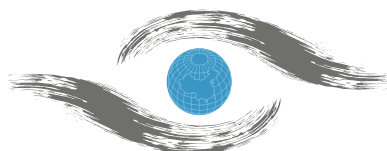


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C-MER 希瑪

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 2023**

FINANCIAL HIGHLIGHTS				
		Six months ended 30 June		
	<i>Note</i>	2023	2022	Change
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(%)</i>
		(Unaudited)	(Unaudited)	
Revenue		950,263	881,564	7.8%
– Core medical service revenue		930,845	660,839	40.9%
– Sale of COVID-19 related medical consumables revenue		19,418	220,725	(91.2%)
Gross profit		300,152	246,044	22.0%
Profit for the period		37,997	3,545	971.8%
Profit for the period attributable to equity holders of the Company		29,758	14,815	100.9%
Earnings before interest, taxes, depreciation and amortisation	1	170,741	143,915	18.6%
Gross profit margin (%)		31.6%	27.9%	3.7 pp
Net profit margin (%)		4.0%	0.4%	3.6 pp
<i>Note:</i>				
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**”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 30 June	
		2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Revenue	4	950,263	881,564
Cost of revenue	7	<u>(650,111)</u>	<u>(635,520)</u>
Gross profit		300,152	246,044
Other income	5	4,612	12,710
Selling expenses	7	(69,088)	(54,450)
Administrative expenses	7	(178,721)	(159,227)
Other losses, net	6	<u>(2,805)</u>	<u>(27,870)</u>
Operating profit		54,150	17,207
Finance income	8	8,865	1,352
Finance costs	8	<u>(9,268)</u>	<u>(9,687)</u>
Finance costs, net		<u>(403)</u>	<u>(8,335)</u>
Share of profits of associates		<u>3,426</u>	<u>16,243</u>
Profit before income tax		57,173	25,115
Income tax expense	9	<u>(19,176)</u>	<u>(21,570)</u>
Profit for the period		<u>37,997</u>	<u>3,545</u>
Profit/(loss) for the period attributable to:			
– Equity holders of the Company		29,758	14,815
– Non-controlling interests		<u>8,239</u>	<u>(11,270)</u>
		<u>37,997</u>	<u>3,545</u>

	Note	Six months ended 30 June	
		2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– basic	10	<u>2.36</u>	<u>1.21</u>
– diluted	10	<u>2.36</u>	<u>1.21</u>
Profit for the period		37,997	3,545
Other comprehensive loss			
<i>Item that will not be reclassified to profit or loss</i>			
Currency translation differences		(5,426)	–
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(50,760)</u>	<u>(47,195)</u>
Other comprehensive loss for the period		<u>(56,186)</u>	<u>(47,195)</u>
Total comprehensive loss for the period		<u>(18,189)</u>	<u>(43,650)</u>
Total comprehensive income/(loss) for the period attributable to:			
– Equity holders of the Company		(21,002)	(30,689)
– Non-controlling interests		<u>2,813</u>	<u>(12,961)</u>
		<u>(18,189)</u>	<u>(43,650)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
		2023	2022
Note		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
	Property, plant and equipment	379,401	392,333
	Investment property	12,296	13,038
	Right-of-use assets	613,539	665,308
	Intangible assets	792,606	821,393
	Interest in associates	45,388	41,962
	Financial assets at fair value through other comprehensive income	74,167	74,167
	Deferred income tax assets	5,413	6,937
	Deposits and prepayments	31,743	29,992
		1,954,553	2,045,130
		1,954,553	2,045,130
Current assets			
	Inventories	37,471	51,378
	Trade receivables	48,394	47,133
	Deposits, prepayments and other receivables	64,288	52,795
	Amounts due from associates	5,787	6,739
	Financial asset at fair value through profit or loss	20,965	22,484
	Short-term deposits	11,456	31,330
	Cash and cash equivalents	563,119	644,698
		751,480	856,557
		751,480	856,557
	Total assets	2,706,033	2,901,687

		As at	
		30 June 2023	31 December 2022
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		126,656	126,656
Reserves		1,714,510	1,739,405
		<u>1,841,166</u>	<u>1,866,061</u>
Non-controlling interests		131,991	132,178
Total equity		<u>1,973,157</u>	<u>1,998,239</u>
LIABILITIES			
Non-current liabilities			
Other payables		1,633	2,968
Loans from non-controlling interests		21,093	21,215
Lease liabilities		249,444	281,937
Deferred income tax liabilities		72,596	72,530
		<u>344,766</u>	<u>378,650</u>
Current liabilities			
Trade payables	13	52,799	45,306
Accruals and other payables		128,614	117,112
Contract liabilities		49,094	39,490
Borrowings		13,042	34,257
Amounts due to non-controlling interests		2,819	154,704
Current income tax liabilities		28,651	18,851
Lease liabilities		113,091	115,078
		<u>388,110</u>	<u>524,798</u>
Total liabilities		<u>732,876</u>	<u>903,448</u>
Total equity and liabilities		<u>2,706,033</u>	<u>2,901,687</u>

NOTES

1 GENERAL INFORMATION

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

The Company is an investment holding company and together with its subsidiaries (the “**Group**”) are principally engaged in the provision of ophthalmic, dental and other medical services, sales of vision aid products and sales of medical consumables 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 2023 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**”).

