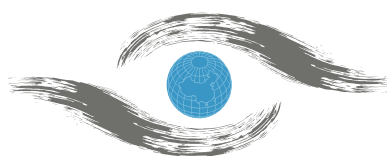


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C-MER 希瑪

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 ISSUED SHARE CAPITAL
IN CHAMPION EYE
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER THE GENERAL MANDATE**

INTRODUCTION

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), the Company and each of the Sellers entered into the Sale and Purchase Agreements, pursuant to which the Company has agreed to acquire, and the Sellers have severally agreed to sell, the Sale Shares (representing 100% of the issued share capital of the Target) at the Consideration of HK\$56,020,000. The Consideration will be satisfied in full by the allotment and issuance of 8,790,000 Consideration Shares under the General Mandate.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the Target Group's financial results will be consolidated into the financial results of the Group.

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 Acquisition, 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.

Pursuant to the Rules 14.22 and 14.23 of the Listing Rules, each of the Sale and Purchase Agreements entered into between the Company and the individual Sellers shall be aggregated as if they were one transaction because they were completed within a 12-month period by the Company involving the acquisition of interests in the Target. Upon aggregation, as one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements but exempt from shareholders’ approval requirement under the Listing Rules.

Shareholders and potential investors of the Company should note that the completion of the Acquisition is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent under the Sale and Purchase Agreements, and completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), the Company and each of the Sellers entered into the Sale and Purchase Agreements, pursuant to which the Company has agreed to acquire, and the Sellers have severally agreed to sell, the Sale Shares (representing 100% of the issued share capital of the Target) at the aggregate Consideration of HK\$56,020,000.

The Consideration will be satisfied in full by the allotment and issuance of 8,790,000 Consideration Shares under the General Mandate, which represents approximately 0.76% of the issued share capital of the Company as of the date of this announcement.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS

The Company has entered into seven Sale and Purchase Agreements with seven individual Sellers. The table below sets out the key terms of the Sale and Purchase Agreements:

Date:	4 January 2022
Parties:	(1) the Company, as the purchaser; and (2) the Sellers.
Acquisition:	Subject to the terms and conditions in the Sale and Purchase Agreements, the Sellers shall severally sell and the Company shall purchase all of the issued shares of the Target. The aggregate Consideration was agreed to be HK\$56,020,000, all of which would be satisfied by the allotment and issuance of 8,790,000 Consideration Shares at the different Share Swap Ratios to the individual Sellers.
Share Swap:	<p>Dr. Yeung, Dr. Hung, and Dr. Pauline Chan agree to each sell 400 shares of the Target to the Company in exchange for 1,520,000 new Shares to be allotted and issued by the Company to each of them.</p> <p>Dr. DN Chan, Dr. Ko and Dr. Yip agree to each sell of 300 shares of the Target to the Company in exchange for 1,142,000 new Shares to be allotted and issued by the Company to each of them.</p> <p>The estate of Dr. Cheung agrees to sell 300 shares of the Target to the Company in exchange for 804,000 new Shares to be allotted and issued by the Company to it.</p>
Issue of the Consideration Shares:	Subject to fulfilment of the conditions precedent, the Consideration Shares will be allotted and issued under the General Mandate at Completion. As of the date of this announcement, no Shares have been allotted and issued under the General Mandate. The allotment and issuance of the Consideration Shares is within the limit of the General Mandate and is not subject to the further approval by the Shareholders.

**Average price per
Consideration Share:**

A total of 8,790,000 Consideration Shares will be issued to satisfy in full the Consideration, and the issue price per Consideration Share is approximately HK\$6.37 on the basis of HK\$56,020,000 (being the aggregate Consideration payable under the Sale and Purchase Agreements). This represents:

- (i) a discount of approximately 8.3% to the closing price of HK\$6.95 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreements;
- (ii) a discount of approximately 5.8% to the average closing price of approximately HK\$6.76 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreements; and
- (iii) a discount of approximately 5.1% to the average closing price of approximately HK\$6.71 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreements.

