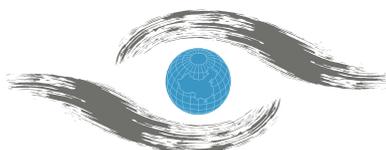


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023**

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	Change
Revenue		1,923,964	1,731,903	11.1%
– Core medical service revenue		1,904,531	1,433,561	32.9%
– Sales of COVID-19 related medical consumables revenue		19,433	298,342	(93.5%)
Gross profit		618,962	447,697	38.3%
Profit/(loss) before income tax		124,269	(11,227)	N/A
Profit/(loss) for the year		86,335	(46,225)	N/A
Profit/(loss) for the year attributable to equity holders of the Company		61,998	(21,875)	N/A
Earnings before interest, taxes, depreciation and amortisation	1	343,491	225,351	52.4%
Gross profit margin (%)		32.2%	25.9%	6.3 pp
Net profit margin (%)		4.5%	N/A	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 the 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 2023, together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	1,923,964	1,731,903
Cost of revenue	6	<u>(1,305,002)</u>	<u>(1,284,206)</u>
Gross profit		618,962	447,697
Other income	4	8,413	28,654
Selling expenses	6	(147,802)	(126,774)
Administrative expenses	6	(354,928)	(345,347)
Other losses, net	5	<u>(5,308)</u>	<u>(40,712)</u>
Operating profit/(loss)		<u>119,337</u>	<u>(36,482)</u>
Finance income		19,890	7,112
Finance costs		<u>(18,122)</u>	<u>(19,656)</u>
Finance income/(costs), net	7	<u>1,768</u>	<u>(12,544)</u>
Share of profit of associates and joint venture		<u>3,164</u>	<u>37,799</u>
Profit/(loss) before income tax		124,269	(11,227)
Income tax expense	8	<u>(37,934)</u>	<u>(34,998)</u>
Profit/(loss) for the year		<u>86,335</u>	<u>(46,225)</u>
Profit/(loss) for the year attributable to:			
– Equity holders of the Company		61,998	(21,875)
– Non-controlling interests		<u>24,337</u>	<u>(24,350)</u>
		<u>86,335</u>	<u>(46,225)</u>

		Year ended 31 December	
	<i>Note</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income/(loss)			
<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		44	13,762
Currency translation difference		(4,643)	(3,534)
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(24,268)</u>	<u>(86,492)</u>
Other comprehensive loss for the year		<u>(28,867)</u>	<u>(76,264)</u>
Total comprehensive income/(loss) for the year		<u>57,468</u>	<u>(122,489)</u>
Total comprehensive income/(loss) for the year attributable to:			
– Equity holders of the Company		37,774	(94,605)
– Non-controlling interests		<u>19,694</u>	<u>(27,884)</u>
		<u>57,468</u>	<u>(122,489)</u>
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– Basic	9	<u>4.94</u>	<u>(1.77)</u>
– Diluted	9	<u>4.94</u>	<u>(1.77)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2023	2022
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		401,515	392,333
Investment properties		12,346	13,038
Right-of-use assets		591,301	665,308
Intangible assets		802,184	821,393
Interests in associates		44,814	41,962
Interest in a joint venture		47,848	–
Financial assets at fair value through other comprehensive income		83,665	74,167
Deferred income tax assets		6,821	6,937
Deposits, prepayments and other receivables		38,006	29,992
		<u>2,028,500</u>	<u>2,045,130</u>
Current assets			
Inventories		38,849	51,378
Trade receivables	11	53,371	47,133
Deposits, prepayments and other receivables		65,420	52,795
Amounts due from associates		5,077	6,739
Financial assets at fair value through profit or loss		11,748	22,484
Short-term bank deposits		32,908	31,330
Cash and cash equivalents		512,762	644,698
		<u>720,135</u>	<u>856,557</u>
Total assets		<u>2,748,635</u>	<u>2,901,687</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		125,556	126,656
Reserves		1,720,258	1,739,405
		<u>1,845,814</u>	<u>1,866,061</u>
Non-controlling interests		147,472	132,178
Total equity		<u>1,993,286</u>	<u>1,998,239</u>

		As at 31 December	
	<i>Note</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Other payables		53,343	2,968
Loans from non-controlling interests		13,800	21,215
Lease liabilities		232,657	281,937
Deferred income tax liabilities		66,224	72,530
		<u>366,024</u>	<u>378,650</u>
Current liabilities			
Trade payables	12	54,916	45,306
Accruals and other payables		136,386	117,112
Contract liabilities		54,189	39,490
Borrowings		1,725	34,257
Amounts due to non-controlling interests		3,331	154,704
Loan from non-controlling interest		7,612	–
Current income tax liabilities		23,970	18,851
Lease liabilities		107,196	115,078
		<u>389,325</u>	<u>524,798</u>
Total liabilities		<u>755,349</u>	<u>903,448</u>
Total equity and liabilities		<u>2,748,635</u>	<u>2,901,687</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 services, 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 dollars (“**HK\$**”) and all values are rounded to nearest thousand (HK\$’000) except when otherwise indicated.

2 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 2023:

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

The adoption of the above new and amended standards did not have any significant financial impact on these 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 2023 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	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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
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 standard 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	
	2023	2022
	HK\$'000	HK\$'000
Provision of ophthalmic services	1,266,248	1,074,301
Provision of dental services	428,098	163,853
Provision of other medical services	47,580	34,426
Sales of vision aid products	162,605	160,981
Sales of medical consumables	19,433	298,342
	<u>1,923,964</u>	<u>1,731,903</u>

During the year ended 31 December 2023, 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	
	2023	2022
	HK\$'000	HK\$'000
Contract liabilities – advanced payments received from clients	<u>54,189</u>	<u>39,490</u>

Revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities balance at the beginning of the year amounted to approximately HK\$39,490,000 (2022: HK\$10,728,000).

