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C-MER 希瑪

C-MER EYE CARE HOLDINGS LIMITED
希瑪眼科醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3309)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2018	2017	**Change**
	HK$'000	*HK$'000*	
Revenue	**429,374**	311,228	38.0%
Gross profit	**149,337**	135,431	10.3%
Profit for the year	**42,571**	40,127	6.1%
Adjusted net profit for the year[(1)&(2)]	**44,592**	64,287	-30.6%
Gross profit margin (%)	**34.8%**	43.5%	-8.7pp
Net profit margin (%)	**9.9%**	12.9%	-3.0pp
Adjusted net profit margin (%)[(1)&(2)]	**10.4%**	20.7%	-10.3pp

Notes:

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

(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 annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	3	**429,374**	311,228
Cost of revenue	6	**(280,037)**	(175,797)
Gross profit		**149,337**	135,431
Other income	4	**14,268**	2,407
Selling expenses	6	**(26,501)**	(11,263)
Administrative expenses	6		
– Listing expenses		**(2,021)**	(24,160)
– Other administrative expenses		**(64,867)**	(43,584)
Other (losses)/gains, net	5	**(8,890)**	210
Operating profit		**61,326**	59,041
Finance expenses	7	**(160)**	(555)
Profit before income tax		**61,166**	58,486
Income tax expense	8	**(18,595)**	(18,359)
Profit for the year		**42,571**	40,127
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(7,731)**	5,588
Total other comprehensive (loss)/income for the year		**(7,731)**	5,588
Total comprehensive income attributable to equity holders of the Company		**34,840**	45,715
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– basic	9	**4.16**	5.22
– diluted	9	**4.04**	5.15

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2018	2017
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**110,484**	109,179
Intangible assets		**3,827**	2,453
Deferred income tax assets		**1,047**	935
Deposits and prepayments		**8,905**	10,809
		124,263	123,376
Current assets			
Inventories		**9,145**	6,873
Trade receivables	11	**6,259**	7,692
Deposits, prepayments and other receivables		**14,122**	9,407
Financial assets at fair value through profit or loss		**11,397**	60
Current income tax recoverable		**819**	–
Bank deposits with original maturity over three months		**249,099**	–
Pledged bank deposits		**–**	8,000
Cash and cash equivalents		**471,745**	77,969
		762,586	110,001
Total assets		**886,849**	233,377
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**103,511**	37
Reserves		**730,194**	157,386
Total equity		**833,705**	157,423

	Note	As at 31 December 2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**1,748**	665
Deferred income tax liabilities		**–**	15
		1,748	680
Current liabilities			
Trade payables	12	**5,362**	6,892
Accruals and other payables		**41,643**	53,796
Amount due to a related party		**20**	153
Current income tax liabilities		**3,647**	6,151
Borrowings		**724**	8,282
		51,396	75,274
Total liabilities		**53,144**	75,954
Total equity and liabilities		**886,849**	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 (the "Group") are principally engaged in the provision of ophthalmic services and sales of vision aid products in Hong Kong ("HK") and the People's Republic of China (the "PRC"). The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 January 2018.

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

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and 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 profit or loss, which are carried at fair value.

(a) New and amended standards adopted by the Group

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

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

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15. The adoption of other amendments and interpretation listed above did not have material impact on the Group's accounting policies and consolidated financial statements.

Changes in accounting policies

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of HKFRS 9 resulted in changes in accounting policies.

(i) *Classification and measurement of financial instruments*

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The Group's financial assets measured at amortised cost and fair value through profit or loss ("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.

(ii) *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; and

- 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, pledged bank deposits and bank deposits with original maturity over three months are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

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. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Trade receivables are written off when there is no reasonable expectation of recovery.

The Group has assessed the adoption of expected credit loss model on trade receivables and the change in impairment methodologies has no significant impact to the Group's consolidated financial statements and the opening loss allowance as at 1 January 2018 is not restated.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include deposits and other receivables in the consolidated balance sheet. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss 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.

The Group has assessed the adoption of the expected credit loss model on other receivables as at 1 January 2018 and the change in impairment methodologies has no significant impact to the Group's consolidated financial statements and the opening loss allowance as at 1 January 2018 is not restated.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control.

