EuroEyes International Eye Clinic Limited
德視佳國際眼科有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock code 股份代號：1846

Annual Report
年度報告
2019

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr Jørn Slot Jørgensen
(Chairman and Chief Executive Officer)

Dr Markus Braun
(Chief Financial Officer)

Dr Ralf-Christian Lerche
Prof Dr Thomas Friedrich Wilhelm Neuhann
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent Non-executive Directors

Mr Hans Helmuth Hennig
Mr Zhengzheng Hu
Mr Philip Duncan Wright

AUDIT COMMITTEE

Mr Philip Duncan Wright *(Chairman)*
Mr Marcus Huascar Bracklo
Mr Hans Helmuth Hennig

REMUNERATION COMMITEE

Mr Hans Helmuth Hennig *(Chairman)*
Dr Jørn Slot Jørgensen
Mr Zhengzheng Hu

NOMINATION COMMITEE

Dr Jørn Slot Jørgensen *(Chairman)*
Mr Philip Duncan Wright
Mr Zhengzheng Hu

AUTHORISED REPRESENTATIVES

Dr Markus Braun
Mr Leung Ting Cheung

COMPANY SECRETARY

Mr Leung Ting Cheung *(FCPA)*

CORPORATE HEADQUARTERS

Valentinskamp 90
20355 Hamburg
Germany

REGISTERED ADDRESS

4/F, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3711, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKS

(In Germany)
Hamburger Sparkasse AG
Adolphsplatz 3
20457 Hamburg
Germany

Sydbank A/S Flensburg
Rathausplatz 11
24937 Flensburg
Germany

Deutsche Bank AG
Adolphsplatz 7
20457 Hamburg
Germany

(In the People's Republic of China)
Industrial and Commercial Bank of China Limited
Shanghai Jinmao Tower Sub-Branch
4C-11 J-life Jinmao Tower
88 Century Avenue
Pudong New Area, Shanghai
People's Republic of China

Bank of China Limited, Beijing Branch
Financial Center Sub-Branch
1/F, Winland International Finance Center
7 Financial Street
Xicheng District, Beijing
People's Republic of China

(In Hong Kong)
Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

Eversheds Sutherland
37/F, One Taikoo Place
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

COMPANY WEBSITE

www.euroeyes.hk

STOCK CODE

01846

FINANCIAL SUMMARY

	2019 €'000	2018 €'000	2017 €'000	2016 €'000
Results				
Revenue	**48,965**	42,961	36,977	30,402
Gross profit	**20,252**	17,416	13,129	9,917
(Loss)/profit for the year	**(420)**	4,291	8,571	1,939
Adjusted net profit after tax for the year[1]	**5,730**	5,501	2,483[5]	1,939
(Loss)/profit attributable to owners of the Company	**(392)**	3,833	8,707	2,376
Adjusted profit attributable to owners of the Company[1, 2]	**5,440**	5,043	2,619[5]	2,376
Gross profit margin (%)	**41.4**	40.5	35.5	32.6
Net (loss)/profit margin (%)	**(0.9)**	10.0	23.2	6.4
Adjusted net profit margin (%) [1, 3]	**11.7**	12.8	6.7	6.4
(Loss)/earnings per share – basic and diluted	**(0.153)**	1.645	3.793	1.041
Adjusted earnings per share – basic and diluted [1, 4]	**2.121**	2.164	1.141	1.041
Assets and liabilities				
Total assets	**141,519**	65,943	48,277	39,839
Total liabilities	**(43,977)**	(39,268)	(27,356)	(28,000)
	97,542	26,675	20,921	11,839
Equity				
Equity attributable to owners of the Company	**92,467**	25,288	19,993	10,921
Non-controlling interests	**5,075**	1,387	928	918
Total equity	**97,542**	26,675	20,921	11,839

Notes:

(1) The adjusted net profit after tax for the year, adjusted profit attributable to owners of the Company, adjusted net profit margin and adjusted earnings per share – basic and diluted are non-International Financial Reporting Standards ("IFRS") financial measures. For further details, see "Management Discussion and Analysis - Non-IFRS Financial Measures" section below.