(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.

The chief operating decision-maker assesses 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 and other medical 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

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

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

The segment results for the year ended 31 December 2023 are as follows:

	Year ended 31 December 2023				
	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	932,087	19,433	587,710	384,734	1,923,964
Gross profit	251,248	8,129	207,510	152,075	618,962
Selling expenses	(18,137)	–	(108,634)	(21,031)	(147,802)
Administrative expenses	(123,885)	(432)	(182,957)	(47,654)	(354,928)
Share of profit of associates and joint venture	3,164	–	–	–	3,164
Segment results	112,390	7,697	(84,081)	83,390	119,396
Other income					8,413
Other losses, net					(5,308)
Finance income					19,890
Finance costs					(18,122)
Profit before income tax					124,269
Income tax expense					(37,934)
Profit for the year					<u>86,335</u>
Other segment information					
Additions to non-current assets	80,543	–	115,950	27,698	224,191
Depreciation and amortisation	(76,979)	(428)	(115,381)	(28,202)	(220,990)
(Losses)/gains on early termination of lease	(1,620)	–	247	–	(1,373)
Losses on disposal of property, plant and equipment, net	(18)	–	(91)	(12)	(121)

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

	Year ended 31 December 2022				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	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					<u>(46,225)</u>
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)

As at 31 December 2023, the total non-financial non-current assets including property, plant and equipment, investment properties, right-of-use assets and intangible assets located in Hong Kong and Mainland China are approximately HK\$273,663,000 and HK\$1,533,683,000 respectively (2022: HK\$279,366,000 and HK\$1,612,706,000).

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 2023 (2022: same).

4 OTHER INCOME

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Management fee income	3,233	18,884
Rental income	770	352
Government grants (<i>Note</i>)	3,391	8,792
Others	1,019	626
	<u>8,413</u>	<u>28,654</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, NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Gains on fair value change of contingent consideration receivables	(12,610)	–
Losses on disposal of property, plant and equipment, net	121	425
Losses on early termination of lease	1,373	–
Losses on financial assets at fair value through profit or loss	10,736	33,220
Losses on write-off of non-current assets	2,504	–
Losses on write-off of trade receivables	137	7
Exchange losses, net	3,047	7,060
	<u>5,308</u>	<u>40,712</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Amortisation of intangible assets	1,537	1,428
Auditor's remuneration		
– Audit services	2,330	2,280
– Non-audit services	158	136
Depreciation of property, plant and equipment	77,637	86,274
Depreciation of investment properties	335	353
Depreciation of right-of-use assets	141,481	135,979
Doctors' consultation fees	400,902	342,978
Cost of inventories and consumables sold	395,133	504,901
Employee benefit expenses	526,996	446,959
Short-term lease expenses	4,563	3,327
Legal and professional fees	5,075	7,769
Share-based payment expenses to doctors and consultants	114	985
Promotion expenses	145,610	125,646
Bank service charges	13,497	11,711
Repair and maintenance fees	13,693	12,813
Others	78,671	72,788
	<u>1,807,732</u>	<u>1,756,327</u>
Total cost of revenue, selling and administrative expenses	<u><u>1,807,732</u></u>	<u><u>1,756,327</u></u>

7 FINANCE INCOME/(COSTS), NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Finance income		
Bank interest income	19,890	7,112
	<u>19,890</u>	<u>7,112</u>
Finance costs		
Interest expense on leases	(16,712)	(18,470)
Interest expense on loan from non-controlling interests	(396)	(417)
Interest expense on bank loans	(303)	(769)
Interest expense on consideration payable for investment in a joint venture	(210)	–
Imputed interest expense on consideration payable for investment in a joint venture	(501)	–
	<u>(501)</u>	<u>–</u>
	<u><u>(18,122)</u></u>	<u><u>(19,656)</u></u>
Finance income/(costs), net	<u><u>1,768</u></u>	<u><u>(12,544)</u></u>

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year ended 31 December 2023.

The applicable tax rate for the subsidiaries in Mainland China of the Group was 25% (2022: 25%) for the year ended 31 December 2023.

Under the Corporate Income Tax Law, withholding income tax of 5% shall be levied on the dividends remitted by the companies established in the Mainland China to their foreign investors incorporated in Hong Kong. All dividends coming from the profits generated by the Mainland China companies shall be subject to this withholding income tax.

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

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	23,180	28,688
– China enterprise income tax	16,979	3,091
(Over)/under-provision in prior years	(2,328)	11
Deferred income tax	103	3,208
	<u>37,934</u>	<u>34,998</u>
Income tax expense	<u>37,934</u>	<u>34,998</u>

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to equity holders of the Company during the year (HK\$'000)	<u>61,998</u>	<u>(21,875)</u>
Weighted average number of ordinary shares in issue	<u>1,255,517,328</u>	<u>1,233,126,103</u>
Basic earnings/(loss) per share (HK cents)	<u>4.94</u>	<u>(1.77)</u>

The earnings/(loss) per share as presented above is calculated using the weighted average number of 1,255,517,328 (2022: 1,233,126,103) ordinary shares deemed to be in issue for the year ended 31 December 2023.

(b) Diluted

Diluted earnings/(loss) 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 2023, the Group had no dilutive potential ordinary shares (2022: same).

