s) and eye hospital(s) in Hong Kong and Mainland China. The Directors expect that the amount remaining will be used by the end of 2023.

During the year ended 31 December 2022, net proceeds in the amount of approximately HK\$43.9 million were used, consisting of (1) HK\$8.2 million for establishing the eye clinics in Nanshan (Shenzhen) and the eye centre in Fuzhou, (2) HK\$31.9 million for establishing the eye hospitals in Jieyang and Foshan, and (3) HK\$3.8 million for enhancing the facilities of the eye clinics in Hong Kong.

The table below sets out the actual use of unutilised net proceeds from the Global Offering during the year ended 31 December 2022:

	Planned application of net proceeds	Net proceeds brought forward as at 1 January 2022	Actual usage up to 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline for utilising the remaining unutilised net proceeds
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	
Use of net proceeds from the Global Offering					
Possible acquisition(s), and/or establishment of eye clinic(s), eye centre(s) and eye hospital(s) in Hong Kong and Mainland China	151,121	151,121	43,873	107,248	By the end of 2023

USE OF PROCEEDS FROM THE 2022 FIRST SUBSCRIPTION

On 13 January 2022, the Company entered into a placing and subscription agreement with C-MER Group Limited (the “**Seller**”), Dr. Lam and UBS AG Hong Kong Branch, as the placing agent, in respect of the placing of an aggregate amount of 90,000,000 existing ordinary shares of the Company (the “**Placing Shares**”) at the price of HK\$6.48 per Placing Share to not less than six independent professional, institutional and/or individual investors (the “**2022 Placing**”). The aggregate nominal or par value of the Placing Shares is HK\$9,000,000, and the closing price of the Company as stated in the daily quotation sheet issued by the Stock Exchange on 12 January 2022, being the last full trading date prior to the date of the placing and subscription agreement, was HK\$7.18 per Placing Share. The Seller then subscribed (the “**2022 First Subscription**”) for 76,500,000 ordinary class of Shares (the “**Subscription Shares**”) that were subsequently issued by the Company at the subscription price of HK\$6.48 per Subscription Share (collectively, “**the 2022 Placing and the 2022 First Subscription**”). The Directors considered that the 2022 Placing and the 2022 First Subscription represented an opportunity to strengthen the financial position of the Group and raise capital to provide working capital for the Group, on, among others, merger and acquisition and/or expansion of our hospital and service network while broadening its Shareholder and capital base. The 2022 Placing and the 2022 First Subscription were completed on 17 January 2022 and 20 January 2022, respectively. The aggregate nominal or par value of the Subscription Shares is HK\$7,650,000. The net subscription price (after deduction of the expenses incurred by the Seller in relation to the 2022 Placing and the 2022 First Subscription) of each Subscription Share was approximately HK\$6.41. The net proceeds from the 2022 First Subscription (after deducting relevant fees and expenses borne or incurred by the Company) were approximately HK\$490.6 million. The table below sets out the planned applications of the net proceeds and their actual usage up to 31 December 2022:

Use of net proceeds from the 2022 First Subscription	Planned applications of net proceeds <i>HK\$'000</i>	Percentage of total net proceeds	Net proceeds		Unutilised net proceeds as at 31 December 2022 <i>HK\$'000</i>	Expected timeline for utilising the remaining unutilised net proceeds
			brought forward as at 1 January 2022 <i>HK\$'000</i>	Actual usage up to 31 December 2022 <i>HK\$'000</i>		
For funding merger and acquisition; expansion of our hospital and service network; and as general working capital for the Group	490,600	100%	Not applicable	199,818	290,782	By the end of 2024

During the year ended 31 December 2022, net proceeds from the 2022 First Subscription in the amount of approximately HK\$199.8 million were used, consisting of (1) HK\$36.6 million for the working capital to our hospitals in Mainland China at investment stage and clinics in Hong Kong, (2) a total of HK\$40.5 million for the payment of the acquisition of a dental clinic, a medical clinic, an oncology centre and a clinical research centre, and establishing two dental clinics, two optometry centres and a medical clinic in Hong Kong, and (3) HK\$122.7 million for the payment of the investment in Shenzhen CKJ, which operates a dental business in Shenzhen.

The net proceeds from the 2022 First Subscription have been utilised in accordance with the planned applications as announced in the announcements of the Company dated 13 January 2022 and 20 January 2022 respectively and the Company currently expects to use the unutilised net proceeds by the end of 2024.

