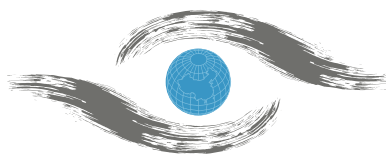


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C-MER 希瑪

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)

(1) DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST OF THE TARGET AND PROVISION OF SHAREHOLDERS' LOANS TO THE TARGET

(2) ADDITIONAL INFORMATION IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020

(1) DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST OF THE TARGET AND PROVISION OF SHAREHOLDERS' LOANS TO THE TARGET

INTRODUCTION

The Board is pleased to announce that on 10 November 2021 (after trading hours of the Stock Exchange), C-MER Eye Medical, a wholly-owned subsidiary of the Company, the Existing Shareholders and the Target entered into the Investment Agreement, pursuant to which, among other things, (a) C-MER Eye Medical has agreed to acquire, and the Seller has agreed to sell, the Sale Shares (representing 60% of the issued share capital of the Target) at the Acquisition Price, and (b) C-MER Eye Medical and the Existing Shareholders have agreed to provide the Shareholders' Loans to the Target, subject to fulfilment of the Conditions.

The Total Investment Amount will be satisfied by cash.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.20 of the Listing Rules, on the basis that the “profits ratio” under Rule 14.07(2) of the Listing Rules would produce an anomalous result in measuring the size of the Investment, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed, that the Company may substitute “gross profits ratio” for “profits ratio” as one of the Applicable Percentage Ratios.

As one or more of the highest Applicable Percentage Ratios in respect of the Investment is 5% or more but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(2) ADDITIONAL INFORMATION IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the Annual Report. In addition to the information provided in the Annual Report, the Company would like to further inform the Shareholders and potential investors of the Company additional information under the section headed “POST-IPO SHARE OPTION SCHEME” in the Annual Report.

(1) DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST OF THE TARGET AND PROVISION OF SHAREHOLDERS’ LOANS TO THE TARGET

INTRODUCTION

The Board is pleased to announce that on 10 November 2021, C-MER Eye Medical, a wholly-owned subsidiary of the Company, the Existing Shareholders and the Target entered into the Investment Agreement, pursuant to which, among other things, (a) C-MER Eye Medical has agreed to acquire, and the Seller has agreed to sell, the Sale Shares (representing 60% of the issued share capital of the Target) at the Acquisition Price, and (b) C-MER Eye Medical and the Existing Shareholders have agreed to provide the Shareholders’ Loans to the Target, subject to fulfilment of the Conditions.

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT

The Target, together with its branches, are principally engaged in the operations of optometry centres in Hong Kong. As at the date of the investment, the Target operates four optometry centres in Sai Wan, North Point, Mong Kok and Tseung Kwan O, respectively.

The table below sets forth the principal terms of the Investment Agreement.

Date:	10 November 2021
Parties:	<ol style="list-style-type: none">(1) C-MER Eye Medical, as the purchaser;(2) Mr. Chim, as the Seller and one of the Existing Shareholders;(3) Mr. Wong, as an Existing Shareholder;(4) Mr. Wan, as an Existing Shareholder;(5) Mr. Tang, as an Existing Shareholder;(6) Mr. Choy, as an Existing Shareholder; and(7) the Target.
Acquisition:	C-MER Eye Medical shall purchase 60% of the issued share capital of the Target from Mr. CHIM for HK\$13.8 million.
Shareholders' Loans:	<p>Subject to Closing, C-MER Eye Medical shall provide a Shareholder's Loan in the amount of HK\$20.7 million to the Target, and each of the Existing Shareholders will provide Shareholder's Loan (according to their respective shareholding proportion in the Target) in the aggregate amount of HK\$13.8 million as follows:</p> <ol style="list-style-type: none">(1) HK\$8.28 million will be loaned by Mr. Chim;(2) HK\$1.38 million will be loaned by Mr. Wong;(3) HK\$1.656 million will be loaned by Mr. Wan;(4) HK\$1.656 million will be loaned by Mr. Tang; and(5) HK\$0.828 million will be loaned by Mr. Choy. <p>The aggregate amount of Shareholders' Loans (inclusive of the loans to be provided by C-MER Eye Medical and by the Existing Shareholders) shall be HK\$34.5 million in cash.</p> <p>The Shareholders' Loans are interest-free and for an initial term of five (5) years, after which (subject to approval by the majority of the Target's shareholders) shall be repayable on demand.</p>

**Total Investment
Amount:**

HK\$34.5 million

Conditions:

Closing of the Investment will be subject to the fulfilment of Conditions, including, among other things:

- (1) the Target having obtained all necessary consents and approvals, and has obtained all necessary corporate approvals for the Investment, the taking of the Shareholders' Loans, the entering into of the Investment Agreement and the transactions contemplated therein;
- (2) C-MER Eye Medical, the Company and the Target having complied with all necessary corporate approvals and have complied with all applicable rules and regulations (including without limitation those required under the Listing Rules) in respect of the Sale and Purchase and the provision of the Shareholders' Loans by the Shareholders;
- (3) each of the representations and warranties made by the Target and the Existing Shareholders in the Investment Agreement remaining true, accurate and complete in all material respects and not misleading;
- (4) there is no Material Adverse Change on the business operations of the Target and its subsidiaries and branches since the date of the Investment Agreement up to the Closing; and
- (5) service contracts having been executed by each of the Existing Shareholders with the Target, in form and substance satisfactory to C-MER Eye Medical and to the relevant Existing Shareholder.

Closing:

Closing shall occur at the tenth business day immediately following the date on which all the Conditions are fulfilled.

Upon Closing, C-MER Eye Medical will hold 60% of the registered capital of the Target.

Settlement of the Total Investment Amount shall be made by C-MER Eye Medical no later than ten business days after the Target having set up a Designated Account for receiving such payment.

Shareholders' rights after Closing: After Closing, in the event that any of the Shareholders proposes to sell, dispose the whole or any part of its/his shares in the Target, the non-selling shareholder(s) of the Target shall have the right of first refusal to purchase such seller's shares on the same terms as offered to the proposed purchaser(s).

BASIS FOR DETERMINING THE ACQUISITION PRICE AND THE SHAREHOLDERS' LOANS

The Total Investment Amount comprises the Acquisition Price and the Shareholder's Loan to be contributed by C-MER Eye Medical.

The Acquisition Price for 60% of the equity in the Target was HK\$13.8 million, which was determined based on arm's length negotiations between the parties to the Investment Agreement taking into account of, among other things (i) its historical financial performance, (ii) the network of optometry centres located around the commercial and residential districts in Hong Kong Island, Kowloon and the New Territories and its existing client base, (iii) the potential synergy to be generated between the Group (as an ophthalmic and medical services provider) and the Target (as an operator of optometry centres), and the business referrals that may be generated between the Target and the Group.

The amount of Shareholders' Loans to be provided to the Target was determined after arm's length negotiations between the C-MER Eye Medical and the Existing Shareholders after taking into account the capital needs of the Target for its future development.

The Total Investment Amount to be provided by C-MER Eye Medical will be settled entirely in cash and will be funded by the Group's internal resources.

INFORMATION OF THE PARTIES

Information on C-MER Eye Medical and the Company

C-MER Eye Medical is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company that is principally engaged in investment holdings in Hong Kong.

The Company has been listed on the Stock Exchange since 15 January 2018. The Group is one of the leading ophthalmic service providers in Hong Kong and Guangdong Province, the PRC established under the brand of "C-MER Dennis Lam (希瑪林順潮)". Headquartered in Hong Kong, the Group became the first foreign investor to wholly own an eye hospital in the PRC. The business of the Group was founded in Hong Kong in January 2012 by Dr. Lam Shun Chiu Dennis, an ophthalmic surgeon with over 30 years

of clinical experience. As of the date of this announcement, the Group operates two day surgery centres and four satellite clinics in Hong Kong and seven eye hospitals in Shenzhen (Futian and Baoan), Beijing, Shanghai, Kunming, Zhuhai and Huizhou. The Group is specialised in offering treatment and therapy services for ophthalmic diseases which include, amongst others, cataract, corneal and external eye diseases, glaucoma, vitreoretinal and macular diseases, as well as ancillary treatment by way of acupuncture and traditional Chinese medicine. In addition, the Group started to provide dental services in Hong Kong since April 2021.

Information on the Target

As at the date of this announcement, the Target is a private company incorporated with limited liability in Hong Kong. The Target is principally engaged in operating its optometry business in Hong Kong.