As at 31 December 2023, 200,000 post-IPO share options (2022: 4,195,000 post-IPO share options) outstanding are not included in the calculation of diluted earnings (2022: loss) per share because they are antidilutive for the year ended 31 December 2023.

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to equity holders of the Company during the year (<i>HK\$'000</i>)	<u>61,998</u>	<u>(21,875)</u>
Weighted average number of ordinary shares for diluted earnings/(loss) per share	<u>1,255,517,328</u>	<u>1,233,126,103</u>
Diluted earnings/(loss) per share (<i>HK cents</i>)	<u>4.94</u>	<u>(1.77)</u>

10 DIVIDENDS

The Directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 December 2023 (2022: same).

11 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<u>53,371</u>	<u>47,133</u>

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 2023 and 2022, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	31,947	39,354
91 – 180 days	9,376	4,565
Over 180 days	<u>12,048</u>	<u>3,214</u>
	<u>53,371</u>	<u>47,133</u>

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 2023, all the trade receivables balances were not impaired (2022: 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	32,841	29,462
31 – 60 days	11,211	7,361
61 – 90 days	4,318	2,609
Over 90 days	6,546	5,874
	<u>54,916</u>	<u>45,306</u>
	<u>54,916</u>	<u>45,306</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group experienced a strong rebound in our medical service business for the year ended 31 December 2023. Leveraging on our strong reputation in providing quality medical services, our core medical service revenue (comprising provision of ophthalmic services, provision of dental and other medical services and sales of vision aid products) increased by 32.9%, reaching a record high of HK\$1,904.5 million in 2023 from HK\$1,433.6 million in 2022. The significant increase in revenue generated from medical services was due to the sustained demand on the Group's ophthalmic and dental service businesses in both Hong Kong and Mainland China, and riding on the positive traffic flow between Shenzhen and Hong Kong through the reopening of the border between Hong Kong and Shenzhen, the Group's dental business in Shenzhen under the brand "Shenzhen CKJ" had recorded a notable revenue growth for the year ended 31 December 2023.

Despite the decrease in revenue generated from sales of COVID-19 related medical consumables to HK\$19.4 million in 2023 from HK\$298.3 million in 2022, our diverse portfolio of businesses has shown resilience in challenging macro-economic conditions while achieving growth in the post-COVID-19 era, and the total revenue of the Group increased by 11.1% to HK\$1,924.0 million in 2023 from HK\$1,731.9 million in 2022.

In addition, the Group has been closely monitoring the market condition and adjusting its business strategies and operations to prioritize our core business segments. In addition, the Group also prudently manages its working capital to ensure a healthy balance sheet.

Our operations in Hong Kong

Under the brand of "C-MER Dennis Lam (希瑪林順潮)", we offer ophthalmic services of international calibre in treating a wide range of common to rare and complex eye problems. In addition, the Group operated (i) Champion Eye Centre Limited ("**Champion Eye**") (嘉賓眼科中心有限公司), which has over 20 years of history for offering ophthalmic services in Hong Kong; and (ii) The Optometry (OPT) Centre Limited ("**OPT**"), an optometry group to offer services in Hong Kong in the areas of myopia control, optometry assessments and spectacles and contact lens prescriptions in Hong Kong. In total, the ophthalmic and related services network mainly included our five day surgery centres, eight satellite clinics, six optometry centres, and a one-stop centre for medical aesthetics, dental and ophthalmic services.

Since 2021, we started our dental, oncology and other medical services business in Hong Kong which included six dental clinics, three general practice clinics and an oncology centre as at 31 December 2023. 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.

In addition, the Group has been a distributor of COVID-19 related medical consumables in Hong Kong since February 2022. The revenue from the sales of COVID-19 related medical consumables decreased to HK\$19.4 million in 2023 from HK\$298.3 million in 2022 due to the relaxation of requirements for COVID-19 testing in Hong Kong.

Our operations and recent business developments in Mainland China

In Mainland China, our ophthalmic 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 Shenzhen (Nanshan) and our three satellite eye clinics in Shanghai mainly under the brand of “C-MER Dennis Lam (希瑪林順潮)”. In addition, our tenth eye hospital in Foshan (佛山) of Guangdong Province (廣東省) commenced full operations in late August 2023. This will further strengthen our service network in the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”). On the other hand, we ceased the operation of the eye centre in Fuzhou in August 2023 mainly due to the limitation on the development to a full size eye hospital. In the meantime, we continued to optimize the organizational structure and implement refined management in our operations.

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 the National Medical Products Administration (港澳藥械通). With the supportive measures and our clinical 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 investment of 61.5% equity interest of Shenzhen C-MER Aikangjian Dental Group Co., Ltd. (深圳市希瑪愛康健口腔集團有限公司) (previously known as Shenzhen Aikangjian Group Co., Ltd. 深圳市愛康健齒科集團股份有限公司) (“**Shenzhen CKJ**”), which became a non-wholly owned subsidiary of the Company. Shenzhen CKJ has a dental hospital and 12 dental clinics in Shenzhen as at 31 December 2023. One more dental clinic was opened in Futian, Shenzhen in February 2024. Benefitting from the robust demand for quality dental services and full reopening of the border between Hong Kong and Shenzhen, the business of Shenzhen CKJ experienced significant growth by 207.9% in 2023 to HK\$384.7 million from HK\$125.0 million in 2022. The depreciation of Renminbi (“**RMB**”) has affected our revenue growth when reporting in Hong Kong dollar terms. In RMB terms, our revenue of Shenzhen CKJ increased by 223.6% in 2023 as compared with that in 2022.

