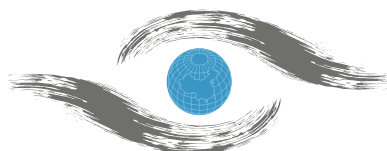


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C-MER 希瑪

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)

**ACQUISITION OF FURTHER EQUITY INTEREST IN SHENZHEN CKJ
FROM SHENZHEN CHUANGXIN**

AND

DISCLOSEABLE TRANSACTION

**CERTAIN AMENDMENTS TO THE TERMS OF
THE INVESTMENT IN SHENZHEN CKJ**

INTRODUCTION

Reference is made to the announcement of the Company dated 3 September 2021 in relation to the Group's Investment in Shenzhen CKJ. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that on 24 November 2021, C-MER China, Shenzhen Chuangxin and Shenzhen CKJ entered into the Shenzhen Chuangxin Equity Transfer Agreement, pursuant to which C-MER China has agreed to acquire from Shenzhen Chuangxin the Shenzhen Chuangxin Sale Capital for RMB45.5 million, which represents 7.0% of the entire registered capital of Shenzhen CKJ prior to the Capital Contribution.

The Board also announces that on 24 November 2021, C-MER China, the Original Sellers and Shenzhen CKJ entered into the Supplemental Equity Investment Agreement to amend certain terms of the Original Equity Investment Agreement, however the percentage equity interest that C-MER China acquires under the Investment and the total consideration payable by C-MER China for the Investment remain unchanged.

Upon completion of the Investment and the Shenzhen Chuangxin Acquisition, the Group will directly and indirectly hold an aggregate of 61.5% of the entire issued equity interest of Shenzhen CKJ (as enlarged by the Capital Contribution) and will be its controlling shareholder.

1. FURTHER ACQUISITION OF EQUITY INTEREST IN SHENZHEN CKJ

Shenzhen Chuangxin Equity Transfer Agreement

On 24 November 2021, C-MER China, Shenzhen Chuangxin and Shenzhen CKJ entered into the Shenzhen Chuangxin Equity Transfer Agreement, pursuant to which C-MER China has agreed to acquire, and Shenzhen Chuangxin has agreed to sell, the Shenzhen Chuangxin Sale Capital at the Shenzhen Chuangxin Acquisition Price, subject to fulfilment of the Shenzhen Chuangxin Closing Conditions.

It is anticipated that the Shenzhen Chuangxin Closing will proceed concurrently with the closing of the transactions under the Original Equity Investment Agreement (as amended by the Supplemental Equity Investment Agreement).

The principal terms of the Shenzhen Chuangxin Equity Transfer Agreement are set out below.

Date	:	24 November 2021
Parties	:	(1) C-MER China, as the purchaser; (2) Shenzhen Chuangxin, as the seller; and (3) Shenzhen CKJ
Shenzhen Chuangxin Sale Capital	:	C-MER China has agreed to acquire from Shenzhen Chuangxin approximately RMB4.1 million of Shenzhen CKJ's registered capital (representing 7.0% of the entire registered capital of Shenzhen CKJ prior to the Capital Contribution) at the Shenzhen Chuangxin Acquisition Price.
Shenzhen Chuangxin Acquisition Price	:	RMB45.5 million
Basis of the Shenzhen Chuangxin Acquisition Price	:	The Shenzhen Chuangxin Acquisition Price was determined after arm's length negotiations between C-MER China and Shenzhen Chuangxin, using the same consideration basis for the Acquisition under the Original Equity Investment Agreement.

Payment terms : The Shenzhen Chuangxin Acquisition Price shall be payable in the following manner:

- (1) RMB36.4 million shall be payable concurrently with the first payment to Mr. Xie under the Original Equity Investment Agreement (as amended by the Supplemental Equity Investment Agreement), and such amount is expected to be payable by no later than 30 November 2021; and
- (2) RMB9.1 million shall be payable prior to the date of application for the Shenzhen Chuangxin Equity Transfer being made to the SAMR, and such amount is expected to be payable by no later than 7 January 2022.

The Shenzhen Chuangxin Acquisition Price will be settled using the internal resources of the Group (including the unused proceeds of the 2020 Subscription) and/or bank financing.

All taxes payable in relation to the Shenzhen Chuangxin Equity Transfer shall be paid by the relevant person who has the obligation under the relevant tax laws.