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 15, the Group has adopted the modified retrospective approach and comparative figures have not been restated.

The impact on the Group's financial position by the application of HKFRS 15 is as follows:

	31 December 2017 As previously stated *HK$'000*	Reclassification *HK$'000*	1 January 2018 Restated *HK$'000*
Consolidated balance sheet (extract):			
Accruals and other payables			
– Contract liabilities	–	2,894	2,894
– Receipt in advance	2,894	(2,894)	–

Reclassification of advance payments received from clients was made from "receipt in advance" to "contract liabilities" to reflect the terminology used under HKFRS 15.

The adoption of HKFRS 15 has no other material impact to the Group's consolidated financial statements other than changes in disclosures.

(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 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015 – 2017 Cycle	1 January 2019
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

HKFRS 16 "Leases"

HKFRS 16 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. The Group's current accounting policy for such leases is that 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 sheet but are disclosed in the consolidated financial statements. As at 31 December 2018, the Group's total operating lease commitments amounted to HK$146,541,000. 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 the consolidated 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 sheet 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 and amended standards presented, management is in the process of making an assessment of the likely impact of these changes but is not yet in a position to state whether they will result in substantial changes to the Group's significant accounting policies and the presentation of its financial statements.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Provision of ophthalmic services	**399,905**	291,076
Sales of vision aid products	**29,469**	20,152
	429,374	311,228
Timing of revenue recognition		
Over time	**399,905**	291,076
At a point in time	**29,469**	20,152
	429,374	311,228

(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 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 these consolidated financial statements.

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 year ended 31 December 2018 are as follows:

	Year ended 31 December 2018		
	HK	**PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	**217,997**	**211,377**	**429,374**
Gross profit	**65,634**	**83,703**	**149,337**
Selling expenses	**(2,165)**	**(24,336)**	**(26,501)**
Administrative expenses	**(21,681)**	**(43,186)**	**(64,867)**
Segment results	**41,788**	**16,181**	**57,969**
Other income			**14,268**
Listing expenses			**(2,021)**
Other losses, net			**(8,890)**
Finance expenses			**(160)**
Profit before income tax			**61,166**
Income tax expense			**(18,595)**
Profit for the year			**42,571**
Other segment information			
Additions to non-current assets	**15,952**	**18,433**	**34,385**
Depreciation and amortisation	**(17,527)**	**(8,019)**	**(25,546)**
Gains/(losses) on disposal of property, plant and equipment, net	**45**	**(34)**	**11**

The segment results for the year ended 31 December 2017 are as follows:

	Year ended 31 December 2017		
	HK	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	189,507	121,721	311,228
Gross profit	66,722	68,709	135,431
Selling expenses	(796)	(10,467)	(11,263)
Administrative expenses	(16,773)	(26,811)	(43,584)
Segment results	49,153	31,431	80,584
Other income			2,407
Listing expenses			(24,160)
Other gains, net			210
Finance expenses			(555)
Profit before income tax			58,486
Income tax expense			(18,359)
Profit for the year			40,127
Other segment information			
Additions to non-current assets	9,784	75,385	85,169
Depreciation and amortisation	(4,804)	(3,774)	(8,578)
Losses on disposal of property, plant and equipment, net	(63)	–	(63)

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

There is no single external client contributed more than 10% to the Group's revenue for the year ended 31 December 2018 (2017: nil).

4 OTHER INCOME

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Management fee income	**389**	616
Interest income from bank deposits *(Note)*	**13,397**	877
Others	**482**	914
	14,268	2,407

Note: Total interest income on financial assets measured at amortised cost for the year was HK$13,321,000 (2017: HK$547,000) and interest income from financial assets at FVPL was HK$76,000 (2017: HK$330,000).

5 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Gains/(losses) on disposal of property, plant and equipment, net	**11**	(63)
Gains on financial assets at fair value through profit or loss	**76**	681
Exchange losses, net	**(8,977)**	(408)
	(8,890)	210

6 EXPENSES BY NATURE

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Amortisation of intangible assets	**471**	177
Auditor's remuneration		
– Audit services	**1,500**	1,900
– Non-audit services	**203**	171
Depreciation of property, plant and equipment	**25,075**	8,401
Doctors' consultation fees	**80,874**	68,535
Cost of inventories and consumables	**75,150**	39,773
Employee benefit expenses	**87,057**	52,984
Rental expenses	**40,219**	21,843
Legal and professional fees	**4,056**	1,713
Listing expenses	**2,021**	24,160
Share option expenses to doctors and consultants	**5,437**	5,339

7 FINANCE EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Interest expense on borrowings	**160**	555

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year ended 31 December 2018.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2017: 25%) for the year ended 31 December 2018.