This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this 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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**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 2022, except for estimation of income tax and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2023:

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

The adoption of the amendments listed above did not have material impact on the Group's accounting policies and financial statements.

(b) New and amended standards not yet adopted

The following new and amended standards which have been issued, but are effective for the financial year beginning on or after 1 January 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Provision of ophthalmic services	630,240	510,871
Provision of dental services	192,521	65,291
Provision of other medical services	27,602	18,581
Sales of vision aid products	80,482	66,096
Sales of medical consumables	19,418	220,725
	<u>950,263</u>	<u>881,564</u>

During the six months ended 30 June 2023, the timing of revenue recognition was mainly at a point in time.

(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.

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

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

- (i) HK medical business – provision of ophthalmic, dental, oncology, medical aesthetics and other services and sales of vision aid products in Hong Kong
- (ii) Sales of medical consumables – sales of medical consumables in Hong Kong
- (iii) Mainland China ophthalmic business – provision of ophthalmic services and sales of vision aid products in Mainland China
- (iv) Mainland China dental business – provision of dental services in Mainland China

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

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

The segment results for the six months ended 30 June 2023 are as follows:

	(Unaudited)				
	Six months ended 30 June 2023				
	HK	Sales of	Mainland	Mainland	
	medical	medical	China	China	
	business	consumables	ophthalmic	dental	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	469,458	19,418	292,772	168,615	950,263
Gross profit	126,397	8,114	103,452	62,189	300,152
Selling expenses	(8,644)	–	(52,108)	(8,336)	(69,088)
Administrative expenses	(61,663)	(431)	(92,634)	(23,993)	(178,721)
Share of profits of associates	3,426	–	–	–	3,426
Segment results	59,516	7,683	(41,290)	29,860	55,769
Other income					4,612
Other losses, net					(2,805)
Finance costs, net					(403)
Profit before income tax					57,173
Income tax expense					(19,176)
Profit for the period					<u>37,997</u>
Other segment information					
Additions to non-current assets	23,539	–	45,470	16,476	85,485
Depreciation and amortisation	(38,359)	(428)	(60,470)	(13,908)	(113,165)
Gains on disposal of non-current assets, net	–	–	218	23	241
Losses on disposal of right-of-use assets	(820)	–	–	–	(820)

The segment results for the six months ended 30 June 2022 are as follows:

	(Unaudited)				Total HK\$'000
	Six months ended 30 June 2022				
	HK medical business HK\$'000	Sales of medical consumables HK\$'000	Mainland China ophthalmic business HK\$'000	Mainland China dental business HK\$'000	
Segment revenue	363,099	220,725	249,174	48,566	881,564
Gross profit	83,149	96,147	62,605	4,143	246,044
Selling expenses	(6,869)	(141)	(39,389)	(8,051)	(54,450)
Administrative expenses	(56,149)	(739)	(91,401)	(10,938)	(159,227)
Share of profits of associates	16,243	–	–	–	16,243
Segment results	36,374	95,267	(68,185)	(14,846)	48,610
Other income					12,710
Other losses, net					(27,870)
Finance costs, net					(8,335)
Profit before income tax					25,115
Income tax expense					(21,570)
Profit for the period					<u>3,545</u>
Other segment information					
Additions to non-current assets	32,736	–	128,318	76	161,130
Depreciation and amortisation	(36,445)	–	(64,556)	(9,464)	(110,465)
Losses on disposal of non-current assets, net	–	–	(68)	(956)	(1,024)
Losses on disposal of right-of-use assets	(63)	–	–	–	(63)

During the six months ended 30 June 2023, there was no single external customer with revenue over 10% of the Group's total revenue. During the six months ended 30 June 2022, approximately HK\$105,112,000 or 11.9% of the Group's revenue was derived from a single external customer from the segment of sales of medical consumables.

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management fee income	3,044	8,071
Rental income	205	146
Rent concessions	308	383
Government grants (<i>Note</i>)	899	3,938
Others	156	172
	<u>4,612</u>	<u>12,710</u>

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

6 OTHER LOSSES, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Gains)/losses on disposal of property, plant and equipment, net	(241)	1,024
Losses on disposal of right-of-use assets	820	63
Fair value loss on a financial asset at fair value through profit or loss	1,519	24,003
Exchange losses, net	707	2,780
	<u>2,805</u>	<u>27,870</u>

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Amortisation of intangible assets	800	692
Auditor's remuneration		
– Audit services	1,140	974
– Non-audit services	53	180
Depreciation of property, plant and equipment	39,556	43,659
Depreciation of investment property	171	122
Depreciation of right-of-use assets	72,638	65,992
Doctors' consultation fees	199,168	150,559
Cost of inventories and consumables	202,317	275,610
Employee benefit expenses	250,122	201,222
Expenses relating to short-term leases	7,145	1,938
Legal and professional fees	1,790	2,887
Office supplies	1,305	936
Bank service charges	6,522	5,474
Promotion expenses	68,344	53,932
Repair and maintenance fees	5,762	5,074
Others	41,087	39,946
	<u>897,920</u>	<u>849,197</u>
Total cost of revenue, selling and administrative expenses	<u>897,920</u>	<u>849,197</u>