The following table sets forth the current shareholding structure of the Target:

	Name of shareholder	Number of shares held	% of total issued share capital
1	Mr. Chim	105,000	84
2	Mr. Wong	5,000	4
3	Mr. Wan	6,000	4.8
4	Mr. Tang	6,000	4.8
5	Mr. Choy	3,000	2.4
		125,000	100

Immediately after the Closing, the shareholding structure of the Target will be as follows:

	Name of shareholder	Number of shares held	% of total issued share capital
1	Mr. Chim	30,000	24
2	Mr. Wong	5,000	4
3	Mr. Wan	6,000	4.8
4	Mr. Tang	6,000	4.8
5	Mr. Choy	3,000	2.4
6	C-MER Eye Medical	75,000	60
		125,000	100

Upon Closing, C-MER Eye Medical will hold 60% of the share capital of the Target, and therefore the Target will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

Set out below is the unaudited combined financial information of the four optometry centres for the three years ended 31 March 2019, 2020 and 2021, which is extracted from the financial statements provided by the Target:

	For the year ended 31 March		
	2021	2020	2019
		<i>HK\$'000</i>	
Revenue	16,923	17,209	23,609
Net profit before taxation	2,817	418	3,032
Net profit after taxation	2,697	385	2,857

Based on the audited accounts of the Target, the net asset value of the Target as at 31 March 2021 was approximately HK\$0.5 million.

Information on Mr. Chim, Mr. Wong, Mr. Wan, Mr. Tang and Mr. Choy

Mr. Chim is one of the founders of the Target, and is the majority shareholder and a director of the Target. He has been a private practice optometrist of the Target since 1994 and is the president of the Hong Kong Association of Private Practice Optometrists (香港執業眼科視光師協會) since March 2018. He actively participates and plays different roles to promote professional development of optometry within the community. After Closing, Mr. Chim will continue to be employed by the Target.

Each of Mr. Wong, Mr. Wan, Mr. Tang and Mr. Choy is a shareholder of the Target, and each of Mr. Wong, Mr. Wan and Mr. Tang has been a private practice optometrist of the Target for over 15 years. Mr. Choy is a shop manager of the Target. After Closing, each of them will continue to be employed by the Target.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Existing Shareholders (including the Seller) and the Target are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Directors believe that the Acquisition represents a good opportunity for the Group to expand the service of providing myopia control, optometry assessments and spectacles and contact lens prescriptions in Hong Kong. The Directors believe that acquiring the Target (which has an operating history of over 20 years with a team of professional

optometrists and four well-established optometry centres in Hong Kong) will complement the Group's existing business, create patient traffic from customers of these optometry centres to the Group's ophthalmology clinic network, and further expand the Group's service network to additional locations in Hong Kong. The Target will further expand into different locations in Hong Kong with the Shareholders' Loans to serve the customers of the Group after the Acquisition.

In addition, each of the Existing Shareholders (other than Mr. Choy) are experienced optometrists who has over 15 years of experience. Each of the Existing Shareholders will continue to serve the Target after Closing and provide a Shareholder's Loan to the Target, and they would be able to leverage on the Group's patient base in Hong Kong and enhance revenue.

Having considered the above reasons and the matters described in the paragraph headed "Basis for determining the Acquisition Price and the Shareholders' Loans)" the Directors (including the independent non-executive Directors) consider that the Investment is in line with the overall business direction of the Group, and the terms of the Investment Agreement are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.20 of the Listing Rules, on the basis that the "profits ratio" under Rule 14.07(2) of the Listing Rules would produce an anomalous result in measuring the size of the Investment, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed, that the Company may substitute "gross profits ratio" for "profits ratio" as one of the Applicable Percentage Ratios.

As one or more of the highest Applicable Percentage Ratios in respect of the Investment is 5% or more but all of them are less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(2) ADDITIONAL INFORMATION IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the Annual Report. In addition to the information provided in the Annual Report, the Company would like to further inform the Shareholders and potential investors of the Company additional information under the section headed "POST-IPO SHARE OPTION SCHEME" in the Annual Report, details of which are set out below:

The total number of securities available for issue (less those exercised, cancelled and lapsed) under the Post-IPO Share Option Scheme was 98,860,000, representing 8.62% of the issued share capital of 1,147,254,968 Shares as at the date of the Annual Report.

On 18 July 2019, a total of 6,040,000 Share Options were granted in accordance with the terms of the Post-IPO Share Option Scheme to 39 non-employee consultants (the “**Consultants**”) who are not Directors, as incentives and rewards for their contribution to the Group and to align their interests with our corporate objectives. Among them, (a) six are consultants who entered into consultancy agreements with the Group and operate in insurance, investment or other industries who have either provided strategic advice and assistance in the Group’s development of its eye hospitals, eye centres and clinics in Hong Kong and the PRC, or assisted in identifying and liaising with suitable partners for collaboration within their industries, which are two of the key strategies of the Company, and the grants to these Consultants were in recognition in their contribution to the Group’s strategic development, (b) 20 are members of the International Advisory Council, whereby the International Advisory Council provides us and our ophthalmologists/physicians with insights and high-level industry-related advices on the development of the business of provision of ophthalmic services and with updates on the latest development of new medical and surgical techniques in ophthalmology, and the grant to these Consultants were in recognition of the contribution of their expertise and advices to the Group and our ophthalmologists/physicians, and (c) 13 are ophthalmologists in Hong Kong, who are under cooperative or partnership agreements with the Group with revenue or fees target, and they provide medical services under the Group’s service network and who generate revenue and fees for the Group, and the granting of Share Options to them is aimed to incentivise them for them to provide continued service to our Group.

