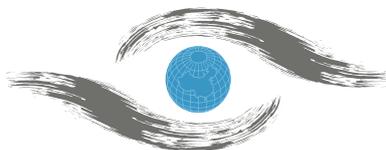


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C-MER 希瑪

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)

**CONNECTED TRANSACTION
RENEWAL OF LEASE
BY SHENZHEN C-MER HOSPITAL**

RENEWAL OF THE LEASE BY SHENZHEN C-MER HOSPITAL

The Existing Lease Agreement for the Shenzhen Property, in which the Group's eye hospital in Shenzhen operates, will expire on 31 May 2020.

On 22 May 2020, Shenzhen C-MER Hospital entered into the New Lease Agreement, pursuant to which Shenzhen Maida and Shenzhen C-MER Hospital have extended the lease of the Shenzhen Property for a term of three years. Pursuant to the New Lease Agreement commencing from 1 June 2020, the Group will recognise the lease as a right-of-use asset. Based on a preliminary assessment by the management of the Company, which has not been reviewed or audited by the Company's auditors, the Shenzhen Property will be recognised as right-of-use assets of the Group on 22 May 2020 for an estimated amount of approximately RMB25,084,000 (equivalent to approximately HK\$27,424,000).

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Shenzhen C-MER Hospital is a wholly-owned subsidiary of the Company. Shenzhen Maida is a wholly-owned subsidiary of D&S Limited which is in turn wholly-owned by Dr. Dennis LAM, one of the executive Directors and one of the Controlling Shareholders. Shenzhen Maida is therefore a connected person under the Listing Rules. Accordingly, the lease under the New Lease Agreement constitutes a connected transaction for the Company.

As all the applicable percentage ratios in respect of the lease under the New Lease Agreement exceed 0.1% but are less than 5%, the lease is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the section headed "Continuing Connected Transaction" in the Prospectus and the announcement of the Company dated 23 December 2019 in relation to the Existing Lease Agreement and its annual caps.

RENEWAL OF LEASE BY SHENZHEN C-MER HOSPITAL

As stated in the Prospectus, the Shenzhen Property was leased to Shenzhen C-MER Hospital by Shenzhen Maida up to 31 May 2020. The Group operates its eye hospital in Shenzhen at the Shenzhen Property.

To ensure the continuous use of the Shenzhen Property, on 22 May 2020, Shenzhen C-MER Hospital entered into the New Lease Agreement, pursuant to which Shenzhen Maida and Shenzhen C-MER Hospital have extended the lease of the Shenzhen Property for a term of three years commencing from 1 June 2020.

The table below sets forth the principal terms of the New Lease Agreement:

Date	:	22 May 2020
Landlord	:	Shenzhen Maida
Tenant	:	Shenzhen C-MER Hospital
Location of the Shenzhen Property	:	the property located at No. 101 Sheng Tang Building, Tairanjiu Lu, Futian, Shenzhen, the PRC
Gross floor area	:	3,481.7 sq.m.
Term	:	Three years, commencing from 1 June 2020 and ending on 31 May 2023 (both days inclusive)
Rent	:	From 1 June 2020 to 31 May 2021: The rent per sq.m. per month is RMB197.32 and total monthly rent is RMB687,000.00 (equivalent to HK\$751,097.10) From 1 June 2021 to 31 May 2022: The rent per sq.m. per month is RMB206.79 and total monthly rent is RMB720,000.00 (equivalent to HK\$787,176.00)

From 1 June 2022 to 31 May 2023: The rent per sq.m. per month is RMB215.41 and total monthly rent is RMB750,000.00 (equivalent to HK\$787,176.00)

Deposit : Shenzhen C-MER Hospital shall pay a refundable deposit of RMB654,326.61 (equivalent to HK\$715,375.28)

All material terms of the New Lease Agreement (other than the monthly rental and the term) resemble the terms of the Existing Lease Agreement. The amount of the monthly rental has been determined after arm's length negotiations between Shenzhen Maida and Shenzhen C-MER Hospital with reference to the prevailing market conditions and the rental level of similar properties in the vicinity of the leased property.

In view of the outbreak of the novel coronavirus disease (COVID-19), Shenzhen Maida waived the rent of the Shenzhen Property for three months from 1 March 2020 to 31 May 2020 with a total amount of RMB1,962,979.83 waived (equivalent to HK\$2,146,125.85).

The historical annual rent paid by Shenzhen C-MER Hospital to Shenzhen Maida for the seven months ended 31 December 2017, each of the two years ended 31 May 2019 and the five months ending 31 May 2020 amounted to RMB4,580,286.27, RMB7,851,919.32, RMB7,851,919.32 and RMB1,308,653.22, respectively.

Rent payments under the New Lease Agreement will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENT

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)". The Group operates, among others, an eye hospital in Shenzhen, the PRC, and the Shenzhen Property is currently used by Shenzhen C-MER Hospital as the premises for its eye hospital in Shenzhen. The purpose of entering into the New Lease Agreement is to allow the Group to continue to use the Shenzhen Property as one of its flagship eye hospitals in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the New Lease Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the New Lease Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

ACCOUNTING IMPLICATION OF THE LEASE UNDER THE NEW LEASE AGREEMENT

In accordance with the HKFRSs applicable to the Group, the rent payment is capital in nature and will be recognised as assets of the Group on the commencement date of the lease under the New Lease Agreement. The HKFRSs applicable to the Company include HKFRS 16 “Leases” which came into effect on 1 January 2019. Under HKFRS 16 and in the consolidated statement of financial position of the Company, the Company as the lessee shall recognise a lease as a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The asset and the liability arising from the lease are initially measured on a present value basis and calculated by discounting the non-cancellable lease payments under the lease, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Company, the Company shall recognise (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expenses from the lease liability amortised over the lease term.

