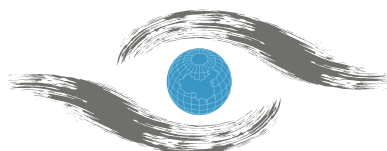


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C-MER 希瑪

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)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS

		Six months ended 30 June		
		2021	2020	Change
	<i>Note</i>	HK\$'000	HK\$'000	
		(Unaudited)	(Unaudited)	
Revenue		521,444	261,766	99.2%
Gross profit		178,858	61,466	191.0%
Profit/(loss) for the period		12,563	(22,177)	N/A
Profit/(loss) for the period attributable to equity holders of the Company		13,712	(20,981)	N/A
Earnings before interest, taxes, depreciation and amortisation	1	95,505	37,743	153.0%
Gross profit margin (%)		34.3%	23.5%	10.8 pp
Net profit margin (%)		2.4%	N/A	N/A

Note:

- 1 This is not a measure of performance under Hong Kong Financial Reporting Standards (“**HKFRSs**”), but is widely used by management for monitoring business performance of a company from an operational perspective. It may not be comparable to similar measures presented by other companies.

The board (the “**Board**”) of directors (the “**Directors**”) of C-MER Eye Care Holdings Limited (the “**Company**”) announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	521,444	261,766
Cost of revenue	7	(342,586)	(200,300)
Gross profit		178,858	61,466
Other income	5	1,756	128
Selling expenses	7	(51,677)	(23,489)
Administrative expenses	7	(104,570)	(52,844)
Other gains/(losses), net	6	1,565	(1,632)
Operating profit/(loss)		25,932	(16,371)
Finance income		2,676	2,436
Finance costs		(6,148)	(4,770)
Finance costs, net	8	(3,472)	(2,334)
Share of losses of an associate		(247)	(84)
Profit/(loss) before income tax		22,213	(18,789)
Income tax expense	9	(9,650)	(3,388)
Profit/(loss) for the period		12,563	(22,177)
Profit/(loss) for the period attributable to:			
– Equity holders of the Company		13,712	(20,981)
– Non-controlling interests		(1,149)	(1,196)
		12,563	(22,177)

		Six months ended 30 June	
		2021	2020
<i>Note</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss)			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>6,347</u>	<u>(11,280)</u>
Other comprehensive income/(loss) for the period		<u>6,347</u>	<u>(11,280)</u>
Total comprehensive income/(loss) for the period		<u>18,910</u>	<u>(33,457)</u>
Total comprehensive income/(loss) for the period attributable to:			
– Equity holders of the Company		<u>19,490</u>	<u>(32,123)</u>
– Non-controlling interests		<u>(580)</u>	<u>(1,334)</u>
		<u>18,910</u>	<u>(33,457)</u>
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– basic	10	<u>1.19</u>	<u>(1.97)</u>
– diluted	10	<u>1.19</u>	<u>(1.97)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
		2021	2020
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		255,373	218,150
Right-of-use assets		571,432	566,033
Intangible assets		168,236	144,934
Interest in an associate		1,681	1,928
Financial assets at fair value through other comprehensive income		52,575	52,575
Deferred income tax assets		3,921	3,127
Deposits and prepayments		25,535	31,236
		<u>1,078,753</u>	<u>1,017,983</u>
Current assets			
Inventories		31,165	20,443
Trade receivables	12	32,450	14,749
Deposits, prepayments and other receivables		25,735	22,102
Bank deposits with original maturity over three months		73,356	–
Cash and cash equivalents		441,003	553,934
		<u>603,709</u>	<u>611,228</u>
Total assets		<u>1,682,462</u>	<u>1,629,211</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		114,839	114,725
Reserves		1,184,766	1,179,600
		<u>1,299,605</u>	<u>1,294,325</u>
Non-controlling interests		3,505	2,906
Total equity		<u>1,303,110</u>	<u>1,297,231</u>

		As at	
		30 June	31 December
		2021	2020
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
		2,734	2,303
Accruals and other payables			
Loan from a non-controlling interest		7,182	–
Lease liabilities		177,410	177,373
Deferred tax liabilities		365	–
		<u>187,691</u>	<u>179,676</u>
Current liabilities			
Trade payables	13	26,567	19,023
Accruals and other payables		66,420	51,627
Contract liabilities		13,302	8,603
Amount due to a director		1,516	–
Amount due to a non-controlling interest		526	–
Amount due to a related party		111	23
Current income tax liabilities		9,933	5,436
Lease liabilities		73,286	67,592
		<u>191,661</u>	<u>152,304</u>
Total liabilities		<u>379,352</u>	<u>331,980</u>
Total equity and liabilities		<u>1,682,462</u>	<u>1,629,211</u>

NOTES

1 GENERAL INFORMATION

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, dental and other medical services and sale of vision aid products in Hong Kong ("HK") and Mainland China (the "Business"). The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 15 January 2018.

