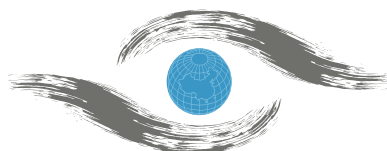


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C-MER 希瑪

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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN SHANGHAI LUCIDA MEDICAL**

Acquisition

The Board is pleased to announce that the Acquisition Agreement has been entered into on 26 March 2019 (after the morning trading session of the Stock Exchange), whereby C-MER China has conditionally agreed to acquire from the Vendors the entire equity interest in Shanghai Lucida Medical at the Consideration. Upon Completion, Shanghai Lucida Medical will become a wholly-owned subsidiary of the Company.

Implications under the Listing Rules

As one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition is more than 5% but all relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfilment of a number of condition(s) precedent as set forth in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and public investors should exercise caution when dealing in the securities of the Company.

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BACKGROUND INFORMATION AND SUMMARY OF TERMS OF THE ACQUISITION

Summarised below are the principal terms and conditions of the Acquisition Agreement:

Date: 26 March 2019 (after the morning trading session of the Stock Exchange)

Parties:

1. Renben Technology (as one of the Vendors)
2. Zhongmin Investment (as one of the Vendors)
3. C-MER China (as the purchaser)

As at the date of this announcement, Shanghai Lucida Medical is beneficially owned as to 92.65% and 7.35% by Renben Technology and Zhongmin Investment, respectively, despite the relevant industrial and commercial registration in respect of Zhongmin Investment's equity interest had not yet been completed.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are Independent Third Parties before Completion.

Subject matter: C-MER China has conditionally agreed to acquire from the Vendors the entire equity interest of Shanghai Lucida Medical at the Consideration. Upon Completion, the Shanghai Lucida Medical will become a wholly-owned subsidiary of the Company. Shanghai Lucida Medical indirectly owns the medical institutions.

Consideration: The Consideration shall be RMB82.9 million (equivalent to HK\$97.3 million), of which 90% and 10% are payable to Renben Technology and Zhongmin Investment respectively. The Consideration shall be settled by way of cash in accordance with the terms and conditions of the Acquisition Agreement and will be funded by the Group's internal resources.

Pursuant to the Acquisition Agreement, the Consideration is subject to a downward adjustment on a dollar-to-dollar basis if the cash and cash equivalents and the net assets of Shanghai Lucida Medical are less than RMB15.0 million (equivalent to HK\$17.6 million) and RMB22.0 million (equivalent to HK\$25.8 million) respectively as at the date of Completion, except in the event that the reduction in cash and cash equivalents within the scope of RMB3.0 million (equivalent to HK\$3.5 million) is due to an increase in costs of leasehold improvement, medical equipment and rental deposits related to the establishment of its new eye clinics in Yangpu District, Shanghai (the “**Minimum Net Assets Requirement**”).

Terms of payment:

According to the Acquisition Agreement, C-MER China agrees to pay to the bank accounts of the Vendors, Renben Technology and Zhongmin Investment, 90% and 100% of the Consideration in cash, respectively, within 12 business days after the date of Completion; and C-MER China agrees to pay to the bank accounts of Renben Technology the remaining 10% of the Consideration in cash within 4 months after the date of Completion.

Basis of consideration:

The Consideration has been arrived at after arm’s length negotiations between the Vendors and C-MER China taking into consideration:

- (a) the revenue, net loss and cash flows from operations of the Shanghai Lucida Medical for the two years ended 31 December 2017 and 2018;
- (b) the financial positions of Shanghai Lucida Medical, including the net asset value and the cash and cash equivalents held by Shanghai Lucida Medical as of 31 December 2018;
- (c) the price-to-revenue multiple of the comparable companies that primarily provide eye hospital management services or establish eye hospitals in the PRC and share similar business model with the Shanghai Lucida Medical;
- (d) comparable transactions which involved acquisition of target companies in the industry of provision of eye care services in the PRC;
- (e) the appraised value of the Shanghai Lucida Medical of RMB82.9 million (equivalent to HK\$97.3 million) as agreed between the Vendors and C-MER China;

- (f) the locations of the eye hospital and the three clinics of Shanghai Lucida Medical; and
- (g) demographic features and medical resources of Shanghai.