Therefore, the Shenzhen Property will be recognised as right-of-use assets of the Group on 22 May 2020 for an estimated value of approximately RMB25,084,000 (equivalent to approximately HK\$27,424,000). This value is based on a preliminary assessment by the management of the Company, which has not been reviewed or audited by the Company’s auditors.

INFORMATION ON SHENZHEN C-MER HOSPITAL AND THE GROUP

Shenzhen C-MER Hospital is a wholly-owned subsidiary of the Company in the PRC established on 11 January 2013 and is engaged in the operation of an eye hospital in the PRC. The eye hospital operated by Shenzhen C-MER Hospital is one of the flagship eye hospitals of the Group.

The Company has been listed on the Stock Exchange since 15 January 2018. As of the date of this announcement, the Group operates five satellite clinics and two eye surgery centres in Hong Kong and four eye hospitals in PRC cities of Shenzhen, Beijing, Kunming and Shanghai. 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 SHENZHEN MAIDA

Shenzhen Maida is a wholly-foreign owned enterprise established in the PRC. The principal business of Shenzhen Maida is investment holding. Shenzhen Maida is a wholly-owned subsidiary of D&S Limited which is in turn wholly-owned by Dr. Dennis LAM, one of the executive Directors and one of the Controlling Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Shenzhen C-MER Hospital is a wholly-owned subsidiary of the Company. Shenzhen Maida is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the lease contemplated under the New Lease Agreement between Shenzhen C-MER Hospital and Shenzhen Maida constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the lease contemplated under the New Lease Agreement exceed 0.1% but are less than 5%, the lease contemplated thereunder is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Dr. Dennis LAM, one of the executive Directors and one of the Controlling Shareholders, is the owner of the entire equity interest in D&S Limited which in turn wholly-owns Shenzhen Maida, Dr. Dennis LAM is deemed to have material interest in the New Lease Agreement. Therefore, Dr. Dennis LAM has abstained from the voting on the relevant Board resolutions approving the lease contemplated under the New Lease Agreement. Ms. LI Xiaoting, one of the executive Directors and spouse of Dr. Dennis LAM, has also voluntarily abstained from the voting on the relevant Board resolutions approving the lease contemplated under the New Lease Agreement. Save for the above, to the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has material interest in the New Lease Agreement and is required to abstain from voting on the relevant Board resolutions approving the New Lease Agreement.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“Board”	the board of Directors;
“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 are listed on the Stock Exchange (Stock code: 03309);
“Controlling Shareholders”	the controlling shareholders (as defined under the Listing Rules) of the Company;

“D&S Limited”	D&S International Holding Limited (formerly known as Hong Kong C-MER International Eye Care Group Limited (香港希瑪國際眼科醫療集團有限公司)), a company incorporated in Hong Kong on 10 October 2005 and wholly-owned by Dr. Dennis LAM, one of the executive Directors and one of the Controlling Shareholders, as of the date of this announcement;
“Director(s)”	director(s) of the Company;
“Dr. Dennis LAM”	Dr. LAM Shun Chiu Dennis <i>JP</i> (林順潮醫生), one of the executive Directors and one of the Controlling Shareholders;
“Existing Lease Agreement”	the lease agreement dated 25 May 2017 and entered into between Shenzhen C-MER Hospital, as tenant, and Shenzhen Maida, as landlord for the lease of the Shenzhen Property;
“Group”	the Company and its subsidiaries;
“HKFRSs”	Hong Kong Financial Reporting Standards;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Lease Agreement”	the lease agreement dated 22 May 2020 and entered into between Shenzhen C-MER Hospital, as tenant, and Shenzhen Maida, as landlord for the lease of the Shenzhen Property;
“PRC”	the People’s Republic of China which for the purpose of this announcement, does not include Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	the prospectus dated 29 December 2017 issued by the Company for the global offering of the Shares and the listing of the Shares on the Stock Exchange;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holders of the Shares;

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shenzhen C-MER Hospital”	Shenzhen C-MER Dennis Lam Eye Hospital Co., Ltd.* (深圳希瑪林順潮眼科醫院有限公司), a wholly-foreign owned enterprise established in the PRC on 11 January 2013 and a wholly-owned subsidiary of the Company;
“Shenzhen Maida”	Maida Medical Software Development (Shenzhen) Company Limited (邁達醫療軟件開發(深圳)有限公司), a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of D&S Limited;
“Shenzhen Property”	the property located at No. 101 Sheng Tang Building, Tairanjiu Lu, Futian, Shenzhen, the PRC;
“sq.m.”	square meters;
“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
Chairman and Chief Executive Officer and Executive Director

Hong Kong, 22 May 2020

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB\$1:HK\$1.0933. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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 four independent non-executive Directors, namely, Dr. LI Kwok Tung Donald, Mr. MA Andrew Chiu Cheung, Mr. CHAN Chi Leong and Ms. BENTLEY Annie Liang.