Conditions Precedent:

Unless waived by the Company in writing, completion of the Acquisition will be subject to the fulfilment of certain conditions, some of which are listed below:

- (1) satisfactory due diligence on the Target including but not limited to confirmatory financial due diligence and legal due diligence;
- (2) amendment of shareholders' agreement among all the existing shareholders of the Target and constitutional documents of the Target to allow the Company to become a shareholder of the Target and to enjoy the benefits as a shareholder of the Target;
- (3) the listing of, and permission to deal in the Consideration Shares being granted by the Stock Exchange and such permission not subsequently being revoked);

- (4) other necessary amendments to the shareholders' agreement and constitutional documents of the Target to reflect further governance structure of the Target after the Completion; and
- (5) the Parties having agreed on matters relating to the settlement of outstanding liabilities of the Target, the working capital requirements of the Target and any retained profits that may be distributed to the Sellers.

Completion:

Subject to the fulfilment and satisfaction of the Conditions Precedents and the Stock Exchange's approval of issue of the Consideration Shares, the Completion (including the issue of the Consideration Shares) shall occur on or before 21 January 2022.

Lock-up of Consideration Shares:

All the Consideration Shares received by the Sellers from the Acquisition shall be subject to lock-up: each Seller commits to the Company that 50% of the Consideration Shares received by him/her shall not be sold for a period of three months after the Completion, while the remaining 50% of the Consideration Shares shall not be sold for a period of six months after the Completion.

Full disclosure:

The Sellers (other than the Estate of Dr. Cheung) shall fully disclose to the Company any on-going litigation or investigation in relation to any potential breach of any laws or regulations or code of practice that are applicable to his or her medical practice in Hong Kong before the Completion.

Basis for determining the Consideration and the Share Swap Ratios

The Consideration and the Share Swap Ratios of the individual Sellers were determined after arm's length negotiations between the Company and the Sellers with reference to the following factors: (i) the latest business development trends and the future prospects of the Target Group, in particular, its customer base; (ii) the ownership percentages of individual Sellers in the Target and the continued employment of the Sellers (other than the Estate of Dr. Cheung) by the Target Group in its ophthalmology practice, which are recognised through the Share Swap Ratios; (iii) the reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below; and (iv) the revenue and profits before tax of the Target Group for the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2021.

The Directors consider the number of Consideration Shares to be issued and the Share Swap Ratios of the individual Sellers are fair and reasonable and in the interests of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group and its ophthalmologists are well-known and highly respected doctors in the ophthalmology sector in Hong Kong. The Acquisition will allow the Group to increase its market share, expand its medical team and further solidify the leadership position of the Group in the ophthalmology sector in Hong Kong. The Acquisition is well-aligned with the Group's growth and consolidation strategy in the ophthalmology sector in Hong Kong. The Directors believe that the Group's leading market position in Hong Kong will not only drive the development of the overall ophthalmology sector in Hong Kong in terms of medical service quality, clinic management and use of artificial intelligence, but also elevate the status of Hong Kong as a hub for providing top quality ophthalmology service in Asia and as a developer and early adopter of leading ophthalmology treatments and technologies.

Having considered the above reasons, the Directors (including the independent non-executive Directors) believe that the Acquisition is in line with the overall business direction of the Group, and the terms of each Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information on the Target Group

The Target Group is one of the leading and well-respected ophthalmology service groups in Hong Kong with over 20 years of history that operates two clinics in Hong Kong. The Target Group is primarily engaged in the provision of ophthalmology services operating under the brand "Champion Eye & Refractive Surgery Centre" (嘉賓眼科及激光矯視手術中心).

The below table sets out the unaudited consolidated financial information of the Target Group for the years ended 31 December 2019 and 2020 and the ten months ended 31 October 2021, respectively:

	For the year ended 31 December		For the ten months ended 31 October
	2019	2020	2021
	HK\$	HK\$	HK\$
Revenue	168,813,290	118,680,117	127,723,643
Net profit before taxation	181,953	2,219,027	9,286,222
Net (loss)/profit after taxation	(249,592)	1,635,641	7,441,593

Based on the unaudited management accounts of the Target, the consolidated net asset value of the Target as at 30 June 2021 was HK\$9,392,405.

