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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018	2017	**Change**
	HK$'000	*HK$'000*	
Revenue	**192,314**	140,449	36.9%
Gross profit	**63,069**	62,694	0.6%
Profit for the period	**12,021**	25,356	-52.6%
Adjusted net profit for the period[(1)&(2)]	**14,042**	33,330	-57.9%
Gross profit margin	**32.8%**	44.6%	-11.8 pp
Net profit margin	**6.3%**	18.1%	-11.8 pp
Adjusted net profit margin[(1)&(2)]	**7.3%**	23.7%	-16.4 pp

Notes:

(1) Adjusted net profit is derived by adding listing expenses from the net profit for the period.

(2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a "non-GAAP" financial measure. It is not a measurement of the Group's financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.

The board (the "**Board**") of directors (the "**Directors**") of C-MER Eye Care Holdings Limited (the "**Company**") is pleased to announce the interim consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018, together with the comparative figures for the six months ended 30 June 2017, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
Revenue	*4*	**192,314**	140,449
Cost of revenue	*7*	**(129,245)**	(77,755)
Gross profit		**63,069**	62,694
Other income	*5*	**7,270**	678
Selling expenses	*7*	**(9,031)**	(4,235)
Administrative expenses	*7*		
– Listing expenses		**(2,021)**	(7,974)
– Other administrative expenses		**(28,519)**	(16,832)
Other (losses)/gains, net	*6*	**(8,504)**	286
Operating profit		**22,264**	34,617
Finance expenses	*8*	**(152)**	(334)
Profit before income tax		**22,112**	34,283
Income tax expense	*9*	**(10,091)**	(8,927)
Profit for the period		**12,021**	25,356
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(1,370)**	2,077
Total other comprehensive (loss)/income for the period		**(1,370)**	2,077
Total comprehensive income attributable to equity holders of the Company		**10,651**	27,433
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– basic	*10*	**1.19**	3.45
– diluted	*10*	**1.16**	3.44

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**115,125**	109,179
Intangible assets		**4,021**	2,453
Deferred income tax assets		**1,153**	935
Deposits and prepayments		**9,987**	10,809
		130,286	123,376
Current assets			
Inventories		**8,441**	6,873
Amounts due from related parties		**71**	–
Trade receivables	*12*	**7,864**	7,692
Deposits, prepayments and other receivables		**18,337**	9,407
Financial assets at fair value through profit or loss		**59**	60
Pledged bank deposits		**8,000**	8,000
Short-term bank deposits		**609,743**	–
Cash and cash equivalents		**97,892**	77,969
		750,407	110,001
Total assets		**880,693**	233,377
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**102,955**	37
Reserves		**703,335**	157,386
Total equity		**806,290**	157,423

	Note	As at 30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**2,121**	665
Deferred income tax liabilities		**–**	15
		2,121	680
Current liabilities			
Amounts due to related parties		**11**	153
Trade payables	*13*	**4,951**	6,892
Accruals and other payables		**47,037**	53,796
Current income tax liabilities		**11,570**	6,151
Borrowings		**8,713**	8,282
		72,282	75,274
Total liabilities		**74,403**	75,954
Total equity and liabilities		**880,693**	233,377

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 are principally engaged in the provision of ophthalmic services, sale of vision aid and pharmaceutical products in Hong Kong ("**HK**") and the People's Republic of China (the "**PRC**") (the "**Business**"). The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 January 2018.

This condensed consolidated interim financial information is presented in Hong Kong Dollar and all values are rounded to nearest thousand (HK$'000) except when otherwise indicated.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with the Hong Kong Accounting Standards ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2017, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standards, amendments to standards and interpretation have been adopted by the Group for the first time for the financial year beginning on 1 January 2018:

HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

(i) HKFRS 9 Financial Instruments

Changes in the accounting policies

(1) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(2) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), net. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

– Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the statement of comprehensive income.

– Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented in other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial asset at FVPL are recognised in other gains/(losses), net in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(3) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact of adoption

(1) Classification and measurement of financial instruments

The Group's financial assets measured at amortised cost and FVPL continue with their classification and measurements upon the adoption of HKFRS 9.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities.