Completion:

Completion of the Acquisition shall take place within five business days after all conditions to the Acquisition Agreement (as set forth below) having been fulfilled (unless waived by C-MER China) and C-MER China receives a written confirmation from the Vendors of their fulfilment.

Conditions:

Completion shall be conditional upon fulfilment of the following conditions precedent:

- (1) the Acquisition Agreement and all other documents related to the Acquisition to be submitted or filed to the relevant government authorities in the PRC have been duly and effectively signed;
- (2) the representations and warranties made by the Vendors and Shanghai Lucida Medical remaining to be true, complete and accurate and not misleading on or before Completion;
- (3) there has been no material adverse change on the assets, financial positions, operation, management and personnel of Shanghai Lucida Medical on or before Completion;
- (4) there is no event or circumstance having a material adverse effect on Shanghai Lucida Medical on or before Completion;
- (5) approval has been obtained from the shareholders of Shanghai Lucida Medical in relation to the Acquisition;
- (6) the relevant government authorities in the PRC have approved or filed the documents related to the Acquisition submitted to them;
- (7) foreign exchange accounts of the Vendors have been opened by the relevant bank;
- (8) information on the foreign exchange accounts of the Vendors has been provided to C-MER China;
- (9) the approval has been obtained from the board or the relevant investment decision making committee of the Company in relation to the Acquisition;

- (10) completion of financial, legal and business due diligence on Shanghai Lucida Medical to the satisfaction of the C-MER China;
- (11) the financial reports of Shanghai Lucida Medical for the three years ended 31 December 2016, 2017, 2018, and for the months ended one month preceding the date of Completion in 2019 having been provided to C-MER China to its satisfaction, provided that the Minimum Net Assets Requirement is met; and
- (12) the relevant industrial and commercial registration in respect of Zhongmin Investment's 7.35% equity interest in Shanghai Lucida Medical has been completed.

Upon Completion, C-MER China will become the registered holder of the entire equity interest in Shanghai Lucida Medical.

Arrangements prior to Completion:

The Vendors and Shanghai Lucida Medical have undertaken to C-MER China that from the date of the Acquisition Agreement, unless with the prior written consent of C-MER China or otherwise set forth in the Acquisition Agreement, the Vendors and Shanghai Lucida Medical shall not (a) increase, transfer, allot, issue, alter, sell or redeem any shares, debentures or other securities or other options or warrants or other similar rights to purchase the shares of Shanghai Lucida Medical; (b) make any distribution of profit or dividend to any shareholder of Shanghai Lucida Medical or any resolution to the same effect; (c) undertake any reorganisation of the share capital or shareholding structure of Shanghai Lucida Medical or any transactions outside of the ordinary course of business of Shanghai Lucida Medical; (d) alter the amount of the registered capital of Shanghai Lucida Medical; (e) dispose, transfer or enter into any licence on or relating to the intellectual property rights of Shanghai Lucida Medical; (f) arrange any loan, debenture, guarantee, pledge, charge or other fund-raising arrangement of more than RMB100,000 (equivalent to HK\$117,000) for Shanghai Lucida Medical; (g) make any capital expenditure of more than RMB100,000 (equivalent to HK\$117,000) by Shanghai Lucida Medical; (h) alter or amend the constitutional document of Shanghai Lucida Medical; and (i) enter into any agreement relating to any of the above.

**Termination and
force majeure:**

The Acquisition Agreement will be terminated in the following circumstances:

- (1) if any of the parties to the Acquisition Agreement materially violates the Acquisition Agreement and such breach subsists for more than 30 days, the non-breaching party has the right to terminate the Acquisition Agreement by written notice to the other party(ies);
- (2) if any representations and warranties made by the Vendors and Shanghai Lucida Medical are untrue, inaccurate or incomplete, and which have a material adverse effect on Shanghai Lucida Medical, C-MER China has the right to terminate this Agreement by written notice to the Vendors;
- (3) if the Acquisition is not completed before 30 June 2019, any of the parties to the Acquisition Agreement has the right to terminate this agreement by written notice to the other parties.