(2) The Company defines adjusted profit attributable to owners of the Company as (loss)/profit attributable to owners of the Company adjusted for the impact of significant one-off items attributable to owners of the Company.

(3) Adjusted net profit margin is calculated by dividing adjusted net profit after tax by revenue.

(4) Adjusted basic earnings per share is calculated by dividing:

- adjusted profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Adjusted diluted earnings per share adjusts the figures used in the determination of adjusted basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(5) Adjusted net profit after tax and adjusted profit attributable to owners of the Company for the year ended 31 December 2017 are adjusted for the after-tax impact of the compensation from landlord for early termination of lease contract of approximately €6,088,000.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of EuroEyes International Eye Clinic Limited (the "Company" or "EuroEyes"), I am pleased to present the annual report of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2019.

EuroEyes is one of the leading brands in the vision correction industry that combines German ophthalmology excellence and over 25 years of experience with individualised customer-care. The Group's vision is to bring German ophthalmology excellence to its customers and to permanently rid their need to wear glasses ever again. As the Group's motto says, "Nie wieder Brille!", meaning "No more Glasses!".

The year of 2019 marked a milestone achievement for EuroEyes. The Group became the first European eye clinic group to be listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 October 2019, with overwhelming positive reception from investors and raised gross proceeds of approximately HK$684 million from the global offering.

FINANCIAL HIGHLIGHTS

The total revenue of the Group for the year ended 31 December 2019 was approximately €49.0 million, of which the revenue in Germany, Denmark and the People's Republic of China (the "PRC") was approximately €30.2 million, €5.8 million and €12.9 million, respectively, representing an overall 14.0% increase in total revenue as compared to the year ended 31 December 2018.

The Group's gross profit for the year ended 31 December 2019 was approximately €20.3 million, which represented an increase of approximately €2.8 million or 16.3% as compared to the year ended 31 December 2018. The gross profit margin for the year ended 31 December 2019 was 41.4%, which represented an increase of 0.9 percentage points as compared to the year ended 31 December 2018. Excluding the effects from non-recurring items, the Group's adjusted gross profit for the year ended 31 December 2019 was approximately €20.6 million as compared to approximately €17.4 million for the year ended 31 December 2018. The overall adjusted gross profit margin grew healthily to 42.1% which represented an increase of 1.6 percentage points as compared to the year ended 31 December 2018.

The Group's net loss for the year ended 31 December 2019 was approximately €0.4 million. After adjusting for non-recurring items such as listing expenses, pre-operating expenses of new clinics, and foreign exchange loss in relation to proceeds from the Company's global offering, the Group's adjusted net profit after tax was approximately €5.7 million, as compared to approximately €5.5 million for the year ended 31 December 2018. The increase was mainly due to the overall growth in revenue.

BUSINESS REVIEW AND OUTLOOK

The Group experienced business growth in all three business operation regions for the year ended 31 December 2019. The total revenue of the Group in Germany, Denmark and the PRC for the year ended 31 December 2019 increased by approximately 12.5%, 45.7% and 6.8% respectively.

The Group opened two new clinics in the PRC in the year of 2019: the Hangzhou clinic was opened in June 2019 and the Beijing (East) clinic was opened in September 2019. The construction of the Group's Chongqing clinic also commenced in December 2019.

The year of 2020 might not have started well with the coronavirus disease 2019 ("COVID-19") outbreak, but with the Group's international presence in Germany, Denmark and the PRC, the overall business risk of the Group is diversified. This year will be challenging yet full of business opportunities.

Looking ahead to the year of 2020, the Group will continue to strengthen its position in the vision correction market with a number of business strategies, including (i) increasing the Group's influence and business coverage through external acquisitions, mergers and the opening of new clinics; (ii) expanding its patient base by offering new lines of services such as eye-screening service for diabetic patients and offering Extended Depth of Focus Implantable Contact Lens ("EDOF ICL") to young presbyopia patients; (iii) adopting new technologies and equipment to provide patients with better medical services; and (iv) improving marketing strategies.

APPRECIATION

On behalf of the directors of the Company (the "Directors") , I hereby express my sincere gratitude to all shareholders and business partners for their trust and continuous support, and to the Company's management team and all employees of the Group for their effort and contribution in the past year. I wish the best for all of you and your family, stay safe and healthy.