On 5 February 2024, the Company entered into a strategic agreement with Shenzhen Luohu District Government (深圳羅湖區政府) in relation to the construction of a “Hong Kong-style” private hospital near Shenzhen’s Luohu port (羅湖口岸港式口岸醫院建設簽署戰略合作協議). It is expected that this hospital, which is within a five-minute walk from the Luohu border land crossing, will become the first port hospital adopting Hong Kong-style medical services, bringing Hong Kong’s healthcare management systems, medical technologies and healthcare services serving residents of both Shenzhen and Hong Kong. The hospital will have departments including dentistry, ophthalmology, medical imaging, health check-ups, gynecology, traditional Chinese medicine, internal medicine, surgery and urology and the Group intends to introduce more departments in subsequent phases. The hospital will operate within a seven-storey building, having a gross floor area of over 10,000 sq. m. and is expected to commence operation by or around July 2024.

As part of Cross-boundary Medical Collaboration under 2023 Policy Address of the Hong Kong Special Administrative Region Government (the “**HK Government**”), and as announced by the HK Government on 19 February 2024, our Shenzhen C.K.J Stomatological Hospital (深圳愛康健口腔醫院) (the “**Shenzhen CKJ Hospital**”) has been selected under the “Elderly Health Care Voucher Greater Bay Area Pilot Scheme” (the “**Pilot Scheme**”) as one of the seven medical institutions and the only dental hospital in the Pilot Scheme in the GBA as trial service points where the elderly health care vouchers may be used to cover the dental services provided. It is estimated that some 1.7 million eligible Hong Kong elderly persons will benefit from the Pilot Scheme.

Revenue Overview

The total revenue in 2023 amounted to HK\$1,924.0 million (2022: HK\$1,731.9 million), representing a mild increase of 11.1% from 2022, due to the combined effect of (i) increase in the core medical service revenue (comprising of provision of ophthalmic services, provision of dental and other medical services and sales of vision aid products) by 32.9%, reaching a record high of HK\$1,904.5 million in 2023 from HK\$1,433.6 million in 2022, but is partially offset by the (ii) reduction in revenue generated from sale of COVID-19 related medical consumables by 93.5% to HK\$19.4 million in 2023.

The following table sets forth a breakdown of our revenue by segment for the years indicated as a percentage of total revenue:

	Year ended 31 December					
	2023		2022		Change	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
HK medical business	932,087	48.5	805,656	46.6	126,431	15.7
Mainland China ophthalmic business	587,710	30.5	502,943	29.0	84,767	16.9
Mainland China dental business	384,734	20.0	124,962	7.2	259,772	207.9
Sales of medical consumables	19,433	1.0	298,342	17.2	(278,909)	(93.5)
	<u>1,923,964</u>	<u>100.0</u>	<u>1,731,903</u>	<u>100.0</u>	<u>192,061</u>	<u>11.1</u>

In Hong Kong, our operations consisted of the provision of medical services (comprising of provision of ophthalmic services, provision of dental and other medical services) and the related businesses (including the sales of vision aid products), and the distribution of COVID-19 related medical consumables. With the increasing demand of quality medical services, and the sizeable and well-built network of our clinics in Hong Kong, our revenue from medical services and related businesses derived from our operation in Hong Kong increased by 15.7% to HK\$932.1 million (2022: HK\$805.7 million) due to the successful integration of our acquired businesses of Champion Eye and The Optometry (OPT) Centre Limited and the organic growth from our core medical services. The revenue from the sales of COVID-19 related medical consumables decreased to HK\$19.4 million in 2023 from HK\$298.3 million in 2022 due to relaxation of requirements for COVID-19 testing in Hong Kong.

Our revenue in the Mainland China was mainly derived from our provision of ophthalmic services and dental services, and we recorded an increase of 54.9% in 2023 to HK\$972.4 million from HK\$627.9 million in 2022. In RMB terms, the revenue increased by 62.8%.

We provided our ophthalmic services in Mainland China in our eye hospitals, eye centres and satellite eye clinics. The total revenue from the eye hospitals in Futian and Baoan, Shenzhen and the eye centre in Nanshan, Shenzhen increased slightly by 5.6% and amounted to HK\$276.6 million in 2023 (2022: HK\$261.9 million). In RMB terms, the revenue increased by 11.0%.

The revenue of the eye hospital in Beijing, which commenced its operations in January 2018, increased by 67.2% and amounted to HK\$100.2 million in 2023 (2022: HK\$59.9 million). The revenue of the operations in Shanghai, the acquisition of which was completed in November 2019, increased by 6.8% and amounted to HK\$53.1 million in 2023 (2022: HK\$49.7 million). In RMB terms, the revenue derived from Beijing and Shanghai increased by 75.8% and 12.4%, respectively.

The other two acquired eye hospitals in Kunming, the acquisition of which was completed in June 2019, and Zhuhai, the acquisition of which was completed in December 2020, contributed HK\$67.6 million (2022: HK\$60.6 million), and HK\$42.8 million (2022: HK\$37.2 million) to the revenue of the Group, respectively, in 2023, and their operations have been running smoothly and positively since the acquisitions.

The eye hospitals in Huizhou, Guangzhou, Jieyang and Foshan commenced full operations in March 2021, April 2022, August 2022 and August 2023, respectively, and contributed HK\$12.0 million (2022: HK\$13.9 million), HK\$22.7 million (2022: HK\$11.4 million), HK\$7.7 million (2022: HK\$2.1 million) and HK\$0.9 million (2022: nil) to the revenue of the Group, respectively, in 2023.