If there is a force majeure event, the parties to the Acquisition Agreement may agree to terminate the Acquisition Agreement. The force majeure events include (a) state of war or government order that prohibits the transfer of the equity interest as contemplated; (b) social instability or similar events that have direct impact on the transfer of equity interest as contemplated; (c) acts of god, such as typhoon, flood, explosion, earthquake and other natural adverse events; and (d) other events that may be agreed by the parties to the Acquisition Agreement as force majeure events.

Governing law:

Laws of the PRC

Others:

In the event that C-MER China is unable to acquire the equity interest of Shanghai Lucida Medical, the parties will enter into a separate agreement for C-MER China to acquire the equity interests of Shanghai Lucida Medical's four wholly-owned subsidiaries which directly own Medical Institutions on the same terms and conditions as the Acquisition Agreement.

INFORMATION ON THE COMPANY

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 JP, an ophthalmic surgeon with over 30 years of clinical experience. As of the date of this announcement, the Group operates five satellite clinics and two eye surgery centres in Hong Kong and two eye hospitals in Shenzhen and Beijing. 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.

INFORMATION ON THE VENDORS

Renben Technology is a limited liability company established on 28 December 2015 in the PRC, which is principally engaged in research and development, manufacturing and sales of electrical and biological products.

Zhongmin Investment is a limited liability company established on 10 November 2017 in the PRC, which is principally engaged in the provision of investment management and consultation services.

INFORMATION ON SHANGHAI LUCIDA MEDICAL

Shanghai Lucida Medical is a limited liability company established on 17 April 2002 in the PRC, and its registered capital is in an amount of RMB28,002,500 (equivalent to HK\$32,883,000) which has been fully paid up. As at the date of this announcement, Shanghai Lucida Medical is beneficially owned as to 92.65% and 7.35% by Renben Technology and Zhongmin Investment, respectively, despite the relevant industrial and commercial registration in respect of Zhongmin Investment’s equity interest had not yet been completed.

Shanghai Lucida Medical is an investment holding company and its wholly-owned subsidiaries own and operate an eye hospital at Huangpu district (黃浦區), and three clinics are located at Pudong New District (浦東新區), Yangpu District (楊浦區) and Putuo District (普陀區), respectively (the “**Medical Institutions**”).

Shanghai Lucida Medical and its subsidiaries have more than 80 staff including 14 physicians. The eye hospital has the capacity of 30 beds in its facilities to provide option to patients for in-patient eye care, and three operating theatres.

Shanghai Lucida Medical and its subsidiaries are specialised in offering treatment and therapy services for ophthalmic diseases which include cataract, refractive surgeries, and optometry services.

The following sets forth the unaudited consolidated financial information of Shanghai Lucida Medical for the years ended 31 December 2017 and 31 December 2018:

| | For the year ended 31 December 2017 (RMB'000) | For the year ended 31 December 2018 (RMB'000) |
|--------------------------|--|--|
| Revenue | 43,395 | 38,202 |
| Net loss before taxation | 5,025 | 8,880 |
| Net loss after taxation | 5,025 | 8,880 |

The net asset value of Shanghai Lucida Medical as of 31 December 2018 amounted to approximately RMB16.0 million (equivalent to HK\$18.8 million) which has not taken into account of the capital injection by the Vendors of RMB5.0 million (equivalent to HK\$5.9 million) in the form of cash and the capital injection was completed subsequent to the year ended 31 December 2018.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Lucida Medical and its ultimate beneficial owners are Independent Third Parties before Completion. Upon Completion, Shanghai Lucida Medical will become a wholly-owned subsidiary of the Company and its financial results will be consolidated in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Prospectus, one of the strategies of the Group is to establish or acquire eye hospitals in selected PRC cities. The Directors believe that an expansion of the eye care service network in the PRC is instrumental to the business growth of the Group.