Shenzhen Chuangxin Closing Conditions : Unless waived by C-MER China or C-MER WFOE in writing, completion of the Shenzhen Chuangxin Equity Transfer will be subject to the fulfilment of certain conditions, including, among other things:

- (1) the fulfilment of Conditions under the Original Equity Investment Agreement (as amended by the Supplemental Equity Investment Agreement);

- (2) the signing of the Shenzhen Chuangxin Equity Transfer Agreement and all documents required to be submitted for approval, registration or filing for the Shenzhen Chuangxin Equity Transfer, and Shenzhen Chuangxin having obtained or completed all necessary approvals, registrations or filings for the documents relating to the Shenzhen Chuangxin Equity Transfer under the Shenzhen Chuangxin Equity Transfer Agreement;
- (3) each of the representations and warranties made by Shenzhen Chuangxin in the Shenzhen Chuangxin Equity Transfer Agreement remaining true, accurate and not misleading in all material respects;
- (4) Mr. Xie and the SPV agreeing to the Shenzhen Chuangxin Equity Transfer and having agreed in writing to waive their respective pre-emption rights that they may be entitled to exercise;
- (5) the board of directors and/or shareholders of Shenzhen CKJ passing the resolutions for approving the Shenzhen Chuangxin Equity Transfer and the transactions contemplated thereunder; and
- (6) C-MER China and C-MER WFOE having obtained all necessary approvals in connection with the Shenzhen Chuangxin Equity Transfer.

Shenzhen Chuangxin Closing : The parties will use their respective best endeavours to procure the Shenzhen Chuangxin Closing to occur before 31 January 2022.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHENZHEN CHUANGXIN EQUITY TRANSFER AGREEMENT

As mentioned in the Announcement, the Investment represents a good opportunity for the Group to expand the dental care services in Shenzhen by leveraging our expertise in medical services, our patient base in Shenzhen, and the knowledge and experience of Shenzhen CKJ in dental businesses. The Directors are optimistic about the future growth potential of Shenzhen CKJ, especially on the potential reopening of the border between Hong Kong and Shenzhen in the near future, and therefore consider that it is beneficial for the Group to acquire additional equity interest in Shenzhen CKJ at the Shenzhen Chuangxin Acquisition Price to enhance the Group's investment returns in Shenzhen CKJ.

The Directors (including the independent non-executive Directors) consider that the Shenzhen Chuangxin Equity Transfer is in line with the overall business direction of the Group, and the terms of the Shenzhen Chuangxin Equity Transfer are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

3. IMPLICATIONS UNDER THE LISTING RULES

None of the applicable percentage ratios in respect of the Shenzhen Chuangxin Equity Transfer exceeds 5%. When aggregated with the Original Investment (as amended by the Supplemental Equity Investment Agreement), one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, these transactions (on an aggregated basis) remain a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules. Therefore, the Shenzhen Chuangxin Equity Transfer is announced on a voluntary basis.

4. THE SUPPLEMENTAL EQUITY INVESTMENT AGREEMENT

The Original Investment Agreement has been modified in accordance with the terms of the Supplemental Equity Investment Agreement, and the principal terms of the Supplemental Equity Investment Agreement are set out below:

Date : 24 November 2021

Parties : (1) C-MER China;
(2) Mr. Xie;
(3) The SPV;
(4) Shenzhen Tongzhou;
(5) Shenzhen Ruilin; and
(6) Shenzhen CKJ.

Change of Sellers in respect of the Acquisition : To simplify the overall transaction structure of the Investment, approximately RMB30.1 million of registered capital of Shenzhen CKJ, representing approximately 51.5% of the registered capital of Shenzhen CKJ immediately prior to the Capital Contribution (the “**Sale Capital**”), will be acquired through C-MER China or C-MER WFOE acquiring the entire equity interest of the SPV from Mr. Xie solely instead of from the Original Sellers. Mr. Xie and Shenzhen CKJ will undertake the CKJ Reorganisation, after which the SPV will hold the Sale Capital.

The total amount of Sale Capital to be acquired (through the SPV Transfer) and the Acquisition Price remain unchanged, and will be settled using the internal resources of the Group (including the unused proceeds of the 2020 Subscription) and/or bank financing.

Change in payment terms in respect of the Acquisition : In light of the direct acquisition from Mr. Xie and to minimise transaction cost, the parties have agreed to cancel the escrow and the restricted account arrangements.

The Initial Deposit under the Original Equity Investment Agreement had already been paid by the Group. Under the revised arrangement, the Initial Deposit will be refunded, and the payments of the Acquisition Price will be made in the following manner.