(2) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

– trade receivables

– other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(a) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

(b) Other financial asset carried at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets carried at amortised cost and considers that the expected credit loss is immaterial.

(ii) HKFRS 15 Revenue from Contracts with Customers

Changes in the accounting policies

(a) Provision of ophthalmic services

Revenue from ophthalmic services is recognised in the accounting period in which the services are rendered.

Contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group's contract liabilities are presented in accruals and other payables in the consolidated balance sheet.

(b) Sales of vision aid products

Revenue from sales of vision aid products is recognised when control of the products has transferred, being when the products are sold to the customer.

Impact of adoption

The adoption of HKFRS 15 did not have any material impact on the Group's consolidated financial statements other than changes in disclosures.

The adoption of other amendments to standards and interpretation did not have any significant impact to the condensed consolidated interim financial information of the Group.

(b) New and amended standards not yet adopted

The following new standards, amendments and interpretation to standards which have been issued, but are effective for the financial year beginning on or after 1 January 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRSs (Amendment)	Annual Improvement to HKFRSs 2015–2017 Cycle	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019

(i) HKFRS 16 Leases

HKFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 "Leases", and related interpretations.

The Group is a lessee of various properties which are currently classified as operating leases. Under the Group's current accounting policy, operating lease payment is accounted for in the consolidated statement of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed. As of 30 June 2018, the Group's total operating lease commitments amounted to HK$175,095,000. HKFRS 16 provides new provisions for the accounting treatment of leases and all non-current leases, including future operating lease commitments, must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in balance sheet. Operating expenses under otherwise identical circumstances will decrease, and depreciation, amortisation and interest expense will increase. It is expected that certain portion of these lease commitments will be required to be recognised in the consolidated balance sheets as right of use assets and lease liabilities.

The new standard is effective for first interim period of the financial year commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

For the other new standards, amendments to standards and interpretation presented, management is in the process of assessing the financial impact of these changes but is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Provision of ophthalmic services	**179,221**	132,223
Sales of vision aid products	**13,093**	8,226
	192,314	140,449

(b) 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 assesses 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 this condensed consolidated interim financial information.

Management considers the business is mainly located in HK and the PRC, which the revenue and segment results are determined by the geographical location in which the client is operated. Management has therefore identified the reportable segment based on the Group's geographic perspective, namely HK and the PRC.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

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

The segment results for the six months ended 30 June 2018 are as follows:

	(Unaudited) Six months ended 30 June 2018		
	HK	**PRC**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue	**101,331**	**90,983**	**192,314**
Gross profit	**30,427**	**32,642**	**63,069**
Selling expenses	**(608)**	**(8,423)**	**(9,031)**
Administrative expenses	**(9,430)**	**(19,089)**	**(28,519)**
Segment results	**20,389**	**5,130**	**25,519**
Other income			**7,270**
Listing expenses			**(2,021)**
Other losses, net			**(8,504)**
Finance expenses			**(152)**
Profit before income tax			**22,112**
Income tax expense			**(10,091)**
Profit for the period			**12,021**
Other segment information			
Additions to non-current assets	**16,442**	**5,020**	**21,462**
Depreciation and amortisation	**(3,905)**	**(9,093)**	**(12,998)**
Gains on disposal of property, plant and equipment, net	**45**	**–**	**45**

The segment results for the six months ended 30 June 2017 are as follows:

	(Audited) Six months ended 30 June 2017		
	HK	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	88,237	52,212	140,449
Gross profit	32,308	30,386	62,694
Selling expenses	(453)	(3,782)	(4,235)
Administrative expenses	(6,739)	(10,093)	(16,832)
Segment results	25,116	16,511	41,627
Other income			678
Listing expenses			(7,974)
Other gains, net			286
Finance expenses			(334)
Profit before income tax			34,283
Income tax expense			(8,927)
Profit for the period			25,356
Other segment information			
Additions to non-current assets	2,266	583	2,849
Depreciation and amortisation	(1,867)	(2,021)	(3,888)
Gains on disposal of property, plant and equipment, net	–	4	4