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance income		
Bank interest income	8,865	1,352
	<u>8,865</u>	<u>1,352</u>
Finance costs		
Interest expense on lease liabilities	(8,810)	(9,077)
Interest expense on loan from a non-controlling interest	(202)	(216)
Interest expense on bank loan	(256)	(394)
	<u>(9,268)</u>	<u>(9,687)</u>
Finance costs, net	<u>(403)</u>	<u>(8,335)</u>

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 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 2022: 25%) for the period.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	11,946	13,985
– China enterprise income tax	5,761	620
Under-provision in prior years	62	587
Deferred income tax	1,407	6,378
Income tax expense	<u>19,176</u>	<u>21,570</u>

10 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to equity holders of the Company during the period (HK\$'000)	<u>29,758</u>	<u>14,815</u>
Weighted average number of ordinary shares in issue	<u>1,258,860,726</u>	<u>1,226,788,583</u>
Basic earnings per share (HK cents)	<u>2.36</u>	<u>1.21</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period, the Group has no (six months ended 30 June 2022: one 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.

As at 30 June 2023, 4,195,000 (30 June 2022: 4,792,000) post-IPO share options outstanding are not included in the calculation of diluted earnings per share because they are antidilutive for the period.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company during the period (<i>HK\$'000</i>)	29,758	14,815
Weighted average number of ordinary shares in issue	1,258,860,726	1,226,788,583
Adjustments for:		
– impact of the share option schemes	–	831,676
Weighted average number of ordinary shares for diluted earnings per share	1,258,860,726	1,227,620,259
Diluted earnings per share (<i>HK cents</i>)	2.36	1.21

11 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
0–90 days	33,742	39,354
91–180 days	9,984	4,565
Over 180 days	4,668	3,214
	<u>48,394</u>	<u>47,133</u>

13 TRADE PAYABLES

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

	As at	
	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
0–30 days	36,213	29,462
31–60 days	6,435	7,361
61–90 days	6,296	2,609
Over 90 days	3,855	5,874
	<u>52,799</u>	<u>45,306</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group had a strong rebound in our medical service business for the six months ended 30 June 2023 (“**1H2023**”) compared with the same period last year. Leveraging on our strong reputation in providing quality medical services, our core medical service revenue (comprising provision of ophthalmic services, provision of dental and other medical services and sales of vision aid products) increased by 40.9%, reaching a record high of HK\$930.8 million in 1H2023 from HK\$660.8 million for the same period last year. The significant increase in revenue generated from medical service is due to the strong post COVID-19 rebound in demand for both ophthalmic and dental services in both Hong Kong and Mainland China, and also due to the reopening of the border between Hong Kong and Shenzhen.

Despite the reduction in revenue generated from sale of COVID-19 related medical consumables to HK\$19.4 million in 1H2023 from HK\$220.7 million for the same period last year, our diverse portfolio of businesses was resilient and our total revenue of the Company increased by 7.8% to HK\$950.3 million in 1H2023 from HK\$881.6 million for the same period last year.

Our operations in Hong Kong

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

Since 2021, we started our dental, oncology and other medical services business in Hong Kong which included six dental clinics, three general practice clinics and an oncology centre. Further, we started our clinical research business in July 2022, which may bring us opportunities for collaboration with different biotech companies for, among other things, research and clinical work.

In addition, the Group has been a distributor of COVID-19 related medical consumables in Hong Kong since February 2022. The revenue from the sales of COVID-19 related medical consumables decreased to HK\$19.4 million in 1H2023 from HK\$220.7 million in the same period last year due to the relaxation of requirements for COVID-19 testing in Hong Kong.

Our operations in Mainland China

In Mainland China, our ophthalmic service network included nine eye hospitals in Shenzhen (Futian and Baoan), Beijing, Shanghai, Guangzhou, Zhuhai, Kunming, Huizhou, Jieyang, our two eye centres in Fuzhou and Shenzhen (Nanshan) and our three satellite eye clinics in Shanghai mainly under the brand of “C-MER Dennis Lam (希瑪林順潮)”. In addition, the Group was in the progress of setting up an eye hospital in Foshan (佛山) of Guangdong Province (廣東省), during 1H2023 and the eye hospital commenced into full operations in late August 2023. This will further strengthen our service network in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”).

In February 2022, we completed our investment of 61.5% equity interest of Shenzhen C-MER Aikangjian Dental Group Co., Ltd. (previously known as Shenzhen Aikangjian Group Co., Ltd.) (深圳市希瑪愛康健口腔集團有限公司, previously known as 深圳市愛康健齒科集團股份有限公司) (“**Shenzhen CKJ**”), which became a non-wholly owned subsidiary of the Company. Shenzhen CKJ has a dental hospital and 12 dental clinics in Shenzhen. Benefitting from the robust demand for quality dental services and full reopening of the border between Hong Kong and Shenzhen, the business of Shenzhen CKJ experienced significant growth by 247.2% in 1H2023 to HK\$168.6 million from HK\$48.6 million in the same period last year. The depreciation of Renminbi (“**RMB**”) has affected our revenue growth when reporting in Hong Kong dollar terms. In RMB terms, our revenue of Shenzhen CKJ increased by 271.5% in 1H2023 as compared with the same period last year.