This condensed consolidated interim financial information is presented in Hong Kong Dollar ("HK\$") 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 of the Group for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("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 of the Group for the year ended 31 December 2020, which have been prepared in accordance with HKFRSs.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the annual consolidated financial statements for the year ended 31 December 2020, except for estimation of income tax and the adoption of new and amended standards and framework 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 standards, amended standards and interpretations adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform – Phase 2
HKFRS 4 and HKFRS 16.

The adoption of other amendments listed above did not have material impact on the Group's accounting policies and did not require any adjustments.

(b) New and amended standards not yet adopted

The following new standards and amendments to standards which have been issued, but are effective for the financial year beginning on or after 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HK Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of assessing the financial impact of the above new and amended standards 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.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of ophthalmic services	435,922	227,852
Sales of vision aid products	58,982	33,914
Other medical services	26,540	–
	<u>521,444</u>	<u>261,766</u>
Timing of revenue recognition		
Over time	462,462	227,852
At a point in time	58,982	33,914
	<u>521,444</u>	<u>261,766</u>

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make 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 this condensed consolidated interim financial information.

Management considers the business is mainly located in HK and Mainland China, 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 Mainland China.

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

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

The segment results for the six months ended 30 June 2021 are as follows:

	(Unaudited)		
	Six months ended 30 June 2021		
	Mainland		
	HK	China	Total
	HK\$'000	HK\$'000	HK\$'000
Segment revenue	255,088	266,356	521,444
Gross profit	78,751	100,107	178,858
Selling expenses	(3,981)	(47,696)	(51,677)
Administrative expenses	(30,541)	(74,029)	(104,570)
Segment results	44,229	(21,618)	22,611
Other income			1,756
Other gains, net			1,565
Finance costs, net			(3,472)
Share of losses of an associate			(247)
Profit before income tax			22,213
Income tax expense			(9,650)
Profit for the period			12,563
Other segment information			
Additions to non-current assets	38,732	56,840	95,572
Depreciation and amortisation	(26,018)	(43,802)	(69,820)
Loss on disposal of property, plant and equipment, net	(607)	(3)	(610)
Gain on early termination of lease	452	–	452

The segment results for the six months ended 30 June 2020 are as follows:

	(Unaudited)		
	Six months ended 30 June 2020		
	HK	Mainland	Total
	HK\$'000	China	HK\$'000
		HK\$'000	HK\$'000
Segment revenue	135,554	126,212	261,766
Gross profit	32,334	29,132	61,466
Selling expenses	(4,134)	(19,355)	(23,489)
Administrative expenses	(13,336)	(39,508)	(52,844)
Segment results	14,864	(29,731)	(14,867)
Other income			128
Other losses, net			(1,632)
Finance costs, net			(2,334)
Share of losses of an associate			(84)
Loss before income tax			(18,789)
Income tax expense			(3,388)
Loss for the period			(22,177)
Other segment information			
Additions to non-current assets	13,264	279,757	293,021
Depreciation and amortisation	(15,210)	(38,988)	(54,198)
Loss on disposal of property, plant and equipment, net	(1)	(3)	(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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management fee income	116	57
Government grants (<i>Note</i>)	1,532	28
Others	108	43
	1,756	128

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

6 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment, net	(610)	(4)
Gain on early termination of lease	452	–
Loss on disposal of an associate	–	(1,328)
Exchange gains/(losses), net	1,723	(300)
	<u>1,565</u>	<u>(1,632)</u>

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	567	415
Auditor's remuneration	1,050	917
Depreciation of property, plant and equipment	23,403	20,704
Depreciation of right-of-use assets	45,850	33,079
Doctors' consultation fees	93,815	58,875
Cost of inventories and consumables	120,724	54,700
Employee benefit expenses	124,240	67,383
Short-term lease expenses	1,134	549
Rent concessions	–	(3,400)
Legal and professional fees	3,166	2,259
Share option expenses to doctors and consultants	909	1,809
Office supplies	391	534
Bank service charges	4,268	1,956
Promotion expenses	51,409	23,294
Repair and maintenance fees	4,218	1,494
Subcontracting fees	3,455	–
Others	20,234	12,065
	<u>498,833</u>	<u>276,633</u>
Total cost of revenue, selling and administrative expenses		

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Bank interest income	2,676	2,436
Finance costs		
Interest expense on lease liabilities	(6,092)	(4,770)
Interest expense on loan from a non-controlling interest	(56)	–
	(6,148)	(4,770)
Finance costs, net	(3,472)	(2,334)

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits for the period.