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

5 OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Management fee income	**240**	376
Interest from bank deposits	**6,690**	299
Others	**340**	3
	7,270	678

6 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gains on disposal of property, plant and equipment, net	**45**	4
Gains on financial assets at fair value through profit or loss	**–**	685
Exchange losses, net	**(8,549)**	(403)
	(8,504)	286

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Amortisation of intangible assets	**207**	77
Auditor's remuneration	**750**	556
Depreciation of property, plant and equipment	**12,791**	3,811
Doctors' consultation fees	**36,451**	31,338
Cost of inventories and consumables	**31,415**	16,873
Employee benefit expenses	**39,517**	22,485
Rental expenses	**19,866**	10,878
Legal and professional fees	**1,159**	404
Listing expenses	**2,021**	7,974
Share option expenses to doctors and consultants	**3,267**	947

8 FINANCE EXPENSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest expense on borrowings	**152**	334

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits for the period.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (six months ended 30 June 2017: 25%) for the period.

The amount of taxation charged/(credited) to the condensed consolidated interim statement of comprehensive income represents:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current income tax		
– Hong Kong profits tax	**4,404**	5,220
– PRC enterprise income tax	**5,920**	4,025
Deferred income tax	**(233)**	(318)
Income tax expense	**10,091**	8,927

10 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
Profit attributable to equity holders of the Company during the period *(HK$'000)*	**12,021**	25,356
Weighted average number of ordinary shares in issue	**1,009,577,900**	735,017,191
Basic earnings per share *(HK cents)*	**1.19**	3.45

Note:

(i) The earnings per share as presented above is calculated using the weighted average number of 1,009,577,900 (six months ended 30 June 2017: 735,017,191) ordinary shares deemed to be in issue for the period. In determining the weighted average number of ordinary shares deemed to be in issue, the bonus elements of the shares issued in 2017 and 2018 have been taken into account since 1 January 2017.

(b) Diluted

Diluted 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 period, the Group has one (six months ended 30 June 2017: one) category of dilutive potential ordinary shares.

For the pre-IPO share options, the number of shares included as below is the number of shares that are dilutive and would have been outstanding assuming the completion of the share issue to the grantees.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
Profit attributable to equity holders of the Company during the period *(HK$'000)*	**12,021**	25,356
Weighted average number of ordinary shares in issue	**1,009,577,900**	735,017,191
Adjustments for:		
– impact of the pre-IPO share option scheme	**28,882,699**	2,224,617
Weighted average number of ordinary shares for diluted earnings per share	**1,038,460,599**	737,241,808
Diluted earnings per share *(HK cents)*	**1.16**	3.44

11 DIVIDENDS

At a meeting held on 28 August 2018, the directors do not recommend the payment of any dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

12 TRADE RECEIVABLES

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

	As at	
	30 June	31 December
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**7,192**	7,151
91 – 180 days	**180**	234
Over 180 days	**492**	307
	7,864	7,692

13 TRADE PAYABLES

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

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**4,805**	6,887
31 – 60 days	**146**	4
61 – 90 days	**–**	1
	4,951	6,892

14 EVENT AFTER THE BALANCE SHEET DATE

The event after the balance sheet date is disclosed as follows:

On 28 August 2018, the Group entered into an agreement to acquire 80% of the issued share capital of Kunming Eye Hospital for cash consideration of RMB30,000,000 (equivalent to HK$35,430,000). Pursuant to the agreement, the Group will further inject RMB20,000,000 (equivalent to HK$23,620,000) to Kunming Eye Hospital subsequent to the completion of the acquisition. Up to the date of this announcement, the acquisition has not been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the six months ended 30 June 2018, we generated 52.7% (six months ended 30 June 2017: 62.8%) of our revenue in Hong Kong and 47.3% (six months ended 30 June 2017: 37.2%) in the PRC. Our business was experienced a rapid growth during the six months ended 30 June 2018, generating total revenue of HK$192.3 million (six months ended 30 June 2017: HK$140.4 million) for the six months ended 30 June 2018, representing an increase of 36.9% from the corresponding period in 2017. In particular, the revenue of the PRC operations also recorded an increase of 74.3% during the six months ended 30 June 2018 primarily as a result of the strong growth in revenue of the eye hospital in Shenzhen and the commencement of business operations of the eye hospital in Beijing. The revenue of the eye hospital in Shenzhen amounted to HK$81.5 million (six months ended 30 June 2017: HK$52.2 million) during the six months ended 30 June 2018, representing a promising growth rate of 56.1%.