Revenue Overview

The total revenue in 1H2023 amounted to HK\$950.3 million (six months ended 30 June 2022: HK\$881.6 million), representing a slight increase of 7.8% from the corresponding period in 2022, due to the combined effect of (i) increase in the core medical service revenue (comprising of provision of ophthalmic services, provision of dental and other medical services and sales of vision aid products) by 40.9%, reaching a record high of HK\$930.8 million in 1H2023 from HK\$660.8 million for the same period last year, but is partially offset by the (ii) reduction in revenue generated from sale of COVID-19 related medical consumables by 91.2% to HK\$19.4 million in 1H2023.

The significant increase in revenue generated from the core medical service is due to the strong post COVID-19 rebound in demand for both ophthalmic and dental service in both Hong Kong and Mainland China, including (i) the increase in revenue by 29.3% in the medical services (comprising of provision of ophthalmic services, provision of dental and other medical services and sales of vision aid products) in Hong Kong to HK\$469.5 million in 1H2023 from HK\$363.1 million for the same period last year; (ii) the increase in revenue by 17.5% in the ophthalmic services in Mainland China to HK\$292.8 million in 1H2023 from HK\$249.2 million for the same period last year, with the revenue having increased by 25.7% in RMB terms; and (iii) the increase in revenue by 247.2% in the dental services in Mainland China to HK\$168.6 million in 1H2023 from HK\$48.6 million for the same period last year.

In 1H2023, we generated 51.4% (six months ended 30 June 2022: 66.2%) of our revenue in Hong Kong and 48.6% (six months ended 30 June 2022: 33.8%) of our revenue in Mainland China.

In Hong Kong, our operations consisted of the provision of medical services and the related businesses (including the sales of visual aid products), and the distribution of COVID-19 related medical consumables. With the increasing demand of quality medical services, and the sizeable and well-built network of our clinics in Hong Kong, our revenue from medical and related services derived from our operation in Hong Kong increased by 29.3% to HK\$469.5 million (six months ended 30 June 2022: HK\$363.1 million) due to the successful integration of our acquired businesses of Champion Eye and OPT and the organic growth from our core medical services. The revenue from the sales of COVID-19 related medical consumables decreased to HK\$19.4 million during 1H2023 from HK\$220.7 million as compared with the same period last year due to relaxation of requirements for COVID-19 testing in Hong Kong.

Our revenue in the Mainland China was mainly derived from our provision of ophthalmic services and dental services, and we recorded an increase of 55.0% in 1H2023 to HK\$461.4 million from HK\$297.7 million as compared with the same period last year. In RMB terms, the revenue increased by 65.8%.

We provided our ophthalmic services in Mainland China in our eye hospitals, eye centres and satellite clinics. The total revenue from the eye hospitals in Futian and Baoan, Shenzhen increased slightly by 1.5% and amounted to HK\$137.0 million in 1H2023 (six months ended 30 June 2022: HK\$135.0 million). In RMB terms, the revenue increased by 8.6%.

The revenue of the eye hospital in Beijing increased by 66.3% and amounted to HK\$48.9 million in 1H2023 (six months ended 30 June 2022: HK\$29.4 million). The revenue of the operations in Shanghai increased by 28.2% and amounted to HK\$26.8 million in 1H2023 (six months ended 30 June 2022: HK\$20.9 million). In RMB terms, the revenue derived from Beijing and Shanghai increased by 77.7% and 37.1%, respectively.

The other two acquired eye hospitals in Kunming and Zhuhai contributed HK\$34.9 million (six months ended 30 June 2022: HK\$30.9 million), and HK\$20.7 million (six months ended 30 June 2022: HK\$17.5 million) to the revenue of the Group, respectively, in 1H2023, and their operations have been running smoothly and positively after the acquisitions.

The eye hospitals in Huizhou, Guangzhou and Jieyang and the eye centre in Fuzhou commenced full operations in March 2021, April 2022, August 2022 and December 2021, respectively, and contributed HK\$6.5 million (six months ended 30 June 2022: HK\$7.3 million), HK\$10.8 million (six months ended 30 June 2022: HK\$5.3 million), HK\$3.5 million (six months ended 30 June 2022: Nil) and HK\$3.7 million (six months ended 30 June 2022: HK\$2.9 million) to the revenue of the Group, respectively, in 1H2023.

We provided our dental services in Mainland China in the dental hospital and 12 dental clinics in Shenzhen under Shenzhen CKJ. Following the reopening of the border between Hong Kong and Shenzhen, the recovery momentum was very strong and the revenue of Shenzhen CKJ soared by 247.2% to HK\$168.6 million in 1H2023 from HK\$48.6 million in the same period last year.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June					
	2023		2022		Change	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Provision of ophthalmic services	630,240	66.3	510,871	58.0	119,369	23.4
Provision of dental services	192,521	20.3	65,291	7.4	127,230	194.9
Provision of other medical services	27,602	2.9	18,581	2.1	9,021	48.6
Sales of vision aid products	80,482	8.5	66,096	7.5	14,386	21.8
Sales of medical consumables	19,418	2.0	220,725	25.0	(201,307)	(91.2)
	<u>950,263</u>	<u>100.0</u>	<u>881,564</u>	<u>100.0</u>	<u>68,699</u>	<u>7.8</u>