The applicable tax rate for the subsidiaries in Mainland China of the Group is 25% (six months ended 30 June 2020: 25%) for the period.

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	7,040	2,680
– China enterprise income tax	764	423
Under-provision in prior years	818	38
Deferred income tax	1,028	247
Income tax expense	9,650	3,388

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit (six months ended 30 June 2020: loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company during the period (<i>HK\$'000</i>)	13,712	(20,981)
Weighted average number of ordinary shares in issue	1,147,748,604	1,062,916,228
Basic earnings/(loss) per share (<i>HK cents</i>)	1.19	(1.97)

The earnings (six months ended 30 June 2020: loss) per share as presented above is calculated using the weighted average number of 1,147,748,604 (six months ended 30 June 2020: 1,062,916,228) ordinary shares deemed to be in issue for the period.

(b) Diluted

Diluted earnings (six months ended 30 June 2020: loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period, the Group has one (six months ended 30 June 2020: Nil) category of dilutive potential ordinary shares.

For the Pre-IPO Share Option and Post-IPO Share Option Schemes, 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	
	2021	2020
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company during the period (<i>HK\$'000</i>)	13,712	(20,981)
Weighted average number of ordinary shares in issue	1,147,748,604	1,062,916,228
Adjustments for:		
– impact of the share option schemes	1,925,663	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share	1,149,674,267	1,062,916,228
Diluted earnings/(loss) per share (<i>HK cents</i>)	1.19	(1.97)

11 DIVIDENDS

At a meeting of the board of directors held on 31 March 2021, the directors recommended the payment of a final dividend in respect of the year ended 31 December 2020 of HK2.0 cents per ordinary share, which was estimated to be approximately HK\$22,945,000 at the time calculated on the basis of the ordinary shares in issue as at 31 December 2020. The final dividend was declared and approved at the annual general meeting on 26 May 2021, which totalled HK\$22,968,000.

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 90 days	28,824	13,663
91 – 180 days	2,079	584
Over 180 days	1,547	502
	<u>32,450</u>	<u>14,749</u>

13 TRADE PAYABLES

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

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 – 30 days	19,988	15,031
31 – 60 days	2,697	886
61 – 90 days	1,024	184
Over 90 days	2,858	2,922
	<u>26,567</u>	<u>19,023</u>

14 BUSINESS COMBINATION

- (i) On 28 January 2021, the Group acquired a general practice in Shatin, Hong Kong, from an independent third party for a cash consideration of HK\$3,000,000.
- (ii) On 9 February 2021, the Group acquired 90% of the equity interests in Health Hope International Medical Laboratory Limited (“**Health Hope**”), a company that provides medical laboratory services in Hong Kong, from Dr. Dennis LAM and Ms. LI Xiaoting, directors of the Company, for a cash consideration of HK\$9,000,000.
- (iii) On 27 April 2021, the Group acquired 60% of the equity interests in CAD/CAM Restorative Dental Centre Limited (“**CAD/CAM**”), a company that operates a dental clinic in Causeway Bay, Hong Kong, from an independent third party for a consideration of HK\$12,300,000, of which HK\$6,216,000 settled in cash and the remaining settled by allotment of 1,137,235 shares of the Company.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the relevant acquisition dates.

	The clinic in Shatin <i>HK\$'000</i> (Unaudited) 28 January 2021	Health Hope <i>HK\$'000</i> (Unaudited) 9 February 2021	CAD/CAM <i>HK\$'000</i> (Unaudited) 27 April 2021
Consideration			
– Cash	3,000	9,000	6,216
– Allotment of shares	–	–	6,084
	<u>3,000</u>	<u>9,000</u>	<u>12,300</u>

The fair value of the 1,137,235 shares allotted as part of the consideration paid for acquisition of CAD/CAM (HK\$6,084,000) was based on the published share price of the Company of approximately HK\$5.35 per share.