Our eye hospital in Beijing has commenced business operations since January 2018 and our fifth satellite clinic in Hong Kong has commenced business operations since March 2018. Our eye hospital in Beijing incurred a net loss amounted to HK$17.6 million during the six months ended 30 June 2018. While the eye hospital in Beijing was in the initial investment stage during the six months ended 30 June 2018, our Directors are satisfied with the performance of the eye hospital in Beijing, and we expect that its profitability will improve in 2019.

We will further expand our service network in Shenzhen and other PRC cities. Our first satellite clinic in Baoan District, Shenzhen is planned to open during the fourth quarter of 2018. The satellite clinic in Baoan will have five consultation rooms and one operation theatre. The satellite clinic in Baoan is expected to strengthen our service network in Shenzhen. On 28 August 2018, we entered into an agreement to acquire 80% of the issued share capital of Kunming Eye Hospital for cash consideration of RMB30,000,000 (equivalent to HK$35,430,000) and subsequent capital injection of RMB20,000,000 (equivalent to HK$23,620,000) to the acquiree. The acquisition of Kunming Eye Hospital will help the Group to establish the service network in Southwest China which has increasing demand for high quality ophthalmic services.

Gross profit margin decreased to 32.8% (six months ended 30 June 2017: 44.6%) during the six months ended 30 June 2018 and the amount of gross profit maintained at a stable level of HK$63.1 million (six months ended 30 June 2017: HK$62.7 million). The decrease of the gross profit margin was primarily due to the additional costs of our eye hospital in Beijing which was still at the initial investment stage.

Net profit for the six months ended 30 June 2018 decreased by 52.6% to HK$12.0 million, primarily due to (a) the net loss of the eye hospital in Beijing amounted to HK$17.6 million during the six months ended 30 June 2018 and (b) the exchange loss amounted to HK$8.5 million arising from the depreciation of Renminbi against Hong Kong dollars in relation to certain bank deposits denominated in Renminbi which have been subsequently converted into Hong Kong dollars. These two factors decreased the amount of net profit significantly during the six months ended 30 June 2018.

FINANCIAL REVIEW

Revenue

We are an ophthalmic service provider in Hong Kong and the PRC. Our ophthalmologists/physicians are specialised in the fields of cataract, glaucoma, strabismus and refractive surgeries and external eye diseases. Our revenue is derived from our fees charged to our clients on consultation and other medical services, and surgeries as well as the sales of vision aid products, including glasses and lens. The following table sets forth our revenue for the periods indicated as a percentage of total revenue:

	Six months ended 30 June					
	2018		2017		Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Provision of ophthalmic services	**179,221**	**93.2**	132,223	94.1	46,998	35.5
Sales of vision aid products	**13,093**	**6.8**	8,226	5.9	4,867	59.2
	192,314	**100.0**	140,449	100.0	51,865	36.9

Our revenue was generated from Hong Kong and the PRC. In Hong Kong, our service network included our eye centre in Central and five satellite eye clinics in Hong Kong. In the PRC, our eye hospitals are located in Shenzhen and Beijing. The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Six months ended 30 June					
	2018		2017		Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**101,331**	**52.7**	88,237	62.8	13,094	14.8
PRC	**90,983**	**47.3**	52,212	37.2	38,771	74.3
	192,314	**100.0**	140,449	100.0	51,865	36.9

Our total revenue during the six months ended 30 June 2018 represented an increase of 36.9% as compared with our total revenue during the six months ended 30 June 2017. In addition to the increase in the sales of visual aid products by 59.2%, the increase was primarily driven by the increase in the revenue generated from the provision of ophthalmic services to HK$179.2 million during the six months ended 30 June 2018 from HK$132.2 million during the six months ended 30 June 2017, representing an increase of 35.5%, because of the increase in the number of surgeries performed by us and the number of our ophthalmologists/physicians in Hong Kong and the PRC.