Our total revenue in 1H2023 recorded a slight increase of 7.8% as compared with our total revenue of the same period last year. The increase was primarily driven by (i) the increase in the revenue generated from the provision of ophthalmic services to HK\$630.2 million in 1H2023 from HK\$510.9 million of the same period last year, representing an increase of 23.4%, which was primarily attributable to the increase in the number of surgeries performed by us in Hong Kong and Mainland China, (ii) the increase in the revenue generated from the provision of dental services to HK\$192.5 million in 1H2023 from HK\$65.3 million of the same period last year, representing an increase of 194.9%, which was primarily attributable to reopening of the border between Hong Kong and Shenzhen leading to the significant growth in business volume for Shenzhen CKJ, but is partially offset by (iii) the decrease in the revenue generated from the sales of medical consumables to HK\$19.4 million in 1H2023 from HK\$220.7 million of the same period last year.

Our revenue was generated from Hong Kong and Mainland China. In Hong Kong, in 1H2023 our service network mainly included our five day surgery centres and eight satellite clinics for our ophthalmic services, six dental clinics, six optometry centres, three general practice clinics, an oncology centre and a one-stop centre for medical aesthetics, dental and ophthalmic services located in a prime location in Tsim Sha Tsui. In Mainland China, in 1H2023 our service network included nine eye hospitals in Shenzhen (Futian and Baoan), Beijing, Shanghai, Guangzhou, Zhuhai, Kunming, Huizhou, Jieyang, our two eye centres in Fuzhou and Nanshan and our three satellite eye clinics in Shanghai, and a dental hospital and 12 dental clinics in Shenzhen. The following table sets forth our revenue according to geographical markets as a percentage of total revenue:

	Six months ended 30 June					
	2023		2022		Change	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	488,876	51.4	583,824	66.2	(94,948)	(16.3)
Mainland China	461,387	48.6	297,740	33.8	163,647	55.0
	<u>950,263</u>	<u>100.0</u>	<u>881,564</u>	<u>100.0</u>	<u>68,699</u>	<u>7.8</u>

The revenue generated by our business operations in Hong Kong accounted for 51.4% of our total revenue. As a percentage of our total revenue, revenue from Hong Kong decreased from 66.2% for 1H2023 mainly due to the decrease in our revenue from the sales in medical consumables. As a percentage of our total revenue, revenue from Mainland China increased to 48.6% from 33.8% for 1H2023, due to the quick growth of revenue from our ophthalmic and dental services in Mainland China by 55.0%.

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

	Six months ended 30 June					
	2023		2022		Change	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Consultation and other medical service fees						
– Hong Kong	165,304	26.2	117,661	23.0	47,643	40.5
– Mainland China	53,280	8.5	53,367	10.5	(87)	(0.2)
	<u>218,584</u>	34.7	<u>171,028</u>	33.5	<u>47,556</u>	27.8
Surgery fees						
– Hong Kong	235,587	37.4	196,909	38.5	38,678	19.6
– Mainland China	176,069	27.9	142,934	28.0	33,135	23.2
	<u>411,656</u>	65.3	<u>339,843</u>	66.5	<u>71,813</u>	21.1
	<u>630,240</u>	100.0	<u>510,871</u>	100.0	<u>119,369</u>	23.4

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.

Our revenue generated from our eye hospitals, eye centres, eye clinics and optometry centres can be broadly divided into different categories, namely (1) consultation, examination, laser procedures and other procedures, (2) refractive surgeries, (3) cataract surgeries, (4) other surgeries and (5) sales of vision aid products which included our optometry services, and these categories accounted for 31.5%, 26.9%, 18.9%, 13.6% and 9.1%, respectively, as a percentage of the total revenue for the Group derived from our ophthalmic business during the 1H2023.

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 periods indicated:

	Six months ended 30 June		Change %
	2023	2022	
For Hong Kong			
Total surgery fee (<i>in HK\$'000</i>)	235,587	196,909	19.6
Number of surgeries performed by us	8,360	7,375	13.4
Average surgery fee (<i>HK\$</i>)	28,180	26,700	5.5
For Mainland China			
Total surgery fee (<i>in HK\$'000</i>)	176,069	142,934	23.2
Number of surgeries performed by us	12,686	10,172	24.7
Average surgery fee (<i>HK\$</i>)	13,879	14,052	(1.2)

In Hong Kong, the average surgery fee increased by 5.5% due to change of surgery mix. The surgery volume increased by 13.4% to 8,360 during 1H2023 as a result of the continuous increase in demand of quality medical services.

In Mainland China, the average surgery fee in Hong Kong dollar terms decreased by 1.2% due to the depreciation of RMB against Hong Kong dollar during 1H2023. In RMB terms, the average surgery fee increased by 5.7%. The number of surgeries increased by 24.7% to 12,686 during 1H2023, which was mainly attributable to the increase in the number of surgeries performed in the eye hospitals in Beijing, Shanghai and Guangzhou.