Dr Jørn Slot Jørgensen
Chairman and Chief Executive Officer

25 March 2020

BUSINESS REVIEW

The total revenue of the Group for the year ended 31 December 2019 was approximately €49.0 million, of which, the revenue in Germany was approximately €30.2 million, representing 61.7% of the total revenue; the revenue in Denmark was approximately €5.8 million, representing 11.9% of the total revenue; the revenue in the PRC was approximately €12.9 million, representing 26.4% of the total revenue. The Group's business sustained steady growth during the year ended 31 December 2019, which was represented by an overall 14.0% increase in the total revenue as compared to the year ended 31 December 2018.

The Group's revenue in Germany for the year ended 31 December 2019 increased by 12.5% as compared to the year ended 31 December 2018, of which approximately €13.4 million (2018: approximately €10.8 million) was contributed by performing lens exchange surgery, which represented an increase of 23.8% compared to the year ended 31 December 2018. The Group's revenue in Germany had continued to grow since 2016. The Group has long been a market leader in Germany.

The Group's revenue in Denmark for the year ended 31 December 2019 increased by 45.7% as compared to the year ended 31 December 2018. The Group achieved high revenue growth in Denmark, mainly as a result of the Group's effective marketing strategies in Denmark. In Denmark, the revenue from performing lens exchange surgery was approximately €4.9 million (2018: approximately €3.5 million), which represented an increase of 39.8% as compared to the year ended 31 December 2018.

The Group's revenue in the PRC for year ended 31 December 2019 increased by 6.8% as compared to the year ended 31 December 2018. The growth rate of the Group's business in the PRC was relatively slow during the year ended 31 December 2019, which was primarily due to the fact that the Group's marketing strategies in relation to refractive laser surgery and phakic lens (ICL) surgery have not met expectations. The Group immediately took action to improve marketing strategies which focused on young myopia patients in the PRC. On the other hand, lens exchange surgery remained a strong growth driver in the PRC; the revenue from performing lens exchange surgery was approximately €4.6 million (2018: approximately €3.6 million), representing an increase of 27.8% as compared to the year ended 31 December 2018.

The Group opened two new clinics in the PRC in the year of 2019; the Hangzhou clinic was opened in June 2019 and the Beijing (East) clinic was opened in September 2019. Furthermore, construction of the Group's Chongqing clinic commenced in December 2019.

The revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately €22.9 million (2018: approximately €17.9 million) which represented 46.8% (2018: 41.8%) of the total revenue for the year ended 31 December 2019. The revenue from performing trifocal lens surgery reached approximately €21.0 million (2018: approximately €15.8 million) which marked a 33.3% increase as compared to the year ended 31 December 2018. The revenue from phakic lens (ICL) surgery was approximately €6.7 million (2018: approximately €6.7 million) and remained a steady source of income, which represented 13.7% (2018: 15.5%) of the total revenue for the year ended 31 December 2019.

The Group's adjusted gross profit for the year ended 31 December 2019 was approximately €20.6 million compared to approximately €17.4 million for the year ended 31 December 2018. The overall adjusted gross profit margin grew healthily to 42.1% (2018: 40.5%).

The gross profit for the year ended 31 December 2019 was approximately €20.3 million, which represented an increase of approximately €2.8 million or 16.3% as compared to the year ended 31 December 2018. The gross profit margin for the year ended 31 December 2019 was 41.4%, which represented an increase of 0.9 percentage points as compared to the year ended 31 December 2018 (2018: 40.5%).

The net loss for the year ended 31 December 2019 was approximately €0.4 million. After adjusting for non-recurring items such as listing expenses, pre-operating expenses of new clinics, and foreign exchange loss in relation to proceeds from the Company's global offering, the Group's adjusted net profit after tax was approximately €5.7 million (2018: approximately €5.5 million). The increase was mainly due to the overall growth in revenue of the Group.