The revenue generated from our business operations in Hong Kong accounted for 52.7% of our total revenue, represented a decrease from 62.8% as compared with the six months ended 30 June 2017, primarily because of the increase in the amount of revenue of the PRC of 74.3% for the six months ended 30 June 2018 which was at a faster pace than that of Hong Kong of 14.8%.

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 categories for the periods indicated as a percentage of total revenue generated from the provision of ophthalmic services:

	Six months ended 30 June					
	2018		2017		Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Consultation and other medical service fees						
– Hong Kong	**39,848**	**22.2**	29,934	22.6	9,914	33.1
– PRC	**33,909**	**19.0**	21,250	16.1	12,659	59.6
	73,757	**41.2**	51,184	38.7	22,573	44.1
Surgery fees						
– Hong Kong	**60,621**	**33.8**	57,671	43.6	2,950	5.1
– PRC	**44,843**	**25.0**	23,368	17.7	21,475	91.9
	105,464	**58.8**	81,039	61.3	24,425	30.1
	179,221	**100.0**	132,223	100.0	46,998	35.5

The ophthalmic services provided by us included surgeries for the treatment of not only cataract, glaucoma and strabismus, but also eye diseases, including corneal and vitreoretinal diseases. Generally speaking, ophthalmic services 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.

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

	Six months ended 30 June	
	2018	2017
For Hong Kong		
Total surgery fee (in HK$'000)	**60,621**	57,671
Number of surgeries performed by us	**1,817**	1,646
Average surgery fee (HK$)	**33,363**	35,037
For PRC		
Total surgery fee (in HK$'000)	**44,843**	23,368
Number of surgeries performed by us	**3,001**	1,697
Average surgery fee (HK$)	**14,943**	13,770

In Hong Kong, the average surgery fee decreased by 4.8% due to the change of the type of surgery mix. The surgery volume increased during the six months ended 30 June 2018 as a result of the increasing number of our Hong Kong Ophthalmologists.

In the PRC, the average surgery fee increased by 8.5% due to the nature of surgery undertaken by us during the six months ended 30 June 2018 and the number of surgeries increased by 76.8% to 3,001 during the six months ended 30 June 2018 mainly due to the commence of operations of the eye hospital in Beijing and especially the strong growth contributed by the eye hospital in Shenzhen.

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 the optometrists employed by us in Hong Kong and the PRC. During the six months ended 30 June 2018, our revenue generated from the sales of vision aid products amounted to HK$13.1 million, representing an increase of 59.2% from last period.

Cost of revenue

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

	Six months ended 30 June					
	2018		2017		Change	
	HK$'000	***% to revenue***	*HK$'000*	*% to revenue*	*HK$'000*	*%*
Doctors' consultation fees	**36,451**	**19.0**	31,338	22.3	5,113	16.3
Cost of inventories and consumables	**31,415**	**16.3**	16,873	12.0	14,542	86.2
Staff salaries and allowance	**24,904**	**12.9**	14,861	10.6	10,043	67.6
Rent and rates	**16,659**	**8.7**	9,102	6.5	7,557	83.0
Depreciation	**11,833**	**6.2**	3,076	2.2	8,757	284.7
Others	**7,983**	**4.2**	2,505	1.8	5,478	218.7
Total	**129,245**	**67.3**	77,755	55.4	51,490	66.2

Comparing with the six months ended 30 June 2018 and same period in 2017, there were three new service locations commenced into operations to meet the increased demand of ophthalmic services, including the eye hospital in Beijing, and two locations in Hong Kong, the fifth satellite clinic in Kwun Tong and the surgery centre in Mong Kok. Accordingly, our cost of revenue increased by 66.2% from HK$77.8 million for the six months ended 30 June 2017 to HK$129.2 million for the six months ended 30 June 2018, primarily as a result of (i) an increase in cost of inventories and consumables of HK$14.5 million, (ii) an increase in staff salaries and allowance of HK$10.0 million and (iii) an increase in depreciation of HK$8.8 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 periods indicated:

	Six months ended 30 June					
	2018		2017		Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Hong Kong	**30,427**	**30.0**	32,308	36.6	(1,881)	(5.8)
PRC	**32,642**	**35.9**	30,386	58.2	2,256	7.4
	63,069	**32.8**	62,694	44.6	375	0.6

The amount of gross profit during the six months ended 30 June 2018 amounted to HK$63.1 million, representing an increase of 0.6% from HK$62.7 million during the six months ended 30 June 2017. Our gross profit margin was 32.8% during the six months ended 30 June 2018, as compared with 44.6% during the six months ended 30 June 2017. The gross profit margin for our business operations in the PRC recorded a decrease to 35.9% from 58.2% primarily due to the increased costs from the eye hospital in Beijing. The gross profit margin for our business operations in Hong Kong also recorded a decrease to 30.0% from 36.6% primarily due to the increased costs from the fifth satellite in Kwun Tong and the surgery centre in Mong Kok which new locations usually take some time to build the client base.

Selling expenses

Our selling expenses increased by 113.2% from HK$4.2 million for the six months ended 30 June 2017 to HK$9.0 million for the six months ended 30 June 2018, primarily due to an increase in promotional expenses in the PRC for the eye hospitals in Shenzhen and Beijing. The amount of selling expenses, as a percentage of our total revenue, increased from 3.0% for the six months ended 30 June 2017 to 4.7% for the six months ended 30 June 2018. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses during the six months ended 30 June 2018 amounted to HK$30.5 million, consisting of listing expenses amounted to HK$2.0 million and other administrative expenses amounted to HK$28.5 million.

The other administrative expenses had an increase of 69.4% as compared with HK$16.8 million during the six months ended 30 June 2017. The increase in our other administrative expenses during the period was primarily driven by the increase in our staff salaries and allowance as a result of business expansion, especially for the new eye hospital in Beijing, and the increase in rent and rates.

During the six months ended 30 June 2018, we incurred HK$2.0 million as the listing expenses.

Other income

Our other income during the six months ended 30 June 2018 increased to HK$7.3 million from HK$0.7 million during the six months ended 30 June 2017. The increase was primarily due to the increase in the interest income and miscellaneous income.

Other (losses)/gains, net

Our other losses, net during the six months ended 30 June 2018 amounted to HK$8.5 million mainly consisted of exchange losses as a result of the continuous depreciation of Renminbi against Hong Kong dollars in relation to certain bank deposits maintained by the Group in Hong Kong and denominated in Renminbi. Such short term bank deposits have been subsequently converted into Hong Kong dollars during mid of July 2018.

Finance expenses

Our finance expenses decreased from HK$0.3 million for the six months ended 30 June 2017 to HK$0.2 million for the six months ended 30 June 2018, primarily because of the repayment of bank loans.

Income tax expense

Our income tax expense during the six months ended 30 June 2018 amounted to HK$10.1 million, representing an increase by 13.0% from HK$8.9 million during the six months ended 30 June 2017. The increase was primarily due to the increase in the profit before tax of the eye hospital in Shenzhen.

Profit for the period

As a result of the foregoing, our profit for the six months ended 30 June 2018 decreased by 52.6% to HK$12.0 million due to the net loss of the eye hospital in Beijing amounted to HK$17.6 million and the exchange losses from the Renminbi denominated short term bank deposits amounted to HK$8.5 million.

If excluding the net loss of the eye hospital in Beijing amounted to HK$17.6 million and the exchange losses from the Renminbi denominated short term bank deposits amounted to HK$8.5 million for the six months ended 30 June 2018, the net profit of the Group for the six months ended 30 June 2018 would be amounted to HK$38.1 million.

Event after the balance sheet date

On 28 August 2018, we entered into an agreement to acquire 80% of the issued share capital of Kunming Eye Hospital for cash consideration of RMB30,000,000 (equivalent to HK$35,430,000) and subsequent capital injection of RMB20,000,000 (equivalent to HK$23,620,000) to the acquiree. Details of which are set out in the Company’s separate announcement dated 28 August 2018.