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

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**8,302**	9,300
– PRC enterprise income tax	**10,459**	9,189
(Over)/under-provision in prior years	**(39)**	241
Deferred income tax	**(127)**	(371)
Income tax expense	**18,595**	18,359

9 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.

	Year ended 31 December	
	2018	2017
Profit attributable to equity holders of the Company during the year *(HK$'000)*	**42,571**	40,127
Weighted average number of ordinary shares in issue	**1,022,274,585**	769,287,977
Basic earnings per share *(HK cents)*	**4.16**	5.22

Note:

(i) The earnings per share as presented above is calculated using the weighted average number of 1,022,274,585 (2017: 769,287,977) ordinary shares deemed to be in issue for the year ended 31 December 2018. 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 year ended 31 December 2018, the Group has one (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.

	Year ended 31 December	
	2018	2017
Profit attributable to equity holders of the Company during the year *(HK$'000)*	**42,571**	40,127
Weighted average number of ordinary shares in issue	**1,022,274,585**	769,287,977
Adjustments for:		
– impact of the pre-IPO share option scheme	**31,504,587**	10,613,634
Weighted average number of ordinary shares for diluted earnings per share	**1,053,779,172**	779,901,611
Diluted earnings per share *(HK cents)*	**4.04**	5.15

10 DIVIDENDS

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Final dividend, proposed, of HK2.0 cents per ordinary share *(Note (i))*	**20,702**	–
Dividends declared and paid to the controlling shareholder *(Note (ii))*	**–**	100,000

Notes:

(i) At a board meeting held on 26 March 2019, the directors recommended the payment of a final dividend of HK2.0 cents per ordinary share, totalling approximately HK$20,702,000. The dividend was not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2019 after receiving the shareholders' approval at the forthcoming annual general meeting.

(ii) Pursuant to a directors' resolution dated 30 September 2017, the Company declared a dividend of HK$100,000,000 to C-MER Group Limited, the controlling shareholder of the Company. Such dividend has been settled through cash and the current account with Dr. LAM Shun Chiu Dennis.

11 TRADE RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**6,259**	7,692

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 2018, the ageing analysis of the trade receivables based on due date and invoice date was as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**5,624**	7,151
91 – 180 days	**226**	234
Over 180 days	**409**	307
	6,259	7,692

As at 31 December 2018, all the trade receivables balances were not impaired (2017: same). These relate to a number of independent clients, commercial companies and local government to which no credit terms were granted.

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

12 TRADE PAYABLES

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

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**5,193**	6,887
31 – 60 days	**160**	4
61 – 90 days	**3**	1
Over 90 days	**6**	–
	5,362	6,892

The carrying amounts of trade payables approximate their fair values.

13 EVENTS AFTER THE BALANCE SHEET DATE

The events after the balance sheet date are disclosed as follows:

(a) On 15 February 2019, the Group entered into an agreement with an independent third party to establish a new hospital in Huizhou, Guangdong Province, the PRC. Pursuant to the agreement, the Group will inject RMB14,000,000 (equivalent to approximately HK$16,440,000) to the new hospital and own 70% of its equity interests, while the other investor will inject RMB6,000,000 (equivalent to approximately HK$7,046,000) and own the remaining 30% equity interests. Up to the date of this announcement, the incorporation procedures of the new hospital has not been completed.