	Note	The clinic in Shatin HK\$'000 (Unaudited) 28 January 2021	Health Hope HK\$'000 (Unaudited) 9 February 2021	CAD/CAM HK\$'000 (Unaudited) 27 April 2021
Recognised amounts of identifiable assets				
acquired and liabilities assumed				
– Property, plant and equipment		–	5,221	375
– Right-of-use assets		–	15,034	1,799
– Cash and cash equivalents		–	140	595
– Trade receivables		–	470	64
– Deposits, prepayments and other receivables		1,125	2,692	181
– Inventories		–	2,498	56
– Deferred income tax assets		–	1,407	–
– Trade payables		–	–	(81)
– Accruals and other payables		–	(8,431)	(355)
– Amount due to a director		–	(916)	(497)
– Lease liabilities		–	(15,237)	(1,800)
– Current income tax liabilities		–	–	(110)
Total identifiable net assets		1,125	2,878	227
Non-controlling interests	(i)	–	(288)	(91)
Goodwill	(ii)	1,875	6,410	12,164
Total consideration		3,000	9,000	12,300
Acquisition-related costs	(iii)	–	59	54
Net cash outflow on acquisition				
Cash paid		3,000	9,000	6,216
Less: Cash and cash equivalents acquired		–	(140)	(595)
		3,000	8,860	5,621

Notes:

(i) Non-controlling interests

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

(ii) Goodwill

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

(iii) Acquisition-related costs

Acquisition-related costs represent legal and professional fees incurred to effect the business combinations. Total acquisition-related costs amounted to HK\$113,000 is charged to the condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2021.

(iv) Revenue and profit/(loss) contribution

The clinic in Shatin contributed revenue of HK\$696,000 and net loss of HK\$307,000 to the Group since acquisition date. Health Hope contributed revenue of HK\$24,050,000 and net profit of HK\$5,695,000 to the Group since acquisition date. CAD/CAM contributed revenue of HK\$1,626,000 and net profit of HK\$640,000 to the Group since acquisition date. Had the business combinations taken place at 1 January 2021, the condensed consolidated interim statement of comprehensive income would show pro-forma revenue and net profit of approximately HK\$522,841,000 and HK\$9,842,000, respectively.

15 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

- (a) On 11 July 2021, the Group granted an aggregate of 8,000,000 share options to certain directors, employees and consultants of the Group to subscribe, in aggregate, for up to 8,000,000 ordinary shares, subject to acceptance of the grantees under the share option scheme adopted by the Company on 13 December 2017.
- (b) On 23 July 2021, Health Hope has ceased to be a subsidiary and has become an associate of the Group. The Group has adopted equity accounting in respect of the retained 45.9% interest thereafter.
- (c) On 20 August 2021, the Group entered into an agreement to acquire 90% equity interest of an oncology practice in Hong Kong from an independent third party, at a total consideration of HK\$18,000,000 in cash.
- (d) On 23 August 2021, the Group entered into an agreement to acquire 90% equity interest of a dental practice in Hong Kong from an independent third party, at a total consideration of HK\$5,805,000 in cash.
- (e) On 26 August 2021, the Group entered into an agreement with an independent third party for the formation of a company which will be principally engaged in design, manufacturing, sale and distribution of Orthokeratology Lens (“**OK Lens**”) for myopia control in children. Pursuant to the agreement, the initial registered capital of the company will be HK\$15,000,000, in which the Group and the independent third party will own 55% and 45% of the equity interest of the company respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Despite of the impact of the coronavirus pandemic (“**COVID-19**”), the Group has resumed the momentum to grow in the first half of 2021 and continues with the plan to expand our service network in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**GBA**”) (粵港澳大灣區) and other Mainland China regions. With our growing service network and our strong reputation in quality medical services, our revenue in Hong Kong and the Mainland China increased by 88.2% and 111.0%, respectively, when reporting in Hong Kong dollar terms.

Our seventh eye hospital is located in Huizhou (惠州), which commenced operations in March 2021 with an area of 4,000 square meters with 3 operating theatres and 10 consultation rooms. Our eighth eye hospital in Guangzhou is expected to commence operations by the end of 2021.

In addition, the Group is in the progress of setting up three eye hospitals in Dongguan (東莞), Foshan (佛山), and Jieyang (揭陽), of Guangdong Province (廣東省) and an eye centre in Fuzhou (福州), Fujian Province (福建省). All are expected to commence operations in the coming 6 to 9 months.

In view of the growing demand for quality dental and other medical services in Hong Kong, we have started our dental services in Causeway Bay and Shatin in April 2021, and general medical services in Shatin in February 2021. The Group will also continue to explore expansion opportunities in Hong Kong for dental and other medical services through organic growth and potential mergers and acquisitions.