For the year ended 31 December 2023, we provided our dental services in Mainland China in the dental hospital and 12 dental clinics in Shenzhen under Shenzhen CKJ. Following the reopening of the border between Hong Kong and Shenzhen, the recovery momentum was very strong and the revenue of Shenzhen CKJ soared by 207.9% to HK\$384.7 million in 2023 from HK\$125.0 million in 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 by nature for the years indicated as a percentage of total revenue:

	Year ended 31 December					
	2023		2022		Change	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Provision of ophthalmic services	1,266,248	65.7	1,074,301	62.0	191,947	17.9
Provision of dental services	428,098	22.3	163,853	9.5	264,245	161.3
Provision of other medical services	47,580	2.5	34,426	2.0	13,154	38.2
Sales of vision aid products	162,605	8.5	160,981	9.3	1,624	1.0
Sales of medical consumables	19,433	1.0	298,342	17.2	(278,909)	(93.5)
	<u>1,923,964</u>	<u>100.0</u>	<u>1,731,903</u>	<u>100.0</u>	<u>192,061</u>	<u>11.1</u>

Our total revenue in 2023 recorded a slight increase of 11.1% as compared with our total revenue in 2022. The increase was primarily driven by (i) the increase in the revenue generated from the provision of ophthalmic services to HK\$1,266.2 million in 2023 from HK\$1,074.3 million in 2022, representing an increase of 17.9%, which was primarily attributable to the increase in the number of surgeries performed by us in Hong Kong and Mainland China, (ii) the increase in the revenue generated from the provision of dental services to HK\$428.1 million in 2023 from HK\$163.9 million in 2022, representing an increase of 161.3%, which was primarily attributable to reopening of the border between Hong Kong and Shenzhen leading to the significant growth in business volume for Shenzhen CKJ, but is partially offset by (iii) the decrease in the revenue generated from the sales of medical consumables to HK\$19.4 million in 2023 from HK\$298.3 million in 2022.

The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Year ended 31 December					
	2023		2022		Change	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	951,520	49.5	1,103,998	63.7	(152,478)	(13.8)
Mainland China	972,444	50.5	627,905	36.3	344,539	54.9
	<u>1,923,964</u>	<u>100.0</u>	<u>1,731,903</u>	<u>100.0</u>	<u>192,061</u>	<u>11.1</u>

The revenue generated by our business operations in Hong Kong accounted for 49.5% of our total revenue. As a percentage of our total revenue, revenue from Hong Kong decreased from 63.7% for the year ended 31 December 2023 due to the decrease in revenue from sale of COVID-19 related medical consumables in Hong Kong and the faster growth in revenue from our dental services in Mainland China.

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					
	2023		2022		Change	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Consultation and other medical service fees						
– Hong Kong	321,524	25.4	250,254	23.3	71,270	28.5
– Mainland China	146,064	11.5	97,929	9.1	48,135	49.2
	467,588	36.9	348,183	32.4	119,405	34.3
Surgery fees						
– Hong Kong	483,838	38.2	449,078	41.8	34,760	7.7
– Mainland China	314,822	24.9	277,040	25.8	37,782	13.6
	798,660	63.1	726,118	67.6	72,542	10.0
Total	1,266,248	100.0	1,074,301	100.0	191,947	17.9

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 32.7%, 24.6%, 20.1%, 11.2% and 11.4% (2022: 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 2023.

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 %
	2023	2022	
In Hong Kong			
Total surgery fee (<i>in HK\$'000</i>)	483,838	449,078	7.7
Number of surgeries performed by us	17,358	15,969	8.7
Average surgery fee (<i>HK\$</i>)	27,874	28,122	(0.9)
In Mainland China			
Total surgery fee (<i>in HK\$'000</i>)	314,822	277,040	13.6
Number of surgeries performed by us	25,528	19,062	33.9
Average surgery fee (<i>HK\$</i>)	12,332	14,534	(15.2)

In Hong Kong, the average surgery fee remained roughly the same. The surgery volume increased by 8.7% during the year ended 31 December 2023 as a result of the increasing demand of quality medical services with the total surgery fee increased by 7.7% in 2023.

In Mainland China, the average surgery fee in Hong Kong dollar terms decreased by 15.2% due to price adjustment for promoting of our refractive surgeries in certain locations and the depreciation of RMB against Hong Kong dollar in 2023. In RMB terms, the average surgery fee decreased by 10.8%. The number of surgeries increased by 33.9% in 2023, which was mainly attributable to the increase in the number of surgeries performed in the eye hospitals in Shenzhen, Beijing and Guangzhou, which resulted in an increased of total surgery fee by 13.6% in 2023.

Provision of dental services

The following table sets forth the total revenue from dental services, the total number of patient visits, total number of dental chairs, visits per dental chair and revenue per dental chair:

	Year ended 31 December		Change %
	2023	2022	
Total revenue (<i>in HK\$'000</i>)	428,098	163,853	161.3
Total patient visits	257,387	131,425	95.8
Total number of dental chairs	235	233	0.9
Visits per dental chair	1,095	564	94.1
Revenue per dental chair (<i>in HK\$'000</i>)	1,822	703	159.2

Our revenue generated from dental services recorded a significant increase of 161.3% in 2023, which amounted to HK\$428.1 million (2022: HK\$163.9 million), representing 22.3% (2022: 9.5%) of our total revenue.

The number of patient visits for dental services increased by 95.8% from 131,425 to 257,387 during 2023. Visits per dental chair increased by 94.1% from 564 to 1,095, while revenue per dental chair recorded a significant increase of 159.2% to HK\$1,822,000 in 2023 (2022: HK\$703,000). The increase was primarily attributable to the rebound in demand for dental services of Shenzhen CKJ after the reopening of the border between Hong Kong and Shenzhen, which led to significant growth in business volume for Shenzhen CKJ in 2023.