FINANCIAL REVIEW

1. Revenue

The Group is a high-end vision correction service provider in Germany, Denmark and the PRC. The Group's vision correction services include refractive laser surgery (which includes ReLEx SMILE and FemtoLASIK), phakic lens (ICL) surgery, lens exchange surgery (which includes monofocal and trifocal lens exchange surgery and others (which includes PRK/LASEK and ICRS implantation). The following table sets forth the Group's revenue by product category for the years indicated:

	2019 €'000	**2019 % of total revenue**	2018 €'000	2018 % of total revenue	Change €'000	Change %
Provision of vision correction services	**48,386**	**98.8**	42,386	98.7	6,000	14.2
Rental of ophthalmic equipment and operating spaces	**355**	**0.7**	404	0.9	(49)	(12.1)
Sales of pharmaceutical products	**45**	**0.1**	73	0.2	(28)	(38.4)
Others	**179**	**0.4**	98	0.2	81	82.7
Total	**48,965**	**100.0**	42,961	100.0	6,004	14.0

The Group's total revenue for the year ended 31 December 2019 represented an increase of 14.0% as compared to the year ended 31 December 2018. The Group's revenue was generated from Germany, the PRC and Denmark. As at 31 December 2019, the Group had a total of 26 clinics and consultation centres worldwide. The following table sets forth the Group's revenue by geographical location for the years indicated:

	2019 €'000	2019 % of total revenue	2018 €'000	2018 % of total revenue	Change €'000	Change %
Germany	30,225	61.7	26,864	62.5	3,361	12.5
The PRC	12,931	26.4	12,110	28.2	821	6.8
Denmark	5,809	11.9	3,987	9.3	1,822	45.7
Total	48,965	100.0	42,961	100.0	6,004	14.0

For the year ended 31 December 2019, the Group generated 61.7% (2018: 62.5%) of its revenue in Germany, 26.4% (2018: 28.2%) in the PRC and 11.9% (2018: 9.3%) in Denmark. As compared to the year ended 31 December 2018, the Group's revenue increased by 12.5% for Germany, 6.8% for the PRC and 45.7% for Denmark.

2. Cost of Sales

For the year ended 31 December 2019, the largest cost of sales item continued to be employee benefits expenses, representing 31.0% (2018: 33.1%) of the total cost of sales, followed by raw materials and consumables used, representing 29.7% (2018: 29.0%) of the total cost of sales.

	2019 €'000	2018 €'000	Change %
Employee benefit expenses	8,896	8,457	5.2
Raw materials and consumables used	8,517	7,407	15.0
Depreciation of property, plant and equipment	6,281	5,295	18.6
Doctor's fee	1,332	1,182	12.7
Others[1]	3,687	3,204	15.1
Total	28,713	25,545	12.4

Note:

(1) Others mainly included transportation, repair and maintenance of equipment, electricity, utility and clinic, office, and consumption expenses.

The total cost of sales increased by 12.4% for the year ended 31 December 2019 primarily as a result of (i) the increase in cost of raw materials and consumables used by approximately €1.1 million, and (ii) the increase in depreciation of property, plant and equipment by approximately €1.0 million which were mainly related to the right-of-use assets in relation to the Group's operations and equipment used in providing vision correction services.

3. Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin for the years indicated:

	2019 €'000	2018 €'000	Change %
Revenue	**48,965**	42,961	14.0
Cost of sales	**(28,713)**	(25,545)	12.4
Gross profit	**20,252**	17,416	16.3
Gross profit margin	**41.4%**	40.5%	
Adjusted gross profit (see "Non-IFRS Financial Measures" paragraph)	**20,621**	17,416	18.4
Adjusted gross profit margin	**42.1%**	40.5%	

The adjusted gross profit for the year ended 31 December 2019 increased by approximately €3.2 million or 18.4% as compared to the year ended 31 December 2018. The adjusted gross profit margin for the year ended 31 December 2019 was 42.1% (2018: 40.5%), which represented an increase of 1.6 percentage points as compared to the year ended 31 December 2018.

4. Selling Expenses

The Group's selling expenses increased by 24.1% from approximately €5.5 million for the year ended 31 December 2018 to approximately €6.9 million for the year ended 31 December 2019, primarily due to the increase in advertising and marketing expenditure in the PRC. Selling expenses amounted to 14.0% of the Group's total revenue for the year ended 31 December 2019 (2018: 12.9%).