For the six months ended 30 June 2021, we generated 48.9% (six months ended 30 June 2020: 51.8%) of our revenue in Hong Kong and 51.1% (six months ended 30 June 2020: 48.2%) of our revenue in Mainland China. Our revenue had experienced a rapid growth during the six months ended 30 June 2021, generating a total revenue of HK\$521.4 million (six months ended 30 June 2020: HK\$261.8 million), representing an increase of 99.2% from the corresponding period in 2020. With the increasing demand of quality medical services and the well-built network of our satellite clinics in Hong Kong, our revenue derived from Hong Kong increased by 88.2% to HK\$255.1 million (six months ended 30 June 2020: HK\$135.6 million). In addition, our revenue derived from Mainland China operations recorded an increase of 111.0% in Hong Kong dollar terms during the six months ended 30 June 2021 primarily as a result of the strong growth in revenue of the eye hospitals in Shenzhen and Beijing. The appreciation of Renminbi (“**RMB**”) has increased our revenue growth when reporting in Hong Kong dollar terms. In RMB terms, our revenue in Mainland China increased by 93.4% from the six months ended 30 June 2020.

The total revenue from the hospitals in Futian and Baoan, Shenzhen increased significantly by 77.3% and amounted to HK\$145.4 million (six months ended 30 June 2020: HK\$82.0 million) for the six months ended 30 June 2021. In RMB terms, the revenue increased by 62.5%. Our newly upgraded hospital in Baoan, Shenzhen was catching up well, with revenue amounted to HK\$30.6 million for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$11.2 million), representing a promising increase of 173.2% in Hong Kong dollar terms. In RMB terms, the revenue increased by 150.3%.

Our eye hospital in Beijing recovered well from COVID-19 and the revenue of the eye hospital in Beijing increased by 266.4% in Hong Kong dollar terms and amounted to HK\$48.0 million (six months ended 30 June 2020: HK\$13.1 million). In RMB terms, the revenue increased by 236.1%.

The three acquired eye hospitals in Kunming, Shanghai and Zhuhai commenced full operations in June 2019, November 2019 and December 2020 and contributed HK\$30.4 million (six months ended 30 June 2020: HK\$11.7 million), HK\$30.6 million (six months ended 30 June 2020: HK\$19.5 million) and HK\$10.9 million to the revenue of the Group, respectively, during the six months ended 30 June 2021. Operations have been running smoothly and positively after the acquisitions. The Group will continue to seek opportunities by acquisition as this provides a faster way for expansion.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June					
	2021		2020		Change	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)			
Provision of ophthalmic services	435,922	83.6	227,852	87.0	208,070	91.3
Sales of vision aid products	58,982	11.3	33,914	13.0	25,068	73.9
Other medical services	26,540	5.1	—	—	26,540	100.0
	<u>521,444</u>	<u>100.0</u>	<u>261,766</u>	<u>100.0</u>	<u>259,678</u>	<u>99.2</u>

Our revenue was generated from Hong Kong and Mainland China. In Hong Kong, our service network included our two day surgery centres and six satellite clinics. In Mainland China, our eye hospitals are located in Shenzhen (Futian and Baoan), Beijing, Shanghai, Kunming, Zhuhai and Huizhou. Three satellite clinics are located in different districts of Shanghai. The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Six months ended 30 June					
	2021		2020		Change	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)			
Hong Kong	255,088	48.9	135,554	51.8	119,534	88.2
Mainland China	266,356	51.1	126,212	48.2	140,144	111.0
	<u>521,444</u>	<u>100.0</u>	<u>261,766</u>	<u>100.0</u>	<u>259,678</u>	<u>99.2</u>

Our total revenue during the six months ended 30 June 2021 represented a significant increase of 99.2% as compared with our total revenue during the six months ended 30 June 2020. In addition to the increase in the sales of vision aid products by 73.9%, the increase was primarily driven by the increase in the revenue generated from the provision of ophthalmic services to HK\$435.9 million during the six months ended 30 June 2021 from HK\$227.9 million during the six months ended 30 June 2020, representing an increase of 91.3%, primarily attributable to the increase in the number of surgeries performed by us and the number of our ophthalmologists and physicians in Hong Kong and Mainland China.

The revenue generated from our business operations in Hong Kong decreased from 51.8% in the same period last year, accounted for 48.9% of our total revenue for the six months ended 30 June 2021, primarily due to the increase in revenue generated from our business operations in Mainland China, which increased by 111.0% for the six months ended 30 June 2021, growing at a faster pace than the revenue growth in Hong Kong of 88.2%.