(b) On 26 March 2019, the Group entered into an agreement with independent third parties to acquire 100% equity interest of Shanghai Lucida Medical Scientific Ltd (the "acquiree") in Shanghai, the PRC, at a maximum cash consideration of RMB82,900,000 (equivalent to approximately HK$97,349,000) which is subject to contingent consideration payments based on cash and cash equivalents and equity value of the acquiree at the date of completion. Up to the date of this announcement, the acquisition has not been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the year ended 31 December 2018, we generated 50.8% (2017: 60.9%) of our revenue in Hong Kong and 49.2% (2017: 39.1%) in the PRC. Our business had experienced a rapid growth during the year ended 31 December 2018, generating total revenue of HK$429.4 million for the year ended 31 December 2018 (2017: HK$311.2 million), representing an increase of 38.0% from the year 2017. In particular, the revenue of the PRC operations also recorded an increase of 73.7% during the year ended 31 December 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 from Shenzhen amounted to HK$179.7 million (2017: HK$121.7 million) during the year 31 December 2018, representing a promising growth rate of 47.7%.

Our eye hospital in Beijing has commenced business operations since January 2018. Our fifth satellite clinic in Hong Kong has commenced business operations since March 2018 and our first satellite clinic in Baoan District, Shenzhen has commenced business operations since November 2018. Our eye hospital in Beijing generated total revenue of HK$31.7 million and incurred a net loss amounted to HK$23.2 million during the year ended 31 December 2018. While the eye hospital in Beijing was in the initial investment stage during the year ended 31 December 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 the Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區) and other PRC regions.

Our first eye hospital in Huizhou, Guangdong province, is planned to open during the second half of 2019. The eye hospital in Huizhou will have ten consultation rooms and three operation theatres. The eye hospital in Huizhou is expected to strengthen our service network in Guangdong province.

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$35,229,000) and subsequent capital injection of RMB20,000,000 (equivalent to HK$23,486,000) 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. The transaction is expected to be completed by end of April 2019.

On 26 March 2019, the Group entered into an agreement with independent third parties to acquire 100% equity interest of Shanghai Lucida Medical Scientific Ltd (the "acquiree") in Shanghai, the PRC, at a maximum cash consideration of RMB82,900,000 (equivalent to approximately HK$97,349,000) which is subject to contingent consideration payments based on the cash and cash equivalents and equity value of the acquiree at the date of completion. The acquisition is expected to be completed by end of June 2019.

Gross profit margin decreased to 34.8% (2017: 43.5%) during the year ended 31 December 2018 but the amount of gross profit increased to HK$149.3 million (2017: HK$135.4 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.

Although the revenue increased by 38.0% for the year ended 31 December 2018, net profit for the year ended 31 December 2018 increased by only 6.1% to HK$42.6 million, primarily due to (a) the net losses of the eye hospital in Beijing amounted to HK$23.2 million and the new satellite clinic in Baoan amounted to HK$3.8 million during the year ended 31 December 2018 and (b) the exchange loss amounted to HK$9.0 million arising from the depreciation of Renminbi against Hong Kong dollars in relation to certain bank deposits denominated in Renminbi which have been converted into Hong Kong dollars. These two factors decreased the amount of net profit significantly during the year ended 31 December 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 years indicated as a percentage of total revenue:

	Year ended 31 December					
	2018		2017		**Change**	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Provision of ophthalmic services	**399,905**	**93.1**	291,076	93.5	108,829	37.4
Sales of vision aid products	**29,469**	**6.9**	20,152	6.5	9,317	46.2
	429,374	**100.0**	311,228	100.0	118,146	38.0

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 clinics. In the PRC, our eye hospitals are located in Shenzhen and Beijing and a satellite clinic is located in Shenzhen. The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Year ended 31 December					
	2018		2017		**Change**	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**217,997**	**50.8**	189,507	60.9	28,490	15.0
PRC	**211,377**	**49.2**	121,721	39.1	89,656	73.7
	429,374	**100.0**	311,228	100.0	118,146	38.0

Our total revenue during the year ended 31 December 2018 represented an increase of 38.0% as compared with our total revenue during the year ended 31 December 2017. In addition to the increase in the sales of visual aid products by 46.2%, the increase was primarily driven by the increase in the revenue generated from the provision of ophthalmic services to HK$399.9 million during the year ended 31 December 2018 from HK$291.1 million during the year ended 31 December 2017, representing an increase of 37.4%, 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 50.8% of our total revenue, decreased from 60.9% for the year ended 31 December 2017, primarily because of the increase in revenue generated from our business operations in the PRC by 73.7% for the year ended 31 December 2018 which was at a faster pace than that of Hong Kong of 15.0%.