USE OF PROCEEDS FROM DECEMBER 2022 SUBSCRIPTION

On 2 December 2022, the Company entered into a subscription agreement with a strategic investor in respect of the subscription of an aggregate amount of 30,056,000 new ordinary shares of the Company at the price of HK\$3.87 per share to the strategic investor (the “**December 2022 Subscription**”). The aggregate nominal or par value of the shares was HK\$3,056,000, and the closing price of the Company as stated in the daily quotation sheet issued by the Stock Exchange on 2 December 2022, being the last full trading date prior to the date of the subscription agreement, was HK\$4.07 per share. The strategic investor is Ginkgo Capital Global Fund SPC – Ginkgo Capital Global Fund I SP, a segregated portfolio of Ginkgo Capital Global Fund SPC, and as at the date of the subscription, all the participating, redeemable, non-voting shares in Ginkgo Capital Global Fund SPC attributable to Ginkgo Capital Global Fund I SP were issued to Wealth Strategy Holding Limited, which was in turn wholly owned by Mr. Kung Hung Ka (龔虹嘉先生). The Directors considered that the subscription represents an opportunity to introduce a long-term and highly respected strategic shareholder with strong background in healthcare industry in Mainland China, and will help accelerate our network expansion in the Greater Bay Area and our research and development in relevant medical devices and therapeutics. The Group may also enter into business

cooperation with the strategic investor when suitable opportunities arise. The December 2022 Subscription was completed on 8 December 2022. The net subscription price (after deduction of the expenses incurred by the Company in relation to the subscription) of each share was approximately HK\$3.86. The net proceeds from the December 2022 Subscription (after deducting relevant fees and expenses borne or incurred by the Company) were approximately HK\$116.2 million. The table below sets out the planned applications of the net proceeds and their actual usage up to 31 December 2022:

Use of net proceeds from the December 2022 Subscription	Planned applications of net proceeds <i>HK\$'000</i>	Percentage of total net proceeds	Net proceeds brought forward as at 1 January 2022	Actual usage up to 31 December 2022	Unutilised net proceeds as at 31 December 2022	Expected timeline for utilising the remaining unutilised net proceeds
			<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
For the expansion of our ophthalmic service network in the Greater Bay Area; the funding of merger and acquisition; and as general working capital for the Group	116,161	100%	Not applicable	–	116,161	By the end of 2025

No net proceeds from the December 2022 Subscription were used up to 31 December 2022. The Company intends to use the net proceeds from the December 2022 Subscription in accordance with the intention previously disclosed by the Company in its announcement dated 2 December 2022 by the end of 2025.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. MA Andrew Chiu Cheung (Chairman of the audit committee), Dr. LI Kwok Tung Donald *SBS OStJ JP* and Ms. BENTLEY Annie Liang. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements and annual results for the year ended 31 December 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions as set forth in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions of the Directors. Employees of the Group (the "**Relevant Employees**") who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. Having made specific enquiry of all directors, each of the Directors has confirmed compliance with the Model Code throughout the year ended 31 December 2022. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the year ended 31 December 2022.

Subsequent to 31 December 2022 and on 17 February 2023, the Company was notified about dealing by the spouse of Mr. CHAN Chi Leong, one of the independent non-executive directors. As informed by the director, the trade was conducted through an online brokerage platform that was operated by the spouse of Mr. CHAN, and involved 8,000 shares of the Company at a total sale price of approximately HK\$38,240. The Company notes that such dealing was done during the "blackout period" without the prior knowledge or approval from Mr. CHAN, but such dealing was not in compliance with the Model Code.

The Company will continue with its practice of (i) reminding the directors of their obligations to not deal in the securities of the Company going forward, including dealings by the directors' spouse, or by or on behalf of any minor child and any other dealings in which for the purpose of Part XV of the SFO he or she is or is to be treated as interested, and (ii) organising trainings to directors of the Company to understand their obligations under the Listing Rules as well as their obligations under the Model Code. In addition, in light of the said incident, it has arranged for trainings to be delivered to all directors again on the Model Code restrictions. Mr. CHAN has also confirmed that he has reminded his spouse that he is subject to dealing restrictions under the Model Code and he will: (1) remind his spouse about the periods where dealing in shareholdings by him under the Model Code will be restricted, and (2) require his spouse to place a moratorium in her respective investment accounts on all trading activities relating to the Company's securities during the until the end of the "blackout period".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the 2022 First Subscription and the December 2022 Subscription, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of our Company on 30 May 2023 are entitled to attend and vote at the AGM. The register of members of our Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 23 May 2023.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 30 May 2023. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cmereye.com. The 2022 annual report and the notice of the AGM will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board

C-MER EYE CARE HOLDINGS LIMITED

Dr. LAM Shun Chiu Dennis

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises four executive Directors, namely, Dr. LAM Shun Chiu Dennis, Ms. LI Xiaoting, Dr. LEE Yau Wing Vincent and Mr. LI Chunshan; and six independent non-executive Directors, namely, Dr. AU YEUNG Rex Pak-kuen, Dr. LI Kwok Tung Donald, Mr. MA Andrew Chiu Cheung, Mr. CHAN Chi Leong, Ms. BENTLEY Annie Liang, and Mr. IP Shu Kwan Stephen.