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					
	2021		2020		Change	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)			
Consultation and other medical service fees						
– Hong Kong	87,051	20.0	47,698	20.9	39,353	82.5
– Mainland China	54,533	12.5	31,357	13.8	23,176	73.9
	<u>141,584</u>	<u>32.5</u>	<u>79,055</u>	<u>34.7</u>	<u>62,529</u>	<u>79.1</u>
Surgery fees						
– Hong Kong	140,899	32.3	87,159	38.3	53,740	61.7
– Mainland China	153,439	35.2	61,638	27.0	91,801	148.9
	<u>294,338</u>	<u>67.5</u>	<u>148,797</u>	<u>65.3</u>	<u>145,541</u>	<u>97.8</u>
	<u><u>435,922</u></u>	<u><u>100.0</u></u>	<u><u>227,852</u></u>	<u><u>100.0</u></u>	<u><u>208,070</u></u>	<u><u>91.3</u></u>

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 for the six months ended 30 June 2021:

	Six months ended 30 June		
	2021	2020	Change
	(Unaudited)	(Unaudited)	%
For Hong Kong			
Total surgery fee (<i>in HK\$'000</i>)	140,899	87,159	61.7
Number of surgeries performed by us	5,267	2,635	99.9
Average surgery fee (<i>HK\$</i>)	26,751	33,077	(19.1)
For Mainland China			
Total surgery fee (<i>in HK\$'000</i>)	153,439	61,638	148.9
Number of surgeries performed by us	9,537	5,597	70.4
Average surgery fee (<i>HK\$</i>)	16,089	11,013	46.1

In Hong Kong, the average surgery fee decreased by 19.1% due to the change of the type of surgery mix. However, the surgery volume increased during the six months ended 30 June 2021 as a result of the increasing number of our Hong Kong ophthalmologists and the demand of quality medical services.

In Mainland China, the average surgery fee when recording in Hong Kong dollar terms increased by 46.1% due to the change of surgery mix, the appreciation of RMB against Hong Kong dollar during the six months ended 30 June 2021 and the number of surgeries increased by 70.4% to 9,537 during the six months ended 30 June 2021, and the increase in number of surgeries was mainly attributable to the surgeries performed in the eye hospitals in Beijing and 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 Mainland China. During the six months ended 30 June 2021, our revenue generated from the sales of vision aid products amounted to HK\$59.0 million, representing an increase of 73.9% as compared to that during the six months ended 30 June 2020.

Cost of revenue

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

	Six months ended 30 June					
	2021		2020		Change	
	<i>HK\$'000</i>	<i>% to</i>	<i>HK\$'000</i>	<i>% to</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(Unaudited)</i>	<i>revenue</i>	<i>(Unaudited)</i>	<i>revenue</i>		
Doctors' consultation fees	93,815	18.0	58,875	22.5	34,940	59.3
Cost of inventories and consumables	120,724	23.2	54,700	20.9	66,024	120.7
Staff salaries and allowance	63,352	12.1	42,625	16.3	20,727	48.6
Depreciation of right-of-use assets	30,427	5.8	23,716	9.1	6,711	28.3
Depreciation of property, plant and equipment	19,269	3.7	17,047	6.5	2,222	13.0
Others	14,999	2.9	3,337	1.3	11,662	349.5
Total	<u>342,586</u>	<u>65.7</u>	<u>200,300</u>	<u>76.5</u>	<u>142,286</u>	<u>71.0</u>

As compared to the six months ended 30 June 2020, during the six months ended 30 June 2021, there were two new service locations that commenced operations to meet the increased demand of ophthalmic services, including the eye hospitals in Zhuhai and Huizhou since December 2020 and March 2021, respectively.

Accordingly, our cost of revenue increased by 71.0% from HK\$200.3 million for the six months ended 30 June 2020 to HK\$342.6 million for the six months ended 30 June 2021, primarily as a result of (i) an increase in cost of inventories and consumables of HK\$66.0 million, (ii) an increase in doctors' consultation fees of HK\$34.9 million, and (iii) an increase in staff salaries and allowance of HK\$20.7 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 periods indicated:

	Six months ended 30 June					
	2021		2020		Change	
	Gross profit		Gross profit		Gross profit	
	HK\$'000	GP%	HK\$'000	GP%	HK\$'000	%
	(Unaudited)		(Unaudited)			
Hong Kong	78,751	30.9	32,334	23.9	46,417	143.6
Mainland China	100,107	37.6	29,132	23.1	70,975	243.6
	<u>178,858</u>	<u>34.3</u>	<u>61,466</u>	<u>23.5</u>	<u>117,392</u>	<u>191.0</u>

With the increased operations, the amount of gross profit during the six months ended 30 June 2021 amounted to HK\$178.9 million, representing an increase of 191.0% from HK\$61.5 million during the six months ended 30 June 2020. Our gross profit margin was 34.3% during the six months ended 30 June 2021, as compared with 23.5% during the six months ended 30 June 2020. The gross profit margin for our business operations in the Mainland China increased to 37.6% from 23.1% and the gross profit margin for our business operations in Hong Kong also increased to 30.9% from 23.9% primarily due to the economy of scale.