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 years indicated as a percentage of total revenue generated from the provision of ophthalmic services:

	Year ended 31 December					
	2018		2017		**Change**	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Consultation and other medical service fees						
– Hong Kong	**83,460**	**20.9**	64,251	22.1	19,209	29.9
– PRC	**76,769**	**19.2**	49,284	16.9	27,485	55.8
	160,229	**40.1**	113,535	39.0	46,694	41.1
Surgery fees						
– Hong Kong	**131,888**	**32.9**	123,871	42.6	8,017	6.5
– PRC	**107,788**	**27.0**	53,670	18.4	54,118	100.8
	239,676	**59.9**	177,541	61.0	62,135	35.0
	399,905	**100.0**	291,076	100.0	108,829	37.4

The ophthalmic services provided by us are 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 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:

	Year ended 31 December		Change
	2018	2017	%
For Hong Kong			
Total surgery fee (in HK$'000)	**131,888**	123,871	6.5
Number of surgeries performed by us	**3,779**	3,205	17.9
Average surgery fee (HK$)	**34,900**	38,649	-9.7
For PRC			
Total surgery fee (in HK$'000)	**107,788**	53,670	100.8
Number of surgeries performed by us	**7,202**	3,865	86.3
Average surgery fee (HK$)	**14,966**	13,886	7.8

In Hong Kong, the average surgery fee decreased by 9.7% due to the change of the type of surgery mix. The surgery volume increased during the year ended 31 December 2018 as a result of the increasing number of our Hong Kong Ophthalmologists.

In the PRC, the average surgery fee increased by 7.8% due to the nature of surgery undertaken by us during the year ended 31 December 2018 and the number of surgeries increased by 86.3% to 7,202 during the year ended 31 December 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 year ended 31 December 2018, our revenue generated from the sales of vision aid products amounted to HK$29.5 million, representing an increase of 46.2% from that of last year.

Cost of revenue

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

	Year ended 31 December					
	2018		2017		**Change**	
		% to		*% to*		
	HK$'000	***revenue***	*HK$'000*	*revenue*	*HK$'000*	*%*
Doctors' consultation fees	**80,874**	**18.8**	68,535	22.0	12,339	18.0
Cost of inventories and consumables	**75,150**	**17.5**	39,773	12.8	35,377	88.9
Staff salaries and allowance	**54,723**	**12.7**	32,270	10.4	22,453	69.6
Rent and rates	**33,955**	**7.9**	17,257	5.5	16,698	96.8
Depreciation	**21,546**	**5.0**	6,958	2.2	14,588	209.7
Others	**13,789**	**3.3**	11,004	3.6	2,785	25.3
Total	**280,037**	**65.2**	175,797	56.5	104,240	59.3

Comparing with that of the year ended 31 December 2017, there were four new service locations commenced into operations to meet the increased demand of ophthalmic services, including two locations in the PRC (the eye hospital in Beijing and the first satellite clinic in Baoan, Shenzhen) 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 59.3% from HK$175.8 million for the year ended 31 December 2017 to HK$280.0 million for the year 31 December 2018, primarily as a result of (i) an increase in cost of inventories and consumables of HK$35.4 million, (ii) an increase in staff salaries and allowance of HK$22.5 million and (iii) an increase in rent and rates of HK$16.7 million.

Gross profit and gross profit margin

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

	Year ended 31 December					
	2018		2017		**Change**	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**65,634**	**30.1**	66,722	35.2	(1,088)	(1.6)
PRC	**83,703**	**39.6**	68,709	56.4	14,994	21.8
	149,337	**34.8**	135,431	43.5	13,906	10.3

The amount of gross profit during the year ended 31 December 2018 amounted to HK$149.3 million, representing an increase of 10.3% from HK$135.4 million during the year ended 31 December 2017. Our gross profit margin was 34.8% during the year ended 31 December 2018, as compared with 43.5% during the year ended 31 December 2017. The gross profit margin for our business operations in the PRC recorded a decrease to 39.6% from 56.4% 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 from 35.2% to 30.1% primarily due to the increased costs from the fifth satellite clinic in Kwun Tong and the surgery centre in Mong Kok in which new locations usually take some time to build the client base.