Provision of dental services

The following table sets forth the total revenue from dental services, the total number of patient visits, total number of dental chairs, visits per dental chair and revenue per dental chair for 1H2023:

	Six months ended 30 June		Change %
	2023	2022	
Total revenue from dental services (<i>in HK\$'000</i>)	192,521	65,291	194.9
Total patient visits	115,003	57,352	100.5
Total number of dental chairs	233	231	0.9
Visits per dental chair	494	248	99.2
Revenue per dental chair (<i>in HK\$'000</i>)	826	283	191.9

Our revenue generated from dental services recorded a significant increase of 194.9% during 1H2023, which amounted to HK\$192.5 million (six months ended 30 June 2022: HK\$65.3 million), representing 20.3% (six months ended 30 June 2022: 7.4%) of our total revenue.

The number of patient visits for dental services also increased by 100.5% from 57,352 to 115,003 during 1H2023. Visits per dental chair increased by 99.2% from 248 to 494, while revenue per dental chair recorded a significant increase of 191.9% to HK\$826,000 in 1H2023 (six months ended 30 June 2022: HK\$283,000). The increase was primarily attributable to the rebound in demand for dental services of Shenzhen CKJ after the reopening of the border between Hong Kong and Shenzhen, which led to significant growth in business volume for Shenzhen CKJ during 1H2023.

Provision of other medical services

Our revenue generated from oncology, medical aesthetics, laboratory services and general practice services during 1H2023 amounted to approximately HK\$27.6 million (six months ended 30 June 2022: HK\$18.6 million), representing approximately 2.9% (six months ended 30 June 2022: 2.1%) of our total revenue.

Sales of vision aid products

We also generate revenue from the sales of vision aid products including glasses and lens. The sales were conducted by us through the assessment of the optometrists employed by us in Hong Kong and Mainland China. During 1H2023, our revenue generated from the sales of vision aid products amounted to HK\$80.5 million, representing an increase of 21.8% as compared to that during the six months ended 30 June 2022.

Sales of medical consumables

The Group has been a distributor of COVID-19 related medical consumables in Hong Kong since February 2022, and the revenue from their sales decreased by 91.2% and amounted to HK\$19.4 million (six months ended 30 June 2022: HK\$220.7 million), representing approximately 2.0% (six months ended 30 June 2022: 25.0%) of our total revenue for 1H2023, and the decrease in revenue from this segment was mainly attributable to relaxation of requirements for COVID-19 testing in Hong Kong.

Cost of revenue

The following table sets forth an analysis of our cost of revenue for the periods indicated, presented as a percentage of total revenue:

	Six months ended 30 June					
	2023		2022		Change	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>%</i>
(Unaudited)		(Unaudited)				
Doctors' consultation fees	199,168	21.0	150,559	17.1	48,609	32.3
Cost of inventories and consumables	202,317	21.3	275,610	31.3	(73,293)	(26.6)
Staff salaries and allowance	147,296	15.5	109,834	12.5	37,462	34.1
Depreciation of right-of-use assets	44,730	4.7	47,671	5.4	(2,941)	(6.2)
Depreciation of property, plant and equipment	27,421	2.9	30,404	3.4	(2,983)	(9.8)
Others	29,179	3.0	21,442	2.4	7,737	36.1
Total	<u>650,111</u>	<u>68.4</u>	<u>635,520</u>	<u>72.1</u>	<u>14,591</u>	2.3

As compared with the six months ended 30 June 2022, during 1H2023, in Mainland China, there was one new eye hospital in Jieyang that commenced operation to meet the increased demand of ophthalmic services.

Our cost of revenue increased by 2.3% from HK\$635.5 million for the six months ended 30 June 2022 to HK\$650.1 million for 1H2023, primarily as a result of (i) an increase in doctors' consultation fees of HK\$48.6 million, and (ii) an increase in staff salaries and allowance of HK\$37.5 million, but was partially offset by (iii) a decrease in cost of inventories and consumables of HK\$73.3 million.

Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin according to particular type of service or goods, or services or goods within a particular geographical region for the periods indicated:

	Six months ended 30 June					
	2023		2022		Change	
	Gross profit		Gross profit		Gross profit	
	HK\$'000	GP %	HK\$'000	GP %	HK\$'000	%
	(Unaudited)		(Unaudited)			
HK medical business	126,397	26.9	83,149	22.9	43,248	52.0
Mainland China ophthalmic business	103,452	35.3	62,605	25.1	40,847	65.2
Mainland China dental business	62,189	36.9	4,143	8.5	58,046	1,401.1
Sales of medical consumables	8,114	41.8	96,147	43.6	(88,033)	(91.6)
	<u>300,152</u>	<u>31.6</u>	<u>246,044</u>	<u>27.9</u>	<u>54,108</u>	22.0

With the growth of operations, our gross profit for 1H2023 amounted to HK\$300.2 million, representing an increase of 22.0% from HK\$246.0 million of the same period last year. Our gross profit margin was 31.6% during 1H2023, as compared with 27.9% of the same period last year. The gross profit margin for our business segment of HK medical business recorded an increase to 26.9% from 22.9% due to the increase in cost efficiency resulted from the revenue growth. The gross profit margin for our business segment of Mainland China ophthalmic business increased to 35.3% from 25.1%, primarily due to the recovery of business operations from adverse impact COVID-19. The gross profit margin for our business segment of Mainland China dental business increased to 36.9% from 8.5%, which was mainly attributable to the recovery of business from the reopening of border between Hong Kong and Shenzhen. The gross profit margin for our business segment of sales of medical consumables slightly decreased to 41.8% in 1H2023 from 43.6% in the same period last year.