Selling expenses

Our selling expenses increased by 120.0% from HK\$23.5 million for the six months ended 30 June 2020 to HK\$51.7 million for the six months ended 30 June 2021, primarily due to an increase in promotional expenses in Mainland China for the eye hospitals. The amount of selling expenses, as a percentage of our total revenue, increased from 9.0% for the six months ended 30 June 2020 to 9.9% for the six months ended 30 June 2021. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses had an increase of 97.9% as compared with HK\$52.8 million during the six months ended 30 June 2020. The increase in our administrative expenses during the period was primarily driven by the increase in our staff salaries and allowances as a result of business expansion.

Other income

Our other income during the six months ended 30 June 2021 increased to HK\$1.8 million from HK\$0.1 million during the six months ended 30 June 2020. The increase was primarily due to the government grants in Mainland China as a result of COVID-19.

Other gains/(losses), net

Our other gains, net during the six months ended 30 June 2021 amounted to HK\$1.6 million, mainly consisted of exchange gains.

Finance costs, net

Our finance costs, net increased from HK\$2.3 million for the six months ended 30 June 2020 to HK\$3.5 million for the six months ended 30 June 2021, primarily due to the increase in interest expenses on leases.

Income tax expense

Our income tax expense during the six months ended 30 June 2021 amounted to HK\$9.7 million, representing an increase by 184.8% from HK\$3.4 million during the six months ended 30 June 2020. The increase was primarily due to the increase in the profit before tax for the operations in Hong Kong and Shenzhen.

Profit/(loss) for the period

As a result of the foregoing, our profit for the six months ended 30 June 2021 amounted to HK\$12.6 million (six months ended 30 June 2020: loss of HK\$22.2 million).

Events after the balance sheet date

- (1) On 11 July 2021, the Group granted an aggregate of 8,000,000 share options to certain directors, employees and consultants of the Group to subscribe, in aggregate, for up to 8,000,000 ordinary shares, subject to acceptance of the grantees under the share option scheme adopted by the Company on 13 December 2017;
- (2) On 23 July 2021, Health Hope ceased to be a subsidiary and has become an associate of the Group. The Group has adopted equity accounting in respect of the retained 45.9% interest thereafter;
- (3) On 20 August 2021, the Group entered into an agreement to acquire 90% equity interest of an oncology practice in Hong Kong from an independent third party, at a total consideration of HK\$18,000,000 in cash;

- (4) On 23 August 2021, the Group entered into an agreement to acquire 90% equity interest of a dental practice in Hong Kong from an independent third party, at a total consideration of HK\$5,805,000 in cash; and
- (5) On 26 August 2021, the Group entered into an agreement (the “**Agreement**”) with an independent third party for the formation of a company (the “**JV**”) which will be principally engaged in design, manufacturing, sale and distribution of orthokeratology lens for myopia control in children. Pursuant to the Agreement, the initial registered capital of the JV will be HK\$15,000,000, in which the Group and the independent third party will own 55% and 45% of the equity interest of the company respectively.

OUTLOOK AND STRATEGIES

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

- establish or acquire eye hospitals, eye centres and clinics in Hong Kong and selected Mainland China cities including cities in the GBA and Eastern China;
- establish or acquire dental clinics and other specialty medical clinics in Hong Kong;
- continue to improve our operational capacity and service quality; and
- identify suitable strategic partners for collaboration.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

In the opinion of the Board, during the six months ended 30 June 2021, the Company has complied with all applicable code provisions as set forth in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save and except for code provision A.2.1, which states that the roles of chairman (the “**Chairman**”) and chief executive officer (the “**CEO**”) should be separate and should not be performed by the same individual. Dr. LAM Shun Chiu Dennis *JP* is both our Chairman and CEO 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 CEO 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 *JP*) and six independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, 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 six months ended 30 June 2021. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

During the six-months ended 30 June 2021, no proceeds from the Listing were used.