5. Administrative Expenses

The Group's administrative expenses increased by 158.5% from approximately €3.9 million for the year ended 31 December 2018 to approximately €10.0 million for the year ended 31 December 2019. This is primarily due to the increase in listing expenses from approximately €1.2 million to approximately €4.8 million, which was a one-time expense; and the increase in employee benefits expenses from approximately €0.6 million to approximately €2.2 million as a result of the strengthening of the finance and administration functions of the Group during the year ended 31 December 2019.

	2019 €'000	2018 €'000	Change %
Listing expenses	4,811	1,210	297.6
Employee benefits expenses	2,168	559	287.8
Depreciation of property, plant and equipment	895	518	72.8
Consulting and other service expenses	753	659	14.3
Office and consumption expenses	439	256	71.5
Others	972	681	42.7
Total	10,038	3,883	158.5

6. Finance Income and Expenses, Net

The Group's finance income increased by approximately 12 times from approximately €22,000 for the year ended 31 December 2018 to approximately €281,000 for the year ended 31 December 2019. The Group's finance expenses increased by 55.6% from approximately €0.8 million for the year ended 31 December 2018 to approximately €1.3 million for the year ended 31 December 2019. The increase was primarily due to the increase in interest expenses on leases and foreign exchange losses which mainly arose from the re-translation of the proceeds from the Company's global offering from Hong Kong dollars to Euro using the year-end exchange rate.

7. Borrowings

As at 31 December 2019, the Group had outstanding borrowings of approximately €957,000 (2018: €48,000), of which approximately €217,000 (2018: €43,000) shall be repaid within one year and approximately €740,000 (2018: €5,000) shall be repaid within two to five years. The increase in the Group's borrowings for the year ended 31 December 2019 was mainly due to new borrowings from a financing company.

As at 31 December 2019, the Group's borrowings were denominated in Euro ("EUR" or "€") and Danish Krone ("DKK"). Approximately €947,000 (2018: €36,000) of the borrowings held by the Group were at fixed rates which ranged from 1.77% to 6.12% per annum (2018: 1.77% to 6% per annum).

8. **Foreign Exchange Risk**

The subsidiaries of the Company mainly operate in Germany, Denmark and the PRC with most of the transactions being settled in EUR, DKK, and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2019 and 2018, the financial assets and liabilities of the subsidiaries of the Company in Germany, Denmark and the PRC were primarily denominated in EUR, DKK and RMB, respectively, which were their respective functional currencies.

The Company believes that the foreign exchange risk is insignificant, except for the Group's certain Hong Kong dollar ("HKD") deposits with banks in Hong Kong. As at 31 December 2019, if HKD had weakened/strengthened by 5% against EUR with all other variables being held constant, the total net assets of the Group would have been approximately €3,749,000 (2018: €4,000) lower/higher; post-tax loss for the year ended 31 December 2019 would have been approximately €3,749,000 higher/lower (2018: post-tax profit for the year would have been approximately €4,000 lower/higher).

The Group has not hedged its foreign exchange risks, but will closely monitor the exposure and will take measures when necessary to ensure that the foreign exchange risks are manageable.

9. **Charges on Group Assets**

As at 31 December 2019, borrowings of approximately €947,000 (2018: €36,000) were secured by property, plant and equipment with net book value of approximately €1,170,000 (2018: €112,000).

10. **Capital Commitments**

Save for the capital commitment of approximately €957,000 (2018: nil) in relation to the addition of property, plant and equipment as at 31 December 2019, the Group had no significant capital commitments.

11. **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 December 2019 and 2018.

12. **Material Investments, Acquisitions and Disposals**

There were no significant investments held, acquisitions or disposals of subsidiaries by the Group during the year ended 31 December 2019. Save as disclosed in the prospectus of the Company dated 30 September 2019 (the "Prospectus"), the Group did not have other plans for significant investments, acquisitions and disposals as at 31 December 2019.

13. Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus and the capital commitment in relation to the addition of property, plant and equipment as mentioned above of which both will be funded by the proceeds from the Company's global offering, the Group did not have other future plans for material investments or capital assets as at 31 December 2019.