The Directors believe that the Acquisition represents a good opportunity for the Group to expand the eye care service network in Shanghai leveraging the expertise and the international reputation of the Group and the local knowledge and experience of Shanghai Lucida Medical. Following Completion, the Group will provide medical training to physicians and allied health professionals and upgrade the medical equipment so as to establish a coherent and well integrated eye care service network in selected PRC cities (including Beijing, Shenzhen, Huizhou, Kunming, and Shanghai). The Directors consider the terms of the Acquisition, which are determined after arm's length negotiations between the parties, are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Acquisition Agreement

As one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition is more than 5% but all relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfilment of a number of condition(s) precedent as set forth in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and public investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

| | |
|-------------------------|--|
| “Acquisition” | the acquisition of the entire equity interest in the Shanghai Lucida Medical by C-MER China from the Vendors; |
| “Acquisition Agreement” | the equity acquisition agreement dated 26 March 2019 entered into between C-MER China (as purchaser) and the Vendors (as the vendors) for the Acquisition; |
| “Board” | the board of Directors of the Company; |
| “C-MER China” | Hong Kong C-MER International Eye Care Group (China) Limited (香港希瑪國際眼科醫療集團 (中國) 有限公司), a company incorporated in Hong Kong on 4 October 2005 and a wholly-owned subsidiary of the Company, being the purchaser in the Acquisition; |
| “Company” | C-MER Eye Care Holdings Limited (希瑪眼科醫療控股有限公司), a company incorporated in the Cayman Islands on 1 February 2016 with all of its shares in issue listed on the Stock Exchange (Stock code: 03309); |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement and is expected to take place on or before 30 June 2019; |

| | |
|--------------------------------|---|
| “Consideration” | RMB82.9 million (equivalent to HK\$97.3 million) payable by C-MER China to the Vendors pursuant to the Acquisition Agreement, as described in the paragraph “Consideration” above, which will be funded by the Group’s internal resources; |
| “Directors” | the directors of the Company, including the executive Directors and the independent non-executive Directors; |
| “Group” | the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the Company becoming the holding company of the present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time; |
| “HK\$” | the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Third Party(ies)” | person(s) or entity(ies) which is or are not considered a connected person (as such term is defined under the Listing Rules) of the Company; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time; |
| “Medical Institutions” | has the meaning ascribed to it in the section headed “INFORMATION ON SHANGHAI LUCIDA MEDICAL” of this announcement; |
| “PRC” | the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, references in this announcement to the PRC or China do not include Taiwan, Hong Kong and Macau; |
| “Prospectus” | the prospectus dated 29 December 2017 issued by the Company; |
| “Renben Technology” | Wuhan Renben Technology Development Co., Ltd. (武漢人本科技發展有限公司), a limited liability company established on 28 December 2015 in the PRC and an Independent Third Party before Completion; |
| “RMB” | Renminbi yuan, the lawful currency of the PRC; |

| | |
|---------------------------|--|
| “Shanghai Lucida Medical” | Shanghai Lucida Medical Scientific Ltd. (上海璐視德醫療器械科技有限公司), a limited liability company established on 17 April 2002 in the PRC and an Independent Third Party before Completion; |
| “Shareholders” | the shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Vendors” | Renben Technology and Zhongmin Investment, the existing shareholders of Shanghai Lucida Medical and Independent Third Parties before Completion; |
| “Zhongmin Investment” | Ningbo Meishan Bonded Port Zhongmin Kanggan Investment Management Co., Ltd. (寧波梅山保稅港區中民康乾投資管理有限公司), a limited liability company established on 10 November 2017 in the PRC and an Independent Third Party before Completion; and |
| “%” | per cent. |

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

Chairman and Chief Executive Officer and Executive Director

Hong Kong, 26 March 2019

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.8516.

As of 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 five independent non-executive Directors, namely Dr. LAU Johnson Yiu-Nam, Dr. LI Kwok Tung Donald, Mr. MA Chiu Cheung Andrew, Mr. CHAN Chi Leong and Ms. BENTLEY Annie Liang.