Set out below is the intended use of proceeds as set out in the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”), utilised amount and unutilised amount of net proceeds as at 30 June 2021.

Use of net proceeds	Percentage of net proceeds %	Net proceeds HK\$'000	Amount utilised HK\$'000	Amount remaining HK\$'000
For possible acquisition of three operating eye hospitals in selected Mainland China cities	42.5%	259,200	(123,679)	135,521
For establishing three eye hospitals in selected Mainland China cities	40.4%	246,400	(246,400)	–
For establishing two satellite clinics in Shenzhen	4.2%	25,600	(10,000)	15,600
For upgrading our medical equipment and enhancing our information technology system in Hong Kong and Mainland China	8.5%	51,800	(51,800)	–
For our working capital and general corporate purpose	4.4%	26,800	(26,800)	–
Total	100.0%	609,800	(458,679)	151,121

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 change to the proposed use of the net proceeds for the amount remaining unused from the Global Offering from that disclosed in the Prospectus. The Directors expect that the amount remaining will be used by the end of 2022.

USE OF PROCEEDS FROM THE SUBSCRIPTION

In order to strengthen the financial position of the Group and provide working capital for the Group and/or possible acquisition and/or establish eye hospital(s) in the Mainland China, on 19 June 2020, the Company entered into a placing agreement with C-MER Group Limited (the “**Seller**”) and the Hong Kong and Shanghai Banking Corporation Limited, as the placing

agent, in respect of the placing of an aggregate amount of 68,000,000 existing ordinary shares of the Company (the “**Placing Shares**”) at the price of HK\$5.80 per Placing Share to not less than six independent professional, institutional and/or individual investors (the “**Placing**”). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the placee and their respective ultimate beneficial owners were independent of and not connected with the Company and its connected persons or any of its respective associates. The aggregate nominal or par value of the Placing Shares is HK\$6,800,000, and the closing price of the Company as stated in the daily quotation sheet issued by the Stock Exchange on 19 June 2020, being the date of the placing agreement, was HK\$6.28 per Placing Share. The Seller then subscribed (the “**Subscription**”) for 68,000,000 Shares (the “**Subscription Shares**”) that were subsequently issued by the Company at the placing price of HK\$5.80 per Placing Share (collectively, “**the Placing and the Subscription**”). The Placing and the Subscription was completed on 23 June 2020 and 30 June 2020, respectively. The net subscription price (after deduction of the expenses incurred by the Seller in relation to the Placing and the Subscription) of each Subscription Share was approximately HK\$5.70. The net proceeds from the Subscription (after deducting relevant expenses borne or incurred by the Company) were approximately HK\$387.6 million. To capture potential acquisition opportunities of medical and dental clinics, which may complement the Group’s existing practice areas, the Board announced in March 2021 to expand the use of the net proceeds from the Subscription towards possible acquisition(s) and/or establishment of dental clinics and other medical clinics in Hong Kong, the acquisition(s) and/or establishment of eye hospital(s) in Mainland China and/or as working capital for the Group. The table below sets out the planned applications of the net proceeds of the Subscription and their actual usage up to 30 June 2021:

					Unutilised net proceeds as at 30 June 2021	Expected timeline for utilising the remaining unutilised net proceeds ⁽¹⁾
Use of proceeds	Planned applications HK\$’000	Percentage of total net proceeds	Actual usage up to 30 June 2021 HK\$’000	Net proceeds brought forward HK\$’000		
For possible acquisition(s) and/or establishment of dental clinics and other medical clinics in Hong Kong, the acquisition(s) and/or establishment of eye hospital(s) in Mainland China and/or as working capital for the Group	387,600	100%	45,126	387,600	342,474	By the end of 2022

Note:

- (1) The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

During the six months ended 30 June 2021, net proceeds from the Subscription in the amount of approximately HK\$45.1 million were used, consisting of (1) HK\$6.2 million and HK\$3.0 million for the payment of the acquisition of a dental clinic and a medical clinic in Hong Kong, respectively, and (2) HK\$18.0 million and HK\$17.9 million for the payment of the establishment of the eye hospitals in Guangzhou and Pingshan (坪山), Shenzhen, respectively.

Save as mentioned above, the Directors expect that the remaining unutilised net proceeds from the Subscription will be used in accordance with that disclosed in the announcement of the Company dated 31 March 2021.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. MA Andrew Chiu Cheung (Chairman of the Audit Committee), Dr. LI Kwok Tung Donald *SBS JP* and Ms. BENTLEY Annie Liang.

The Audit Committee 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 2021 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 2021 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, 31 August 2021

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