OUTLOOK AND STRATEGIES

The Directors believe that the Group has its competitive strengths following the listing on the Stock Exchange as one of the leading and internationally recognised ophthalmic service providers in Hong Kong and the PRC. As stated in the Company's prospectus dated 29 December 2017 (the "**Prospectus**"), in addition to the national economic growth in the PRC, the implementation of the favorable policies to the medical industry in the PRC, the development of the Guangdong-Hong Kong-Macau Big Bay Area (粵港澳大灣區) and the increasing urbanisation and living standards of the middle-class population in the PRC are expected to increase the demand for high-quality ophthalmic services. The Group is prepared to capture these business opportunity by implementing the following strategies:

Establish or acquire eye hospitals, eye centre and clinics in Hong Kong and selected PRC cities, including cities in Eastern China, Southwest or Central China and the Guangdong-Hong Kong-Macau Big Bay Area.

Leveraging our experience in Hong Kong and Shenzhen, we intend to further increase our penetration in Hong Kong and the PRC. We believe we can draw on our experience in having successfully established and achieving profitable operation at Shenzhen C-MER Eye Hospital to expand further into selected PRC cities where the demand and growth potential for ophthalmic services is substantial. Currently, we intend to expand into other selected PRC cities that have similar demographic features and medical resources as Beijing and Shenzhen, by either setting up new hospitals or acquiring operating hospitals, centres or clinics when desirable opportunities arise.

Improve our operational capacity and service capability.

We will continue to dedicate our efforts to maintaining our high service standards and strive to give our clients quality ophthalmic services. We will continue to invest in advanced medical equipment and information technology infrastructure to enhance the quality and efficiency of our practice and to ensure our clients are provided with the most appropriate treatment. We will purchase additional equipment and enhance the information technology system for upgrading the document management systems for our patient records and the related information technology systems.

Identify suitable strategic partners for collaboration.

We may explore opportunities for strategic partnerships, alliances and investment opportunities in order to extend our network into the regions and markets where we do not have a presence.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

The Company has been listed on the Stock Exchange since 15 January 2018 (the "**Listing Date**"). During the period from the Listing Date up to the date of this announcement, the Company has adopted the principles as set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules which are applicable to the Company.

In the opinion of the Board, during the period from the Listing Date up to the date of this announcement, the Company has complied with all applicable code provisions as set forth in the CG Code, save and except for code provision A.2.1 which states that the roles of chairman and chief executive officer 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 our Group and directing the strategic development and business plans of our 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 comprises experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Dr. LAM Shun Chiu Dennis) and five 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, in order to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix 10 to the Listing Rules 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. Following specific enquiry, each of the Directors has confirmed compliance with the Model Code throughout the period from the Listing Date and up to the date of this announcement. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the period from the Listing Date to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this announcement.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Stock Exchange since 15 January 2018, and the net proceeds from the Global Offering amounted to HK$608.2 million. As at the date of this announcement, the net proceeds from the Global Offering have not been used. The Directors are reviewing the business opportunities available to the Group from time to time for the purpose of using the net proceeds for the purposes stated in the Prospectus. The Directors do not anticipate that there will be any material change to the proposed use of the net proceeds from the Global Offering.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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 and Ms. BENTLEY Annie Liang.

The audit committee of the Board has reviewed with the management the accounting principles as well as practices adopted by the Group and discussed risk management and internal control as well as financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 with the Directors. In addition, the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cmereye.com. The interim report of the Company for the six months ended 30 June 2018 will be dispatched to the shareholders of the Company and made available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
C-MER Eye Care Holdings Limited
Dr. LAM Shun Chiu Dennis *JP*
Chairman

Hong Kong, 28 August 2018

As at the date of this announcement, the executive Directors are Dr. LAM Shun Chiu Dennis JP, Ms. LI Xiaoting, Dr. LEE Yau Wing Vincent and Mr. LI Chunshan; the independent non-executive Directors are Dr. LAU Johnson Yiu-Nam, Dr. LI Kwok Tung Donald SBS JP, Mr. MA Andrew Chiu Cheung, Mr. CHAN Chi Leong and Ms. BENTLEY Annie Liang.