Selling expenses

Our selling expenses increased by 26.9% from HK\$54.5 million for the six months ended 30 June 2022 to HK\$69.1 million for 1H2023, primarily due to an increase in promotional expenses in Mainland China for the increased operations. The amount of selling expenses, as a percentage of our total revenue, increased from 6.2% for the six months ended 30 June 2022 to 7.3% for 1H2023. The fees paid to online platforms represented the major component of our selling expenses.

Administrative expenses

Our total administrative expenses during 1H2023 amounted to HK\$178.7 million, representing an increase of 12.2% as compared with HK\$159.2 million during the six months ended 30 June 2022. 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 1H2023 consisted primarily of the management fee income from an associate and government grants, and decreased to HK\$4.6 million from HK\$12.7 million during the six months ended 30 June 2022. The decrease was primarily contributed by the decrease in management fee income from an associate.

Other losses, net

Our other losses, net during 1H2023 amounted to HK\$2.8 million and mainly consisted of fair value loss on a financial asset at fair value through profit or loss, foreign exchange losses and disposal loss of right-of-use assets.

Finance costs, net

Our finance costs, net decreased from HK\$8.3 million for the six months ended 30 June 2022 to HK\$0.4 million for 1H2023, primarily due to the increase in interest income from bank deposits.

Income tax expense

Our income tax expense during 1H2023 amounted to HK\$19.2 million, representing a decrease by 11.1% from HK\$21.6 million during the six months ended 30 June 2022. The decrease was primarily due to the decrease in the pre-tax profits derived from the sales of medical consumables segment in Hong Kong compared with the same period last year.

Profit for the period

As a result of the foregoing, our profit for 1H2023 amounted to HK\$38.0 million (six months ended 30 June 2022: HK\$3.5 million), the increase was primarily due to the recovery of the growth of business from the adverse impact of COVID-19, which was partially offset by decrease in profits derived from the sales of COVID-19 related medical consumables in Hong Kong.

Cash flows

Net cash generated from operating activities was HK\$195.4 million during 1H2023 (six months ended 30 June 2022: HK\$99.7 million). The increase was mainly attributed to increase in business scale during 1H2023.

Net cash used in investing activities amounted to HK\$168.2 million during 1H2023 as compared to HK\$89.7 million during the six months ended 30 June 2022. The Group invested approximately HK\$152.9 million for acquisitions of subsidiaries, net of cash acquired, and approximately HK\$44.6 million for acquisition of property, plant and equipment.

During 1H2023, net cash used in financing activities amounted to HK\$102.3 million, as compared to net cash generated from financing activities of HK\$240.4 million during the six months ended 30 June 2022. The cash used in financing activities for 1H2023 was mainly for the repayment of borrowings of HK\$32.2 million and lease payments of HK\$73.7 million.

Events after the date of statement of financial position

There were no material subsequent events occurred to the Group after 30 June 2023 and up to date of this announcement.

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, dental and other medical services. The Group is prepared to exploit the business opportunities by implementing the following strategies:

- establish or acquire eye hospitals, eye centres and clinics in Hong Kong, Shenzhen and selected Mainland China cities including cities in the GBA;
- establish or acquire dental clinics and other speciality medical clinics in Hong Kong, Shenzhen and selected Mainland China cities including cities in the GBA;
- continue to improve our operational capacity and service capability; and
- identify suitable strategic partners for the development, manufacture and distribution of myopia control related products.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments, acquisitions and disposals in 1H2023.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

In the opinion of the Board, during 1H2023 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 a deviation from the code provision C.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 (“**Dr. Lam**”) 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 three executive Directors (including Dr. Lam) and four independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, 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. On 17 February 2023, the Company was notified about dealing by the spouse of Mr. CHAN Chi Leong, one of the former independent non-executive Directors. As informed by the director, the trade was conducted through an online brokerage platform that was operated by the spouse of Mr. CHAN, and involved 8,000 shares of the Company at a total sale price of approximately HK\$38,240. The Company notes that such dealing was done during the “blackout period” without the prior knowledge or approval from Mr. CHAN, but such dealing was not in compliance with the Model Code.

The Company will continue with its practice of (i) reminding the Directors of their obligations to not deal in the securities of the Company going forward, including dealings by the Directors' spouse, or by or on behalf of any minor child and any other dealings in which for the purpose of Part XV of the SFO he or she is or is to be treated as interested, and (ii) organising trainings to Directors to understand their obligations under the Listing Rules as well as their obligations under the Model Code. In addition, in light of the said incident, it has arranged for trainings to be delivered to all Directors again on the Model Code restrictions. Mr. CHAN did not offer himself for re-election at the annual general meeting held on 30 May 2023. Save as mentioned above, following specific enquiry, each of the Directors has confirmed his or her compliance with the Model Code throughout 1H2023 and that no incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during 1H2023.

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 during 1H2023.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

During the period ended 30 June 2023, net proceeds in the amount of approximately HK\$47.9 million were used, consisting of (1) HK\$24.1 million for establishing the eye hospitals in Jiayang and Foshan, and (2) HK\$23.8 million for operating cash for the hospitals in Guangzhou, Shanghai and Huizhou.

