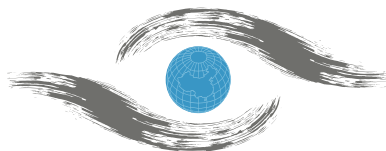


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C-MER 希瑪

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)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF THE TARGET COMPANY INVOLVING
THE ISSUE OF BOND**

This announcement is made by C-MER Eye Care Holdings Limited on a voluntary basis.

THE ACQUISITION

Reference is made to the voluntary announcement of the Company dated 1 February 2023. The Board is pleased to announce that on 1 June 2023, the Company entered into the Agreement with the Vendor, pursuant to which the Vendor has agreed to sell and the Company has agreed to purchase the Sale Shares, representing 55% of the entire issued share capital of the Target Company at the Consideration of RMB50.49 million (subject to the adjustments), which shall be satisfied by the issue of the Bond by the Company. Immediately upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT

Date

1 June 2023

Parties

- (1) Hong Kong Optical Lens Company Limited (明達眼鏡鏡片有限公司), being the Vendor; and
- (2) The Company, being the purchaser

The Company is entitled to nominate a wholly-owned subsidiary to carry out the Acquisition prior to Completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its associates are Independent Third Parties.

Assets to be acquired

The Sale Shares, being 5,500 shares in the Target Company, representing 55% of the entire issued share capital of the Target Company, free from any option, charge, lien, interest, encumbrance, right of pre-emption or any other third party rights together with all rights attaching thereto at any time on or after Completion.

Consideration

The Consideration for the Acquisition is RMB50.49 million, which shall be satisfied by the issue of the Bond by the Company. Upon Completion, a Bond certificate in the principal amount of RMB50.49 million will be issued to the Vendor.

The Consideration has been determined after arm's length negotiations between the Company and the Vendor with reference to, among other things, (i) the business development opportunities and prospects of the Target Group; and (ii) the potential synergies in developing and commercializing new designs and technologies in de focus lens and other innovative myopia control related products.

The Bond will mature after three years from the date of its issue. The principal amount of the Bond would be subject to adjustment with reference to the Target Group's total actual net profit for the three years ending 31 December 2025. Please see "Information on the Bond" in this announcement for further details on the Principal Adjustment Amount. The Company and the Vendor have also agreed to provide a consideration clawback mechanism, and the Clawback Amount will be determined in accordance with the Target Group's total actual net profit within the Clawback Period. Please refer to "Clawback mechanism under the Agreement" below.

Notwithstanding the clawback mechanism as described below, the total Consideration to be paid by the Company for the Acquisition will not exceed RMB50.49 million.

Having considered the above and the factors described in the paragraph headed “Reasons for and benefits of the Acquisition” below, the Directors consider the terms of the Agreement are fair and reasonable and on normal commercial terms and in the interest of the Company and Shareholders as a whole.

Clawback mechanism under the Agreement

In the event where the Target Group’s total actual net profit as determined in accordance with the Agreement in the Clawback Period is less than RMB 50.0 million (as may be adjusted in accordance with the Agreement), the Clawback Amount will be calculated as follows:

Clawback Amount = (RMB50,000,000 – Total actual net profit of the Target Group in the Clawback Period) * 1.0098

The Clawback Amount will be capped at RMB25.245 million.

If the Clawback Amount is larger than the Principal Adjustment Amount, the Vendor will pay the Company the difference between the Clawback Amount and the Principal Adjustment Amount in cash. If the Principal Adjustment Amount is larger than the Clawback Amount, the Company will pay the Vendor the difference between Clawback Amount and the Principal Adjustment Amount in cash.

Call option

In the event that the Target Group fails to commence preparation for an initial public offering on a qualified stock exchange on or before the fifth anniversary of the Completion, the Vendor shall have the right to request the Company to sell, and the Company shall then be obliged to sell, up to (i) such number of shares representing 5% of the total issued shares of the Target Company, or (ii) such other number of shares of the Target Company which allows the Vendor to hold the same interest in the Target Company as the Company upon the exercise of such call option, whichever is lower, at a price per call option share same as the Final Adjustment Amount per Sale Share. For the avoidance of doubt, the maximum total amount payable by the Vendor upon the exercise of the call option in full shall be RMB4.59 million.

Completion

Completion shall take place at the offices of the Company (or such other location as may be agreed between the Vendor and the Company on the Completion Date, or at such other place and time as shall be mutually agreed in writing by them.

The Target Company is wholly owned by the Vendor as at the date of this announcement. Upon Completion, the Company and the Vendor will hold 55% and 45% of the issued share capital of the Target Company respectively and the Target Company will become a non-wholly owned subsidiary of the Company.

INFORMATION ON THE BOND

Principal Amount: An aggregate of RMB50.49 million (subject to adjustment as detailed under the Principal Adjustment Mechanism)

Principal Adjustment Mechanism: In the event where the Target Group's total actual net profit (as determined in accordance with the Bond in the Principal Adjustment Period) is less than RMB 30.0 million as adjusted in accordance with the Bond, the principal amount of the Bond shall be adjusted downward by the Principal Adjustment Amount based on the following formula:

Principal Adjustment Amount = (RMB30,000,000 – Total actual net profit in the Principal Adjustment Period) * 1.683

The Principal Adjustment Amount will be capped at RMB25.245 million.