Selling expenses

Our selling expenses increased by 134.5% from HK$11.3 million for the year ended 31 December 2017 to HK$26.5 million for the year ended 31 December 2018, primarily due to an increase in promotional expenses in the PRC. The amount of selling expenses, as a percentage of our total revenue, slightly increased from 3.6% for the year ended 31 December 2017 to 6.2% for the year ended 31 December 2018. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses during the year ended 31 December 2018 amounted to HK$66.9 million, consisting of listing expenses amounted to HK$2.0 million and other administrative expenses amounted to HK$64.9 million.

The other administrative expenses had an increase of 48.8% as compared with HK$43.6 million during the year ended 31 December 2017. The increase in our other administrative expenses during the year 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.

Other income

Our other income during the year ended 31 December 2018 increased to HK$14.3 million from HK$2.4 million during the year ended 31 December 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 year ended 31 December 2018 amounted to HK$8.9 million mainly consisted of exchange losses as a result of the depreciation of Renminbi against Hong Kong dollars in relation to certain bank deposits denominated in Renminbi maintained by the Group in Hong Kong. Such short term bank deposits have been converted into Hong Kong dollars during mid of July 2018.

Finance expenses

Our finance expenses decreased from HK$0.6 million for the year ended 31 December 2017 to HK$0.2 million for the year ended 31 December 2018, primarily because of the repayment of bank loans.

Income tax expense

Our income tax expense during the year ended 31 December 2018 amounted to HK$18.6 million, representing an increase by 1.1% from HK$18.4 million during the year ended 31 December 2017. The increase was primarily due to the increase of the profit before tax of the eye hospital in Shenzhen.

Profit for the year

As a result of the foregoing, our profit for the year ended 31 December 2018 increased by 6.1% to HK$42.6 million.

If excluding (a) the net losses of the eye hospital in Beijing amounted to HK$23.2 million and the new satellite clinic in Baoan amounted to HK$3.8 million during the year ended 31 December 2018 and (b) the exchange loss amounted to HK$9.0 million from the bank deposits denominated in Renminbi, the net profit of the Group for the year ended 31 December 2018 would be HK$78.6 million.

Capital expenditure and commitments

For the year ended 31 December 2018, the Group incurred capital expenditures of HK$34.4 million, primarily due to purchases of medical equipment and leasehold improvement.

As at 31 December 2018, the Group had a total capital commitment of approximately HK$0.5 million (2017: HK$9.5 million), mainly comprising the related contracts of capital expenditure for medical equipment.

Borrowings

As at 31 December 2018, the Group had total borrowings of HK$2.5 million.

Contingent liabilities

The Group had no material contingent liability as at 31 December 2018.

Pledge of assets

The Group had no pledge of assets as at 31 December 2018.

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, borrowings, trade payables and other payables excluding non-financial liabilities. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

Gearing ratio

As at 31 December 2018, the gearing ratio is not applicable due to net cash position (2017: same).

Foreign exchange risk

Our subsidiaries mainly operate in Hong Kong and the PRC 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 2018, the financial assets and liabilities of our subsidiaries in Hong Kong and the PRC are 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 finance lease liabilities at fixed interest rates.

Credit risk

Our credit risk mainly arises from trade receivables, deposits and other receivables, bank deposits with original maturity over three months and cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The credit risk of bank deposits with original maturity over three months and 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 and the PRC.

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 2018, the Group employed a total of 456 employees (2017: 301). 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. Employees are remunerated with a fixed monthly income plus annual performance related bonus. Share options are granted to employees to reward their contributions under the share option scheme of the Company, details of which will be set forth in the Company's 2018 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 balance sheet date

On 15 February 2019, we entered into an agreement to establish a new hospital in Huizhou, Guangdong Province, the PRC. We will inject RMB14,000,000 (equivalent to HK$16,440,000) to the new hospital and own 70% of its equity interests, while the other investor will inject RMB6,000,000 (equivalent to HK$7,046,000) and own the remaining 30% equity interests.

On 26 March 2019, the Group entered into an agreement with independent third parties to acquire 100% equity interest of Shanghai Lucida Medical Scientific Ltd in Shanghai, the PRC, at a maximum cash consideration of RMB82,900,000 (equivalent to approximately HK$97,349,000) which is subject to contingent consideration payments based on the cash and cash equivalents and equity value of the acquiree at the date of completion. Up to the date of this announcement, the acquisition has not been completed.