Provision of other medical services

Our revenue generated from oncology, medical aesthetics, general practice and other services during 2023 amounted to approximately HK\$47.6 million (2022: HK\$34.4 million), representing approximately 2.5% (2022: 2.0%) of our total revenue.

Sales of vision aid products

We also generated revenue from the sales of vision aid products including glasses and lens. The sales were conducted by us through the assessment of the optometrists employed by us in Hong Kong and Mainland China. During 2023, our revenue generated from the sales of vision aid products amounted to HK\$162.6 million, representing an increase of 1.0% as compared to 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 their sales decreased by 93.5% and amounted to HK\$19.4 million in 2023 (2022: HK\$298.3 million), representing approximately 1.0% (2022: 17.2%) of our total revenue for 2023, and the decrease in revenue and revenue contribution from this segment was mainly attributable to relaxation of requirements for COVID-19 testing in Hong Kong.

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:

	Year ended 31 December					
	2023		2022		Change	
	<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	400,902	20.8	342,978	19.8	57,924	16.9
Cost of inventories and consumables	395,133	20.5	504,901	29.2	(109,768)	(21.7)
Staff salaries and allowance	312,116	16.2	245,696	14.2	66,420	27.0
Depreciation of right-of-use assets	87,722	4.6	84,093	4.8	3,629	4.3
Depreciation of property, plant and equipment	55,201	2.9	56,349	3.2	(1,148)	(2.0)
Others	53,928	2.8	50,189	2.9	3,739	7.4
Total	<u>1,305,002</u>	<u>67.8</u>	<u>1,284,206</u>	<u>74.1</u>	<u>20,796</u>	<u>1.6</u>

Our cost of revenue increased by 1.6% from HK\$1,284.2 million in 2022 to HK\$1,305.0 million in 2023, primarily as a result of (i) an increase in doctors' consultation fees of HK\$57.9 million with the increase in medical services revenue in Hong Kong, and (ii) an increase in staff salaries and allowance of HK\$66.4 million mainly attributable to Shenzhen CKJ, but was partially offset by (iii) a decrease in cost of inventories and medical consumables sold of HK\$109.8 million.

Gross profit and gross profit margin

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

	Year ended 31 December					
	2023		2022		Change	
	Gross profit <i>HK\$'000</i>	<i>GP %</i>	Gross profit <i>HK\$'000</i>	<i>GP %</i>	Gross profit <i>HK\$'000</i>	<i>%</i>
HK medical business	251,248	27.0	187,122	23.2	64,126	34.3
Mainland China ophthalmic business	207,510	35.3	139,457	27.7	68,053	48.8
Mainland China dental business	152,075	39.5	12,216	9.8	139,859	1,144.9
Sales of medical consumables	8,129	41.8	108,902	36.5	(100,773)	(92.5)
	<u>618,962</u>	<u>32.2</u>	<u>447,697</u>	<u>25.9</u>	<u>171,265</u>	<u>38.3</u>

With the growth of operations, our gross profit in 2023 amounted to HK\$619.0 million, representing an increase of 38.3% from HK\$447.7 million in 2022. Our gross profit margin was 32.2% in 2023, as compared with 25.9% in 2022. The gross profit margin for our HK medical business segment recorded an increase to 27.0% from 23.2% in 2022 due to the increase in cost efficiency resulted from the revenue growth. The gross profit margin for our Mainland China ophthalmic business segment increased to 35.3% from 27.7% in 2022, primarily due to the recovery of business operations from the adverse impact COVID-19. The gross profit margin for our Mainland China dental business segment increased to 39.5% from 9.8% in 2022, which was mainly attributable to the recovery of business accompanied by the reopening of border between Hong Kong and Shenzhen and in particular the significant increase in revenue per dental chair in 2023. The gross profit margin for our sales of medical consumables segment increased to 41.8% from 36.5% in 2022 as a result of less discounted bulk purchases made by our customers.

Selling expenses

Our selling expenses had an increase of 16.6% and amounted to HK\$147.8 million during 2023 (2022: HK\$126.8 million). The amount of selling expenses, as a percentage of our total revenue, increased from 7.3% in 2022 to 7.7% in 2023. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses in 2023 amounted to HK\$354.9 million and had an increase of 2.8% as compared with HK\$345.3 million in 2022. The increase in our administrative expenses in 2023 was primarily driven by the increase in our staff salaries and allowances as a result of business expansion.

Other income

Our other income in 2023 consisted primarily of the management fee income from an associate and government grants, and decreased to HK\$8.4 million from HK\$28.7 million in 2022. The decrease was mainly contributed by the decrease in management fee income from an associate.

Other losses, net

Our other losses, net in 2023 amounted to HK\$5.3 million and mainly consisted of loss on a financial asset at fair value through profit or loss and exchange losses, net, and partially offset by gain on fair value change of contingent consideration receivables.

Finance income/(costs), net

Our finance income/(costs), net in 2023 amounted to HK\$1.8 million and mainly consisted of bank interest income netted off by interest expenses on leases.

Income tax expense

Our income tax expense in 2023 amounted to HK\$37.9 million, representing an increase of 8.3% from HK\$35.0 million in 2022. The increase was primarily due to the increase in the income tax expense for operations in Mainland China.