In consideration of the above, the Company considered the Consultants to be valuable resources and their contributions in their respective roles serve the purpose of the Post-IPO Share Option Scheme, and grants of Share Options to them are in the interests of the Company and Shareholders as a whole.

Save as disclosed above, the content of the Annual Report remains unchanged.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares from the Seller pursuant to the Investment Agreement;
“Acquisition Price”	HK\$13.8 million, being the aggregate acquisition price for the acquisition of the Sale Shares in accordance with the terms of the Investment Agreement;
“Annual Report”	the annual report of the Company for the financial year ended 31 December 2020 published on 21 April 2021;

“Applicable Percentage Ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules that are applicable to the Investment;
“Board”	the board of Directors;
“C-MER Eye Medical”	C-MER Eye Care Medical Group Limited, a company incorporated in the British Virgin Islands with limited liability on 12 February 2016 and a wholly-owned subsidiary of the Company;
“Closing”	completion of the Investment in accordance with the terms of the Investment Agreement;
“Company”	C-MER Eye Care Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“Conditions”	conditions precedent to the Closing as set out in the paragraph headed “Conditions Precedent” under the section headed “PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT”;
“Designated Account”	means a bank account of the Target that is opened with a licensed bank in Hong Kong, of which the signatory(ies) shall be person(s) nominated by the Board;
“Director(s)”	director(s) of the Company;
“Existing Shareholders”	Mr. Chim, Mr. Wong, Mr. Wan, Mr. Tang and Mr. Choy;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party (ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates;
“International Advisory Council”	the international advisory council of the Company established in June 2017;

“Investment”	the Acquisition and the Shareholders’ Loans;
“Investment Agreement”	the sale and purchase agreement and the shareholders’ loans agreement entered into among C-MER Eye Medical, the Existing Shareholders and the Target on 10 November 2021;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Material Adverse Change”	any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company, its subsidiaries and Branches as a whole;
“Mr. Chim” or “Seller”	詹振邦 (CHIM Chun Pong Dominic), the Seller and one of the founders of the Target;
“Mr. Choy”	蔡志豪 (CHOY Chi Ho), one of the shareholders of the Target and a shop manager of the Target;
“Mr. Tang”	鄧耀邦 (TANG Yiu Bong), one of the shareholders of the Target and an optometrist of the Target;
“Mr. Wan”	尹啟俊 (WAN Kai Chun), one of the shareholders of the Target and an optometrist of the Target;
“Mr. Wong”	黃錦泉 (WONG Kam Chuen), one of the shareholders of the Target and an optometrist of the Target;
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on 13 December 2017;
“PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Sale and Purchase”	sale and purchase of Sale Shares by Mr. Chim to C-MER Eye Medical at the Acquisition Price;
“Sale Shares”	the 75,000 Shares legally and beneficially owned by Mr. Chim that are to be sold to C-MER Eye Medical under the Investment Agreement;

“Settlement”	the payment by C-MER Eye Medical of the Total Investment Amount into the Designated Account;
“Shares”	ordinary shares of in the capital of the Company that are issued from time to time;
“Shareholder(s)”	holder(s) of the Shares;
“Shareholders’ Loans”	the shareholders’ loans to be provided by each of C-MER Eye Medical and the Existing Shareholders to the Target in accordance with the terms of the Investment Agreement, each a “Shareholder’s Loan”;
“Share Options”	the options granted under the Post-IPO Share Option Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	The Optometry (OPT) Centre Limited, a private company incorporated in Hong Kong with limited liability on 5 March 1996;
“Total Investment Amount”	HK\$34.5 million, being the aggregate of the Acquisition Price and the Shareholder’s Loan; and
“%”	per cent.

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

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 10 November 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. Rex AUYEUNG Pak-kuen, Dr. LI Kwok Tung Donald, Mr. MA Andrew Chiu Cheung, Mr. CHAN Chi Leong, Ms. BENTLEY Annie Liang and Mr. IP Shu Kwan Stephen.