OUTLOOK AND STRATEGIES

The implementation of the favorable policies to the medical industry in the PRC, the development of the Guangdong-Hong Kong-Macau Greater 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 stimulate the demand for high-quality ophthalmic services. The Group is prepared to the 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 Greater 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 LASIK 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.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

The Company has been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 January 2018 (the "**Listing Date**"). During the period from the Listing Date to 31 December 2018, the Company has applied the principles as set forth in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities at the Stock Exchange (the "**Listing Rules**") which are applicable to the Company.

In the opinion of the Board, during the period from the Listing Date to 31 December 2018, 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 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 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 of Directors will nevertheless review the structure and composition of the Board of Directors from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

Further information of the corporate governance practice 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 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements are primarily attributable to our working capital for our business operations. Our principal sources of liquidity are cash generated from our business operations. As at 31 December 2018, we had cash and bank balances of HK$471.8 million and short-term bank deposits of HK$249.1 million.

The current ratio (calculated as current assets over current liabilities) was 14.84 times as at 31 December 2018 compared with 1.46 times as at 31 December 2017.

Net cash generated from operating activities was HK$40.9 million during the year ended 31 December 2018 (2017: HK$65.5 million). The decrease was mainly attributed to decrease in cash generated from operations during the year ended 31 December 2018.

Net cash used in investing activities amounted to HK$274.6 million during the year ended 31 December 2018 as compared to HK$89.9 million during the year ended 31 December 2017. The Group invested approximately HK$249.1 million for bank deposits with original maturity over three months and approximately HK$29.8 million for purchase of property, plant and equipment.

During the year ended 31 December 2018, net cash generated from financing activities amounted to HK$630.4 million, as compared to HK$41.2 million during the year ended 31 December 2017. The cash inflow from financing activities for the year ended 31 December 2018 was mainly attributable to the proceeds from the issuance of shares ("**Shares**") of the Company amounted to HK$657.0 million.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2018, the Group did not have any significant investments, acquisitions or disposals, save for the acquisition of the 80% equity interest of Kunming Eye Hospital. For details, please refer to the Company's announcement dated 28 August 2018.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange since the Listing Date, and the net proceeds from the global offering (the "**Global Offering**") amounted to HK$609.8 million.

From the Listing Date to 31 December 2018, the Group used the net proceeds amounted to HK$10.0 million, which included property, plant and equipment and cash for operations, for the set-up of the first satellite clinic in Baoan, Shenzhen.

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 dated 29 December 2017. 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 FINANCIAL STATEMENTS

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. MA Andrew Chiu Cheung (Chairman of the audit committee), Dr. LI Kwok Tung Donald and Ms. BENTLEY Annie Liang. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the consolidated financial statements and annual results for the year ended 31 December 2018.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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 to 31 December 2018. 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 31 December 2018.

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 for the year ended 31 December 2018.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK2 cents per share for the year ended 31 December 2018, representing a distribution of approximately 48.6% of the Group's net profit for the year ended 31 December 2018.

The proposed final dividend payment is subject to approval by the shareholders of the Company at the annual general meeting ("**AGM**") to be held on Tuesday, 25 June 2019. If approved by shareholders, the proposed final dividend is expected to be paid on or about 15 July 2019 to shareholders whose names appear on the register of members of the Company on 4 July 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(a) Shareholders whose names appear on the register of members of our Company on 25 June 2019 are entitled to attend and vote at the AGM. The register of members of our Company will be closed from Thursday, 20 June 2019 to Tuesday, 25 June 2019, 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, 19 June 2019.

(b) The final dividend will be payable on or about Monday, 15 July 2019 to the shareholders whose names appear on the register of members of the Company on Thursday, 4 July 2019. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Tuesday, 2 July 2019 to Thursday, 4 July 2019, both days inclusive. To qualify for the final dividend, 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. (Hong Kong time) on Friday, 28 June 2019.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 25 June 2019. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cmereye.com. The 2018 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 *JP*
Chairman

Hong Kong, 26 March 2019

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.