Instalments	Amounts payable	Timeline
First Instalment	RMB15 million payable into Mr. Xie’s designated bank account	After the signing of the Supplemental Equity Investment Agreement
	RMB105 million payable into Mr. Xie’s designated bank account	Within one business day after the refund of the Initial Deposit
Second instalment	RMB81 million payable into Mr. Xie’s designated bank account	Date of application for the registration of the SPV Transfer

Instalments	Amounts payable	Timeline
Third instalment	RMB134 million payable into Mr. Xie's designated bank account	Within 12 months after Completion

Conditions : In addition to the Conditions specified in the Equity Investment Agreement, completion of the Investment will be subject to, among other things, the fulfilment of the following additional conditions, which may only be waived by C-MER China or C-MER WFOE in writing:

- (1) the Sellers, the SPV and Shenzhen CKJ having carried out and complied with, in all material respects, all of their undertakings and stipulations under the Original Equity Investment Agreement;
- (2) the SPV having obtained the relevant approvals in respect of the CKJ Reorganisation and the SPV Transfer and the transactions contemplated thereunder;
- (3) Mr. Xie, the SPV and Shenzhen CKJ having obtained Shenzhen Chuangxin's approval for the CKJ Reorganisation and the SPV Transfer, and Shenzhen Chuangxin having agreed in writing to waive its pre-emption rights that it may be entitled to exercise;
- (4) Shenzhen CKJ passing the resolutions for approving the CKJ Reorganisation, and Mr. Xie and the SPV having duly completed all matters relating to the CKJ Reorganisation and Shenzhen CKJ having obtained an updated business license from the SAMR; and
- (5) Mr. Xie, the SPV and Shenzhen CKJ having complied with all tax obligations in connection with the CKJ Reorganisation and the SPV Transfer.

Completion: : The parties will use their respective best endeavours to procure the Completion to occur before 31 January 2022.

Other pre-Completion Undertakings : Mr. Xie shall ensure that the SPV shall, among other things, operate in compliance with the restrictions applicable to it under the Supplemental Equity Investment Agreement, the registered capital of the SPV shall be fully paid-up, and the SPV shall legally control and beneficially own the Sale Capital prior to the Completion.

Mr. Xie and Shenzhen CKJ shall also ensure that tax filings relating to the CKJ Reorganisation, the SPV Transfer and the Investment have been properly made, tax filings having been properly filed with the relevant tax authorities and the relevant tax laws and obligations are fully complied with, and all tax liabilities as a result of the CKJ Reorganisation have been duly settled.

Save for the above amendments, the key terms of the Original Equity Investment Agreement (including the terms of the Capital Contribution) remain unchanged.

Reasons for entering into of the Supplemental Equity Investment Agreement

The terms of the Supplemental Equity Investment Agreement were entered into after arm's length negotiations with the Original Sellers and Shenzhen CKJ after taking into account the cost savings that may be achieved with the cancellation of the escrow and the restricted account arrangements, and also to simplify the overall transaction structure in relation to the Group's investment in Shenzhen CKJ. The percentage equity interest that C-MER China acquires under the Acquisition and the consideration basis for the Acquisition under the Original Equity Investment remain unchanged.

The Directors also note that save as mentioned in this announcement, the terms of the Supplemental Equity Investment Agreement would not materially affect the rights and obligations of our Group in the Investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, counterparties to of the Supplemental Equity Investment and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

Listing Rules Implications

The Supplemental Equity Investment Agreement constitutes a variation of the terms of the Original Equity Investment Agreement and the amendments are announced pursuant to Rule 14.36 of the Listing Rules.

5. INFORMATION OF THE PARTIES IN ADDITION TO THE ANNOUNCEMENT

Information on the SPV

The SPV is a company that established in the PRC with limited liability that is directly wholly-owned by Mr. Xie for the sole purpose of holding the Sale Capital prior to the SPV Transfer.

Information on Shenzhen Chuangxin

Shenzhen Chuangxin is a company established in the PRC with limited liability, whose principal business is Venture Capital/Private Equity investments. According to publicly available information, the equity holders who hold more than 10% in Shenzhen Chuangxin are the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (directly and indirectly as to approximately 41.0%), Shanghai Dazhong Public Utilities (Group) Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600635) and the Stock Exchange (Stock Code: 1635) and operates in the gas, environment and infrastructure and the financial investment sectors (as to approximately 10.8%), and Shenzhen Galaxy Real Estate Development Co., Ltd., a company primarily engaged in property development and management in the PRC (as to approximately 20.0%), which in-turn is ultimately majority controlled by Mr. Huang Chulong. According to publicly available information, there are no other equity holders of Shenzhen Chuangxin who hold more than 5% of its equity interest.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the SPV and Shenzhen Chuangxin and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

6. CHANGES IN THE SHAREHOLDING STRUCTURE OF SHENZHEN CKJ AS A RESULT OF THE TRANSACTIONS

The current holding structure of Shenzhen CKJ has been set out in the Announcement. The tables below show the equity holding structure of Shenzhen CKJ at different stages of the transaction relating to the Group's investment in Shenzhen CKJ.