Upon completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Company and the Target Group's financial results will be consolidated into the financial results of the Group. While the Group expects to create synergies in various aspects of operation including recruitment, procurement and digitalisation after the Completion, Champion Eye is expected to remain largely as an independent brand with independent operation in the future.

Information on the Sellers

The Sellers are shareholders of the Target, and they (other than the Estate of Dr. Cheung) are ophthalmologists of the Target Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sellers is an independent third party of the Company and its connected persons (as defined in the Listing Rules) as of the date of this announcement.

Information on the Company

The Group is one of the leading ophthalmology service providers in both Hong Kong and the rest of the Greater Bay Area. Headquartered in Hong Kong, the Group is the only Hong Kong ophthalmology service group with a nationwide physical eye hospital network covering Beijing, Shanghai, Guangzhou and Shenzhen, and also with a broad and growing hospital service network in the Greater Bay Area. As of the date of this announcement, the Group has nearly 30 eye hospitals and clinics in Hong Kong and Mainland China, in which six eye hospitals are in the Greater Bay Area. The Group has recently expanded into other medical services including dentistry, oncology and family medicine, etc. and it aims to become a destination for Hong Kong quality comprehensive specialty medical service to its patients in the Greater Bay Area.

EFFECT ON SHAREHOLDING STRUCTURE

The effects of the allotment and issuance of the Consideration Shares on the shareholding structure of the Company are set out as below, assuming no further issue of new Shares or repurchase of Shares by the Company from the date of this announcement up to the date immediately after the issue of the Consideration Shares:

Shareholder	As of the date of this announcement		Immediately after the issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
C-MER Group Limited (<i>Note 1</i>)	693,694,553	60.3	693,694,553	59.8
Dr. Lee Yau Wing Vincent	13,203,000	1.1	13,203,000	1.1
Dr. Rex Auyeung Pak-kuen (<i>Note 2</i>)	300,000	0.03	300,000	0.03
LI Chun Shan (<i>Note 3</i>)	1,036,000	0.1	1,036,000	0.1
CHAN Chi Leong (<i>Note 2</i>)	3,008,000	0.3	3,008,000	0.3
Dr. Yeung	–	–	1,520,000	0.1
Dr. Hung	–	–	1,520,000	0.1
Dr. Pauline Chan	–	–	1,520,000	0.1
Dr. DN Chan	–	–	1,142,000	0.1
Dr. Ko	–	–	1,142,000	0.1
Dr. Yip	–	–	1,142,000	0.1
The Estate of Dr. Cheung	–	–	804,000	0.1
Other public shareholders	439,099,317	38.2	439,099,317	37.9
Total	1,150,340,870	100	1,159,130,870	100

Notes:

- (1) C-MER Group Limited is beneficially wholly-owned by Dr. LAM Shun Chiu Dennis as to 70% and Ms. LI Xiaoting as to 30%. By virtue of the Securities and Futures Ordinance, Dr. LAM Shun Chiu Dennis is deemed to be interested in the same number of Shares which C-MER Group Limited is interested in.
- (2) Representing interest held by spouse.
- (3) Inclusive of interest held by spouse.
- (4) The percentage figures included in the shareholding structures have been subject to rounding adjustment.

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 Acquisition, 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.

Pursuant to the Rules 14.22 and 14.23 of the Listing Rules, each of the Sale and Purchase Agreements entered into between the Company and the individual Sellers shall be aggregated as if they were one transaction because they were completed within a 12-month period by the Company involving the acquisition of interests in the Target. Upon aggregation, as one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements but exempt from shareholders’ approval requirement under the Listing Rules.

Further, as the Consideration will be satisfied in full by the issue of the Consideration Shares, the Acquisition also constitutes a share transaction under Chapter 14 of the Listing Rules and is also subject to the reporting and announcement requirements under the Listing Rules.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares to be issued.

