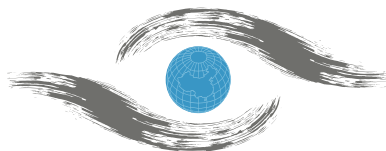


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C-MER 希瑪

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)

**CONTINUING CONNECTED TRANSACTION
THE 2023 APOLLO FRAMEWORK PURCHASE AGREEMENT**

The Board refers to the voluntary announcement of the Company dated 1 June 2023 on the acquisition of 55% of Apollo, and wishes to inform its shareholders that the conditions precedent for the Apollo Acquisition are expected to be fulfilled before the end of October 2023.

Immediately after the Completion of the Apollo Acquisition, Apollo is expected to become a non-wholly owned subsidiary of the Company, and HK Optical, being the other 45% shareholder of Apollo, will become a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules.

The 2023 Apollo Framework Purchase Agreement

In contemplation of the Completion, on 18 October 2023, Apollo and HK Optical entered into the 2023 Apollo Framework Purchase Agreement, pursuant to which HK Optical has agreed to sell and supply, and Apollo has agreed to purchase the Products from HK Optical in accordance with the terms of the 2023 Apollo Framework Purchase Agreement, for an initial term from the Completion Date to 31 December 2025 (both days inclusive).

Implications under the Listing Rules

Because HK Optical will be a connected person of the Company at the subsidiary level upon the Completion of the Apollo Acquisition, therefore transactions contemplated under the 2023 Apollo Framework Purchase Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules thereafter.

As (i) the Board has approved the 2023 Apollo Framework Purchase Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the 2023 Apollo Framework Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the 2023 Apollo Framework Purchase Agreement will be subject to the reporting, announcement and annual review requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

The Board refers to the voluntary announcement of the Company dated 1 June 2023 in relation to the acquisition of 55% of Apollo by the Company (the “**Apollo Acquisition**”), and wishes to inform its shareholders that the conditions precedent for the Apollo Acquisition are expected to be fulfilled before the end of October 2023.

In contemplation of the Completion, on 18 October 2023, Apollo and HK Optical entered into the 2023 Apollo Framework Purchase Agreement, pursuant to which HK Optical has agreed to sell and supply, and Apollo has agreed to purchase the Products from HK Optical in accordance with the terms of the 2023 Apollo Framework Purchase Agreement, for an initial term from the Completion Date to 31 December 2025 (both days inclusive).

THE 2023 APOLLO FRAMEWORK PURCHASE AGREEMENT

The principal terms of the 2023 Apollo Framework Purchase Agreement are set out below.

Date	:	18 October 2023
Parties	:	(i) Apollo as the purchaser (ii) HK Optical as the supplier
Term	:	An initial term from the Completion Date to 31 December 2025 (both days inclusive)
Effective date	:	Completion Date

- Subject matter : Apollo Group (as purchaser) and HK Optical (as supplier) will enter into transactions relating to the sale and purchase of the Products from time to time on normal commercial terms and subject to and upon the terms and conditions of the purchase orders to be agreed between Apollo and HK Optical, setting out the products specifications, price, quantity and delivery date.
- Pricing basis for the Products : Subject always to the maximum annual purchase amount not exceeding the Annual Caps, the price of the Products shall be determined with reference to the ex-factory price of HK Optical with a profit margin ranging from fifteen percent (15%) to twenty percent (20%), but provided that where lower prices are offered by HK Optical to Independent Third Parties on the same Products with the same quality standard, Apollo shall be entitled to make purchases at the same (or better) prices and/or terms. Apollo will settle the payment of the Products using its internal resources and/or internal resources to be provided by its shareholders from time to time.
- Payment terms : As may be specified in the individual purchase orders to be placed by Apollo Group.
- Renewal : The 2023 Apollo Framework Purchase Agreement is renewable by Apollo and HK Optical by entering into a new or renewal agreement before the expiration of the initial term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules.
- Termination : Either party may terminate the 2023 Apollo Framework Purchase Agreement prior to the expiry of its term by serving a written notice of not less than three months to the other party.

ANNUAL CAPS AND PRICING BASIS

Reference is made to the Apollo Acquisition and the establishment of the strategic partnership with HK Optical Group. The Apollo Group is primarily engaged in lens distribution business in mainland China since 2002, and it is the intention of the Company to establish its presence (through the Apollo Group) in the prescription lens development and distribution market in mainland China, in particular, in the de focus lens and progressive lens segment.

In contemplation of the Completion, the 2023 Apollo Framework Purchase Agreement has been entered into to govern the purchasing of the Products by Apollo Group from the HK Optical Group on and after the Completion Date.

Under Rule 14A.53 of the Listing Rules, the Company shall be, upon the Completion, required to set a monetary annual cap the transactions contemplated under the 2023 Apollo Framework Purchase Agreement. The Annual Caps for the transactions under the 2023 Apollo Framework Purchase Agreement for the three financial years ending 31 December 2023, 2024 and 2025 are set out below:

	For the year ending 31 December 2023 (from the Completion Date to 31 December 2023)	For the year ending 31 December 2024 (from 1 January 2024 to 31 December 2024)	For the year ending 31 December 2025 (from 1 January 2025 to 31 December 2025)
Annual Caps	HK\$30,000,000	HK\$80,000,000	HK\$85,000,000