Issuer: The Company

Maturity Date: On the third anniversary of the issue date of the Bond

Interest Rate: 2.0 per cent per annum on a simple basis, and such interest shall be payable together with the principal amount upon maturity

Settlement Amount: The Settlement Amount payable by the Company to the holder of the Bond, being the Vendor, shall be the aggregate of the principal amount (subject to adjustment as detailed under the Principal Adjustment Mechanism) and all accrued and unpaid interest thereon, calculated up to the Maturity Date

Settlement: Unless previously settled, the Company shall settle all the outstanding Bond on the Settlement Date

The Company may choose to settle the Settlement Amount by way of cash and/or issue and allotment of the new Shares, at its absolute discretion

In the event the Company chooses to settle the Settlement Amount by issue and allotment of the new Shares, (i) subject to the compliance of the Listing Rules, the issue price of such issue shall be the volume-weighted average closing price per Share in a period of 30 trading days prior to the Settlement Date (or the latest practicable date immediately before the Settlement Date) as stated in the Stock Exchange's daily quotation sheets; (ii) such issue is always subject to the Shareholders' approval, either pursuant to a special mandate in relation to such issue or as part of the Company's general mandate under Rule 13.36 of the Listing Rules, and that (iii) the Company shall duly comply with the Listing Rules in relation to such issue

Transferability: The Bond and all rights thereunder are not transferable

INFORMATION ON THE VENDOR

The Vendor is a company incorporated under the laws of Hong Kong with limited liability. Established in 1970 and headquartered in Hong Kong, the Vendor 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.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated under the laws of the Cayman Islands on 1 February 2016 with all of its shares in issue listed on the Main Board of the Stock Exchange (Stock Code: 3309). The Group 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.

INFORMATION ON THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is an investment holding company with limited liability incorporated under the laws of Hong Kong. The Target Group has been engaging in lens distribution business in the mainland China since 2002. Currently, the Target 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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As a leading ophthalmic service provider in Hong Kong and mainland China, the Group has been carrying on the business of the sales of vision aid products, including glasses and lens, to address the needs of ophthalmic patients.

Through the Acquisition, the Group will establish strategic partnership with the Vendor with a vision to develop, through the Target Group, a locally leading brand in prescription lens products in mainland China powered by self-owned technologies.

As the lens distribution and technology development arm in mainland China of the Vendor, the Target Group has an experienced management team, a complete product range of prescription lens for myopia control and aging population, and an established and growing sales network in mainland China. The Acquisition allows the Company to immediately 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.

Given the highly fragmented prescription lens product sector and growing demand for quality myopia control products and progressive lenses as a result of growing youth myopia and aging population in mainland China, the Company believes the Target Group has great growth potential to become one of the leading local players. The Company's extensive network with the medical and academic communities globally and its medical expertise in ophthalmology will help the Target Group accelerate the development of a comprehensive prescription lens product pipeline.

In consideration of the above, the Board considers that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is an Independent Third Party.

As all of the applicable percentage ratios in respect of the Acquisition (after taking into account potential adjustments to the Consideration) are less than 5%, the entering into of the Agreement and the transactions contemplated thereunder are exempt from the announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of the call option under the Agreement is governed under Rules 14.73 and 14.74 of the Listing Rules. The maximum consideration that would be received by the Company on the exercise of the call option is capped as mentioned in this announcement. As all of the applicable percentage ratios in respect of the exercise of the call option, which is not at the discretion of the Company, are less than 5% as at the date of this announcement, the grant of the call option under the Agreement by the Company is exempt from the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the Agreement;
“Agreement”	the sale and purchase agreement dated 1 June 2023 entered into between the Company and the Vendor in relation to the Acquisition;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bond”	2% RMB denominated HKD settled unsecured bond in the principal sum of RMB50.49 million (subject to the adjustments) due in three years from the issue date of the Bond;

“Business Day(s)”	day(s) on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday) or days on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.;
“Clawback Period”	the period from 1 January 2023 to 31 December 2027;
“Company”	C-MER Eye Care Holdings Limited (stock code: 3309), a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the main board of Stock Exchange;
“Completion”	completion of the Acquisition in accordance with terms and conditions of the Agreement;
“Completion Date”	a date falling within five (5) Business Days after fulfilment (or waiver, as the case may be) of the conditions precedent or such other date as the Company and the Vendor may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration payable by the Company pursuant to the Agreement, being RMB50.49 million (subject to the adjustments);
“Director(s)”	director(s) of the Company;
“Final Adjustment Amount”	the final consideration, as RMB50.49 million adjusted downward by the Clawback Amount;
“Group”	the Company and its subsidiaries;
“HK\$” or “HKD”	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 of Hong Kong Limited;
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“PRC GAAP”	China Accounting Standards (中國企業會計準則) as promulgated and amended from time to time and their interpretations, guidelines and implementation rules, which collectively are accepted as generally accepted accounting principles in the PRC;
“Principal Adjustment Period”	the period from 1 January 2023 to 31 December 2025;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	5,500 shares in the Target Company, representing 55% of the entire issued share capital of the Target Company;
“Settlement Date”	the date on which the Bond is settled, which shall be the tenth (10) Business Days after the total actual net profit has been determined in accordance with the Bond (provided always that, such total actual net profit shall be, in any event, determined on or before 30 June, in respect of its immediately preceding financial year)
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Apollo Lens Company Limited, a company incorporated under the laws of Hong Kong with limited liability;
“Target Group”	Target Company together with its subsidiaries and their respective branch companies;

“Vendor”

Hong Kong Optical Lens Company Limited (明達眼鏡鏡片有限公司); 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, 1 June 2023

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 three independent non-executive Directors, namely, Dr. Rex AU YEUNG Pakkuen, Mr. MA Andrew Chiu Cheung, and Mr. IP Shu Kwan Stephen.