Profit/(loss) for the year

As a result of the foregoing, our profit in 2023 amounted to HK\$86.3 million (2022: loss of HK\$46.2 million), the turnaround was primarily due to the recovery of the growth of business from the adverse impact of COVID-19 and coupled with the reopening of the border between Hong Kong and Shenzhen, the notable revenue growth in 2023 recorded by Group's dental business in Shenzhen under the brand "Shenzhen CKJ" and its turnaround to profitability, which was partially offset by decrease in profits derived from the sales of COVID-19 related medical consumables in Hong Kong.

Capital expenditure and commitments

During 2023, the Group incurred capital expenditures of HK\$224.2 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 2023, the Group had a total capital commitment of approximately HK\$107.2 million (2022: HK\$47.7 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 2023, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (2022: same).

Contingent liabilities

The Group had no material contingent liability as at 31 December 2023.

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. The security have been released during 2023 upon repayment of the bank borrowings.

Save for the above, the Group had no pledge of assets as at 31 December 2023.

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 2023, 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 2023, the Group employed a total of 3,273 employees (2022: 2,115). 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 2023 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 2023 and up to date of this announcement.

OUTLOOK AND STRATEGIES

The implementation of the favorable policies to the medical industry in Mainland China, the development of the GBA are expected to stimulate the demand for 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 2023, the Company has applied the principles as set forth in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 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 2023, 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 three executive Directors (including Dr. LAM Shun Chiu Dennis) and four 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 2023.

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. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings that would enable the Group to implement its business strategies while maintaining its continued provision of medical services to our customer base. As at 31 December 2023, we had cash and cash equivalents of HK\$512.8 million, short-term bank deposits of HK\$32.9 million and bank borrowings of HK\$1.7 million, most of which were denominated in either US dollars, Renminbi or Hong Kong dollars.

As at 31 December 2023, all of the Group's borrowings of HK\$1.7 million (2022: 34.3 million) are repayable on demand or repayable within one year and the effective interest rate of borrowings was 2.75% per annum (2022: 5.49%). 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 2023, 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 2023, the gearing ratio is not applicable due to net cash position (2022: same).

The current ratio (calculated as current assets over current liabilities) was 1.85 times as at 31 December 2023 compared with 1.63 times as at 31 December 2022.

As at 31 December 2023, the Group reported net current assets of HK\$330.8 million, as compared with HK\$331.8 million as at 31 December 2022.

Net cash generated from operating activities was HK\$361.2 million during the year ended 31 December 2023 (2022: HK\$164.9 million). The increase was mainly attributed to the improvements in the performance of our businesses during the year ended 31 December 2023.

Net cash used in investing activities amounted to HK\$245.4 million during the year ended 31 December 2023 as compared to HK\$195.7 million during the year ended 31 December 2022. The Group settled the final payment of HK\$152.9 million for acquisition of Shenzhen CKJ which was completed in 2022, and spent HK\$115.5 million on acquisition of property, plant and equipment during the year ended 31 December 2023.

During the year ended 31 December 2023, net cash used in financing activities amounted to HK\$242.9 million, as compared to net cash generated from financing activities of HK\$293.7 million during the year ended 31 December 2022. The cash used in financing activities for the year ended 31 December 2023 was mainly for the lease payments of HK\$148.0 million, net repayment of borrowings of HK\$32.5 million and on-market repurchases of the Company's shares of HK\$58.3 million for cancellation and purchase of shares for future grants under share award scheme by the scheme trustee.

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.

To establish the Group's presence in the prescription lens development and distribution market in Mainland China, on 1 June 2023, the Company entered into the sale and purchase agreement with Hong Kong Optical Lens Company Limited (明達眼鏡鏡片有限公司) (“**HK Optical**”), pursuant to which HK Optical has agreed to sell and the Company has agreed to purchase 55% of the entire issued share capital of Apollo Lens Company Limited (“**Apollo**”) at the consideration of RMB50.49 million (subject to adjustment) (the “**Acquisition**”). A bond certificate in the principal amount of RMB50.49 million (subject to adjustment based on the total actual net profit of Apollo Lens Company Limited) was issued as the consideration to the vendor. Apollo and its subsidiaries have been engaging in lens distribution business in the Mainland China since 2002. HK Optical is an independent third party, and a leading manufacturer of and coating service provider for optical lenses with prescriptions in Asia. The Acquisition was completed on 6 October 2023. For further details, please refer to the announcement dated 1 June 2023.

Save as disclosed in this announcement, the Group did not have any other significant investments, acquisitions or disposals for the year ended 31 December 2023.

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 third twelve months after the closing of the acquisition (i.e. from September 2022 to August 2023) 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 second twelve months after the closing of the acquisition (i.e. from April 2022 to March 2023) 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 2024.

During the year ended 31 December 2023, net proceeds in the amount of approximately HK\$77.0 million were used, consisting of (1) HK\$35.8 million for establishing the eye hospitals in Jieyang and Foshan, and (2) HK\$41.2 million for operating cash for the hospitals in Guangzhou, Shanghai and Huizhou.

The table below sets out the actual use of unutilised net proceeds from the Global Offering during the year ended 31 December 2023:

Use of net proceeds from the Global Offering	Planned application of net proceeds <i>HK\$'000</i>	Net proceeds brought forward as at 1 January 2023	Actual usage up to 31 December 2023	Unutilised net proceeds as at 31 December 2023	Expected timeline for utilising the remaining unutilised net proceeds
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	107,248	120,837	30,284	By the end of 2024

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 2023:

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 brought forward		Unutilised net proceeds as at 31 December 2023 <i>HK\$'000</i>	Expected timeline for utilising the remaining unutilised net proceeds
			as at 1 January 2023 <i>HK\$'000</i>	Actual usage up to 31 December 2023 <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%	290,782	444,673	45,927	By the end of 2024

During the year ended 31 December 2023, net proceeds from the 2022 First Subscription in the amount of approximately HK\$244.9 million were used, consisting of (1) HK\$150.4 million for the payment of the investment in Shenzhen CKJ, which operates a dental business in Shenzhen, (2) HK\$59.2 million for construction of our headquarters in Pingshan, Shenzhen, (3) HK\$21.8 million for the working capital to our hospitals at investment stage in Mainland China and some of the clinics in Hong Kong, and (4) HK\$13.5 million for enhancing the facilities and establishment of the optometry centres, dental clinics and other clinics in Hong Kong.