The Annual Caps were determined based on (i) information provided by HK Optical Group of the sales and distributions of its products in Mainland China for the two immediately preceding financial years and the seven months ended 31 July 2023, and the portion of which that is expected to be assumed by Apollo Group with effect from the Completion Date; (ii) the potential business growth of Apollo Group taking into account the business and marketing support that the Company will provide to it; and (iii) the target net profit of the Apollo Group, which has been agreed between the Company and HK Optical Group under the Apollo acquisition.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 APOLLO FRAMEWORK PURCHASE AGREEMENT

Apollo Group has always been the lens distribution and technology development arm in mainland China of HK Optical Group before the Apollo Acquisition and that it has been relying on HK Optical Group, a leading manufacturer of and coating service provider for optical lenses with prescriptions in Asia, for the purpose of the lens products manufacturing. The Directors consider that the continuance of the supply of the Products under the 2023 Apollo Framework Purchase Agreement would enable the Apollo Group to ensure a steady and reliable source of the Products and thereby enable the Group to establish its presence in the prescription lens development and distribution market in mainland China, in particular, in the de focus lens and progressive lens segment.

In view of the matters disclosed in this announcement, the Directors (including the independent non-executive Directors) consider that (i) the terms of the 2023 Apollo Framework Purchase Agreement are on normal commercial terms that are fair and reasonable; (ii) the Annual Caps are fair and reasonable; and (iii) the continuing connected transaction contemplated under the 2023 Apollo Framework Purchase Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND APOLLO

The Company is an ophthalmic, dental and other medical service provider in Hong Kong and Mainland China. Its ophthalmologists/physicians are specialised in the fields of cataract, glaucoma, strabismus and refractive surgeries and external eye diseases. Its dentists have expertise and qualifications across a wide range of specialty areas, covering general dentistry, orthodontics and implantology. Its revenue is derived from the fees charged to its clients on consultation, procedures, surgeries, and other medical services, as well as the sales of vision aid products, including glasses and lens, and medical consumables.

Apollo, which is expected to become a non-wholly-owned subsidiary of the Company upon the Completion, is an investment holding company with limited liability incorporated under the laws of Hong Kong. Apollo Group has been engaging in lens distribution business in the mainland China since 2002. Currently, Apollo Group has a team of nearly 100 staff distributing prescription lens products, including de focus lens and progressive lens, to public hospitals, private hospitals and optical centers in mainland China.

INFORMATION ON HK OPTICAL

HK Optical is a company incorporated under the laws of Hong Kong with limited liability. Established in 1970 and headquartered in Hong Kong, HK Optical is a leading manufacturer of and coating service provider for optical lenses with prescriptions in Asia comprising of eight lens surfacing labs, three die-casting factories and seven regional offices across Asia, and serving customers in over 25 countries. It is also a high-quality eyeglass frame manufacturer with three factories in mainland China serving customers worldwide and an authorised dealer of optical products for multiple global brands. As of the date of this announcement, HK Optical is beneficially owned by (i) Ms. See Suet Fun, and (ii) six of her family members as to 30% and 70%, respectively.

CONNECTED RELATIONSHIP AND IMPLICATIONS UNDER THE LISTING RULES

Upon Completion, Apollo will be held as to 55% by the Group and as to 45% by HK Optical. Accordingly, HK Optical will be a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules as Apollo is expected to become a subsidiary of the Company upon the Completion, and the transactions contemplated under the 2023 Apollo Framework Purchase Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon the Completion.

As (i) the Board has approved the 2023 Apollo Framework Purchase Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the 2023 Apollo Framework Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the 2023 Apollo Framework Purchase Agreement will be subject to the reporting, announcement and annual review requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

No Director has a material interest in the 2023 Apollo Framework Purchase Agreement and the transactions contemplated thereunder and therefore no Director is required to abstain from voting on the Board resolutions approving the 2023 Apollo Framework Purchase Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2023 Apollo Framework Purchase Agreement”	the 2023 Apollo Framework Purchase Agreement dated 18 October 2023 entered into between Apollo and HK Optical in relation to the supply of the Products by HK Optical Group
“Annual Cap(s)”	the annual cap(s) amount for the transactions contemplated under the 2023 Apollo Framework Purchase Agreement for the three financial years ending 31 December 2023, 2024 and 2025, being HK\$30,000,000, HK\$80,000,000 and HK\$85,000,000 respectively, unless otherwise notified by the Group to HK Optical in writing
“Apollo”	Apollo Lens Company Limited, a company incorporated under the laws of Hong Kong with limited liability and upon the Completion, is expected to become a non-wholly owned subsidiary of the Company. Upon the Completion, it will be owned as to 55% by the Group and 45% by HK Optical

“Apollo Group”	Apollo and its subsidiaries
“Board”	the board of Directors
“Company”	C-MER Eye Care Holdings Limited (Stock code:3309), a company incorporated under the laws of Cayman Islands with limited liability and the shares of which are listed on the main board of Stock Exchange
“Completion”	completion of the acquisition by the Company of a 55% interest in Apollo
“Completion Date”	the date on which Completion occurs, which is currently expected to be before the end of October 2023
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK Optical”	Hong Kong Optical Lens Company Limited (明達眼鏡鏡片有限公司), a company incorporated under the laws of Hong Kong with limited liability
“HK Optical Group”	HK Optical and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Products”	the products that the HK Optical Group manufactures in accordance with the specifications provided by the Apollo Group
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
C-MER Eye Care Holdings Limited
Dr. LAM Shun Chiu Dennis
Chairman and Chief Executive Officer and Executive Director

Hong Kong, 18 October 2023

As of 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.