(I) Immediately after the CKJ Reorganisation:

Name of equity holder	Registered capital (RMB)	% of total issued share capital (Approximate)
Mr. Xie	14,928,203	25.5846%
Mr. Xie (through holding the SPV)	30,071,797	51.5384%
Shenzhen Tongzhou*	6,930,000	11.8770%
Shenzhen Ruilin*	2,333,933	4.0000%
Shenzhen Chuangxin	4,084,382	7.0000%
Total	58,348,315	100%

(II) After (I), and immediately after the SPV Transfer and the Shenzhen Chuangxin Equity Transfer:

Name of equity holder	Registered capital (RMB)	% of total issued share capital (Approximate)
Mr. Xie	14,928,203	25.5846%
Shenzhen Tongzhou*	6,930,000	11.8770%
Shenzhen Ruilin*	2,333,933	4.0000%
C-MER China or C-MER WFOE (through holding the SPV and direct holding in Shenzhen CKJ)	34,156,179	58.5384%
Total	58,348,315	100%

(III) After (II), and immediately after completion of the Capital Contribution:

Name of equity holder	Registered capital (RMB)	% of total issued share capital (Approximate)
Mr. Xie	14,928,203	23.7571%
Shenzhen Tongzhou*	6,930,000	11.0286%
Shenzhen Ruilin*	2,333,933	3.7143%
C-MER China or C-MER WFOE (through holding the SPV and direct holding in Shenzhen CKJ)	38,644,511	61.5000%
Total	62,836,647	100%

* Shenzhen Tongzhou and Shenzhen Ruilin are limited partnerships established in the PRC, and Mr. Xie is a general partner of each of them.

Shenzhen CKJ 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.

7. DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 September 2021;
“CKJ Reorganisation”	the reorganisation of Shenzhen CKJ whereby Mr. Xie will transfer a part of his equity interests in Shenzhen CKJ (representing approximately 51.5% of the entire registered capital of Shenzhen CKJ immediately prior to the Capital Contribution) to the SPV;
“Completion”	the Original Completion, as modified by the Supplemental Equity Transfer Agreement;
“Original Completion”	completion contemplated under the Original Equity Investment Agreement;
“Original Equity Investment Agreement”	the Equity Investment Agreement entered into among C-MER China, Shenzhen CKJ and the Original Sellers dated 3 September 2021;
“Original Investment”	means the Acquisition and the Capital Contribution as contemplated in the Original Equity Investment Agreement;
“Original Sellers”	Mr. Xie, Shenzhen Tongzhou and Shenzhen Ruilin;
“Sale Capital”	means approximately RMB30.1 million of the registered capital of Shenzhen CKJ, representing approximately 51.5% of the registered capital of Shenzhen CKJ immediately prior to the Capital Contribution, to be held by the SPV that is to be acquired by C-MER China or C-MER WFOE pursuant to the SPV Transfer;
“SAMR”	the State Administration for Market Regulation;
“Shenzhen Chuangxin”	深圳市創新投資集團有限公司 (Shenzhen Chuangxin Investment Group Company Limited), a company established in the PRC with limited liability on 25 August 1999;
“Shenzhen Chuangxin Acquisition Price”	RMB45.5 million to be paid by C-MER China or C-MER WFOE to acquire approximately RMB4.1 million of registered capital of Shenzhen CKJ;

“Shenzhen Chuangxin Closing”	completion of the Shenzhen Chuangxin Equity Transfer in accordance with the terms of the Shenzhen Chuangxin Equity Transfer Agreement;
“Shenzhen Chuangxin Closing Conditions”	the conditions attached to the Shenzhen Chuangxin Share Transfer, as specified in the Shenzhen Chuangxin Equity Transfer Agreement;
“Shenzhen Chuangxin Equity Transfer”	the acquisition of the Shenzhen Chuangxin Sale Capital by C-MER China or C-MER WFOE contemplated under the Shenzhen Chuangxin Equity Transfer Agreement;
“Shenzhen Chuangxin Equity Transfer Agreement”	the share transfer agreement entered into among C-MER China, Shenzhen CKJ and Shenzhen Chuangxin dated 24 November 2021;
“Shenzhen Chuangxin Sale Capital”	RMB4,084,382 in the registered share capital of Shenzhen CKJ, representing 7.0% of the registered share capital of Shenzhen CKJ prior to the Capital Contribution;
“SPV”	內鄉縣愛康健資訊技術諮詢服務有限公司 (Neixiang County Aikangjian Information Technology Consulting Service Co., Ltd.), a company established in the PRC with limited liability for the purpose of holding the Sale Capital that is directly wholly-owned by Mr. Xie prior to the SPV Transfer;
“SPV Transfer”	the equity transfer to C-MER China or C-MER WFOE from Mr. Xie of his entire holdings in the SPV, which will hold the Sale Capital, for RMB335 million; and
“Supplemental Equity Investment Agreement”	the supplemental equity investment agreement to the Equity Investment Agreement entered into among C-MER China, the Original Sellers, the SPV and Shenzhen CKJ dated 24 November 2021.

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

Hong Kong, 24 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 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.