The table below sets out the actual use of unutilised net proceeds from the Global Offering during the period ended 30 June 2023:

Use of net proceeds from the Global Offering	Planned application of net proceeds <i>HK\$'000</i>	Net proceeds brought forward as at 1 January 2023 <i>HK\$'000</i>	Actual usage up to 30 June 2023 <i>HK\$'000</i>	Unutilised net proceeds as at 30 June 2023 <i>HK\$'000</i>	Expected timeline for utilising the remaining unutilised net proceeds
Possible acquisition(s), and/or establishment of eye clinic(s), eye centre(s) and eye hospital(s) in Hong Kong and Mainland China	151,121	107,248	91,728	59,393	By the end of 2023

USE OF PROCEEDS FROM THE 2022 FIRST SUBSCRIPTION

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

Seller in relation to the 2022 Placing and the 2022 First Subscription) of each Subscription Share was approximately HK\$6.41. The net proceeds from the 2022 First Subscription (after deducting relevant fees and expenses borne or incurred by the Company) were approximately HK\$490.6 million. The table below sets out the planned applications of the net proceeds and their actual usage up to 30 June 2023:

	Planned applications of net proceeds	Percentage of total net proceeds	Net proceeds brought forward as at 1 January 2023	Actual usage up to 30 June 2023	Unutilised net proceeds as at 30 June 2023	Expected timeline for utilising the remaining unutilised net proceeds
	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Use of net proceeds from the 2022 First Subscription	490,600	100%	290,782	371,379	119,221	By the end of 2024
For funding merger and acquisition; expansion of our hospital and service network; and as general working capital for the Group						

During the period ended 30 June 2023, net proceeds from the 2022 First Subscription in the amount of approximately HK\$171.6 million were used, consisting of (1) HK\$150.4 million for the payment of the investment in Shenzhen CKJ, which operates a dental business in Shenzhen, (2) HK\$12.3 million for the working capital to our hospitals at investment stage in Mainland China and some of the clinics in Hong Kong, and (3) HK\$8.9 million for enhancing the facilities and establishment of the optometry centres, dental clinics and other clinics in Hong Kong.

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

USE OF PROCEEDS FROM THE DECEMBER 2022 SUBSCRIPTION

On 2 December 2022, the Company entered into a subscription agreement with a strategic investor in respect of the subscription of an aggregate amount of 30,056,000 new ordinary shares of the Company at the price of HK\$3.87 per share to the strategic investor (the “**December 2022 Subscription**”). The aggregate nominal or par value of the shares was HK\$3,056,000, and the closing price of the Company as stated in the daily quotation sheet issued by the Stock Exchange on 2 December 2022, being the last full trading date prior to the date of the subscription agreement, was HK\$4.07 per share. The strategic investor is Ginkgo Capital Global Fund SPC – Ginkgo Capital Global Fund I SP, a segregated portfolio of Ginkgo Capital Global Fund SPC, and as at the date of the subscription, all the participating, redeemable, non-voting shares in Ginkgo Capital Global Fund SPC attributable to Ginkgo Capital Global Fund I SP were issued to Wealth Strategy Holding Limited, which was in turn wholly owned by Mr. Kung Hung Ka (龔虹嘉先生). The Directors considered that the subscription represents an opportunity to introduce a long-term and highly respected strategic shareholder with strong background in healthcare industry in Mainland China, and will help accelerate our network expansion in the Greater Bay Area and our research and development in relevant medical devices and therapeutics. The Group may also enter into business cooperation with the strategic investor when suitable opportunities arise. The December 2022 Subscription was completed on 8 December 2022. The net subscription price (after deduction of the expenses incurred by the Company in relation to the subscription) of each share was approximately HK\$3.86. The net proceeds from the December 2022 Subscription (after deducting relevant fees and expenses borne or incurred by the Company) were approximately HK\$116.2 million. The table below sets out the planned applications of the net proceeds and their actual usage up to 30 June 2023:

Use of net proceeds from the December 2022 Subscription	Planned applications of net proceeds		Net proceeds brought forward as at 1 January 2023	Actual usage up to 30 June 2023	Unutilised net proceeds as at 30 June 2023	Expected timeline for utilising the remaining unutilised net proceeds
	Percentage of total net proceeds					
For the expansion of our ophthalmic service network in the Greater Bay Area; the funding of merger and acquisition; and as general working capital for the Group	116,161	100%	Not applicable	–	116,161	By the end of 2025

No net proceeds from the December 2022 Subscription were used up to 30 June 2023. The Company intends to use the net proceeds from the December 2022 Subscription in accordance with the intention previously disclosed by the Company in its announcement dated 2 December 2022 by the end of 2025.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. MA Andrew Chiu Cheung (Chairman of the audit committee), Mr. IP Shu Kwan Stephen and Mr. YIN Ke.

The audit committee of the Board has reviewed with the management the accounting principles as well as practices adopted by the Group and discussed risk management and internal control as well as financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the 1H2023 and this announcement with the Directors. The Group's condensed consolidated interim financial statements have not been audited, but 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 1H2023 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
Chairman and Chief Executive Officer

Hong Kong, 30 August 2023

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