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 2023:

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	Actual usage up to	Unutilised net proceeds as at	Expected timeline for utilising the remaining unutilised net proceeds
			1 January 2023 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>	31 December 2023 <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%	116,161	–	116,161	By the end of 2025

No net proceeds from the December 2022 Subscription were used up to 31 December 2023. 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), Mr. IP Shu Kwan Stephen and Mr. YIN Ke. 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 2023.

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 2023 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 C3 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 2023 other than the incident described below. No other incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the year ended 31 December 2023.

As previously disclosed in the annual report of the Company for the year ended 31 December 2022, on 17 February 2023, the Company was notified about dealing by the spouse of Mr. CHAN Chi Leong, one of the former 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 retired by rotation and did not offer himself for re-election at the annual general meeting held on 30 May 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the Company repurchased an aggregate of 10,998,000 ordinary shares at an aggregate consideration of HK\$41,631,058 on the Stock Exchange as follows:

Month of repurchase	No. of shares repurchased	Consideration per share		Total
		Highest HK\$	Lowest HK\$	Consideration paid HK\$
September 2023	4,684,000	3.82	3.55	17,327,369
October 2023	4,048,000	3.98	3.67	15,605,302
November 2023	2,266,000	3.98	3.68	8,698,387
Total	<u>10,998,000</u>			<u>41,631,058</u>

The Board considers that the share repurchases were in the best interests of the Company and the shareholders of the Company (the “Shareholders”) and would lead to an enhancement of the net assets value per share and/or earnings per share of the Company. As at the date of this announcement, all of the above repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly and the balance of consideration was charged against the share premium account.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from “C-MER Eye Care Holdings Limited” to “C-MER Medical Holdings Limited”, and the dual foreign name in Chinese of the Company from “希瑪眼科醫療控股有限公司” to “希瑪醫療控股有限公司” (the “**Proposed Name Change**”).

Conditions for the Proposed Name Change

The Proposed Name Change is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders at the AGM approving the Proposed Name Change; and
- (ii) the Registrar of Companies in the Cayman Islands approving the Proposed Name Change by issuing a certificate of incorporation on change of name.

Subject to the satisfaction of the conditions set out above, the Proposed Name Change will take effect on the date on which the Registrar of Companies in the Cayman Islands enters the new English name and the new dual foreign name in Chinese of the Company on the register of companies maintained by the Registrar of Companies in the Cayman Islands in place of the current English name and the current dual foreign name in Chinese of the Company. The Registrar of Companies in the Cayman Islands shall issue a certificate of incorporation on change of name thereafter. The Company will carry out the necessary registration and/or filing procedures with the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong.

Reasons for the Proposed Name Change

The Company is an ophthalmic, dental and other medical service provider in Hong Kong and Mainland China. The board considers that the Proposed Name Change will better reflect the identification of the current business mix, strategic business plan and future development direction of the Group. In addition, the Board believes that the new English and Chinese names of the Company will better promote the Group’s corporate image for its future business development. Therefore, the Board is of the view that the Proposed Name Change is in the best interests of the Company and the Shareholders as a whole.

Effects of the Proposed Name Change

The Proposed Name Change will not affect any rights of the Shareholders or the daily business operations and financial position of the Group. Upon the Proposed Name Change becoming effective, all existing share certificates in issue bearing the current name of the Company will, after the Proposed Name Change becoming effective, continue to be evidence of title to the ordinary shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. Therefore, there will not be any arrangement for free exchange of the issued share certificates of the Company for new share certificates bearing the new name of the Company. Any issue of new share certificates after the Proposed Name Change becoming effective will be under the new name of the Company. In addition, subject to the confirmation by the Stock Exchange, the English and Chinese stock short names of the Company for trading in the securities on the Stock Exchange will also be changed after the Proposed Name Change becoming effective. Subject to the Proposed Name Change becoming effective, the Company may also adopt a new company logo.

A special resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the Proposed Name Change. Further details on the Proposed Name Change will be included in the shareholders, circular for the AGM will be despatched to the Shareholders in due cause.

Further announcement(s) will be made by the Company to inform the Shareholders of the effective date of the Proposed Name Change and the new English and Chinese stock short names of the Company for trading in the securities on the Stock Exchange and other relevant information as and when appropriate.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the register of members of our Company on 28 May 2024 are entitled to attend and vote at the AGM. The register of members of our Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024, 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 Wednesday, 22 May 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 28 May 2024. Notice of the AGM will be sent to the Shareholders 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 2023 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, 26 March 2024

As at the date of this announcement, the Board comprises three executive Directors, namely, Dr. LAM Shun Chiu Dennis, Ms. LI Xiaoting and Dr. LEE Yau Wing Vincent; and four independent non-executive Directors, namely, Dr. Rex AU YEUNG Pak-kuen, Mr. MA Andrew Chiu Cheung, Mr. IP Shu Kwan Stephen and Mr. YIN Ke.