Shareholders and potential investors of the Company should note that Completion of the Acquisition is subject to the fulfilment (or waiver, if applicable) of certain Conditions Precedent under the Sale and Purchase Agreements, and completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the shares of the Target from the Sellers through the issue of the Consideration Shares pursuant to the Sale and Purchase Agreements;
“Board”	the board of Directors;
“CLC”	Champion Lasik Centre Limited 嘉賓激光矯視中心有限公司, a company incorporated in Hong Kong with limited liability that is wholly owned by the Target;

“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;
“Completion”	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreements;
“connected person”	has the meaning as ascribed to this term under the Listing Rules;
“Consideration”	the sum of HK\$56,020,000 to be paid by the Company through the issue of the Consideration Shares;
“Consideration Share(s)”	the 8,790,000 new Share(s) to be allotted and issued by the Company at the Issue Price to the Sellers as the Consideration;
“Directors”	directors of the Company;
“Dr. DN Chan”	Dr. Chan Ding Nai (陳鼎鼐), one of the Sellers and one of the doctors of the Target;
“Dr. Hung”	Dr. Hung Son On (熊順安), one of the Sellers and one of the founding doctors of the Target;
“Dr. Ko”	Dr. Ko Chun Yu (高震宇), one of the Sellers and one of the doctors of the Target;
“Dr. Pauline Chan”	Dr. Chan Po Chun, Pauline (陳寶珍), one of the Sellers and one of the founding doctors of the Target;
“Dr. Yeung”	Dr. Yeung Man Chan (楊文燦), one of the Sellers and one of the founding doctors of the Target;
“Dr. Yip”	Dr. Yip Pui Pui (葉佩珮), one of the Sellers and one of the doctors of the Target;
“Estate of Dr. Cheung”	the estate of Dr. Cheung Tze On, Benson (張子安), one of the Sellers as represented by Dr. Cheung Tze On, Benson’s spouse, Ms. Wong Chi Wai, Eva as the estate’s sole beneficiary;
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with not more than 229,678,440 new Shares (prior to the next annual meeting of the Company) at the annual general meeting of the Company held on 26 May 2021;

“Greater Bay Area”	The Guangdong-Hong Kong-Macau Greater Bay Area, comprises the two Special Administrative Regions of Hong Kong and Macau Special Administrative Region, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province, PRC;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“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 Agreements”	the seven sale and purchase agreements dated 4 January 2022 entered into among the Company and the individual Sellers in relation to purchase the relevant Seller’s shares in the Target at the relevant Share Swap Ratio;
“Sale Shares”	2,400 shares of the Target, which together represent the entire issued capital of the Target;
“Seller(s)”	Dr. Yeung, Dr. Hung, Dr. Pauline Chan, Dr. Ko, Dr. DN Chan, Dr. Yip, and the Estate of Dr. Cheung;
“Shares”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Share Swap Ratio”	the ratio of a Seller’s shares in the Target to the number of Consideration Shares to be issued to that Seller, further details of which are set out in the section headed “Principal Terms of the Sale and Purchase Agreements – Share Swap” in this announcement;

“Target” or “Champion Eye”	Champion Eye Centre Limited 嘉賓眼科中心有限公司, a company incorporated in Hong Kong with limited liability. As of the date of this announcement, it has 2,400 shares issued and outstanding, of which 300 shares are legally and beneficially owned by each of Dr. DN Chan, Dr. Ko, Dr. Yip and the estate of Dr. Cheung, and 400 shares are legally and beneficially owned by each of Dr. Hung, Dr. Yeung and Dr. Pauline Chan;
“Target Group”	Champion Eye together with its wholly-owned subsidiary, CLC, which operate under the brand “Champion Eye & Refractive Surgery Centre” (嘉賓眼科及激光矯視手術中心);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; 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, 4 January 2022

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 six independent non-executive Directors, namely, Dr. Rex AU YEUNG 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.