14. Liquidity and Capital Resources

The liquidity requirements of the Company are primarily attributable to the working capital for the Group's business operations. For the year ended 31 December 2019, the principal source of liquidity of the Company was cash generated from the business operations of the Company and proceeds from the Company's global offering. As at 31 December 2019, the Group had cash and cash equivalents of approximately €90.2 million.

The current ratio (calculated by dividing the Group's current assets by its current liabilities) was 4.6 times as at 31 December 2019 as compared to 1.4 times as at 31 December 2018.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated by dividing the Group's long-term borrowings by its total capital. The total capital is calculated by adding the Group's "equity" as shown in the consolidated statement of financial position to its long-term borrowings. The Group's gearing ratio as at 31 December 2019 was 0.75% (2018: 0.02%).

15. Use of Proceeds from the Global Offering

On 15 October 2019, the shares of the Company were listed on the Main Board of the Stock Exchange (the "Listing"). In connection with the Listing, the Company issued 91,234,000 shares at a price of HKD7.50. The aggregate net proceeds from the Company's global offering (after deducting underwriting fees and expenses) amounted to approximately €69,032,000, which will be used for (i) establishing clinics in major cities in the PRC, including Chengdu and Chongqing, (ii) potential acquisition of clinic groups in Europe, (iii) expansion of marketing efforts, and (iv) working capital and general corporate purposes.

The net proceeds from the Company's global offering (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilised in the same manner, proportion and expected timeframe as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2019:

Use of net proceeds	Percentage of the net proceeds (%)	Planned application (€ million)	Actual usage up to 31 December 2019 (€ million)	Unutilised net proceeds as at 31 December 2019 (€ million)
For establishing clinics in major cities in the PRC	40.0	27.6	–	27.6
For potential acquisition of clinic groups in Europe	33.0	22.8	–	22.8
For the expansion of marketing efforts	17.0	11.7	–	11.7
Working capital and general corporate purposes	10.0	6.9	0.2	6.7
	100.0	69.0	0.2	68.8

NON-IFRS FINANCIAL MEASURES

To supplement the Group's consolidated financial statements which were prepared in accordance with the International Financial Reporting Standards ("IFRS"), the Group has provided adjusted gross profit and adjusted net profit after tax for the year ended 31 December 2019 (excluding effects from non-cash related items and one-off events which include, but are not limited to, pre-operating expenses of new clinics, listing expenses and net exchange losses), as additional financial measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS financial measures are useful for understanding and assessing the Group's underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these non-IFRS financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. Shareholders and potential investors should not view the non-IFRS financial results on a stand-alone basis or as a substitute for results prepared in accordance with IFRS, or as being comparable to results reported or forecasted by other companies.

Non-IFRS adjusted gross profit and adjusted net profit after tax for the year

	2019 €'000	2018 €'000
Gross profit	**20,252**	17,416
Add:		
Pre-operating expenses	**369**	–
Adjusted gross profit	**20,621**	17,416
(Loss)/profit for the year	**(420)**	4,291
Add:		
Pre-operating expenses	**863**	–
Listing expenses	**4,811**	1,210
Foreign exchange loss in relation to the proceeds from the global offering	**476**	–
Adjusted NPAT	**5,730**	5,501

Notes:

(1) The Company presents the unaudited non-IFRS financial measures to supplement the Group's consolidated statement of comprehensive income for the year ended 31 December 2019 that are prepared in accordance with IFRS to provide additional information about the Group's operating performance. The Company believes that the non-IFRS financial measures are useful for its management and investors to assess the Group's financial performance and financial condition as: (i) these are non-IFRS financial measures which are used by the management of the Company to evaluate the Group's financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluating the actual performance of the Group's business; and (ii) the Company recorded certain significant one-off expenses during the year. In particular, the Company incurred significant amount of listing expenses relating to the preparation of the Listing, which had a significant impact on the Group's IFRS net loss/profit for the year. The listing expenses are non-recurring in nature.

(2) None of the unaudited non-IFRS financial measures is a recognised term under IFRS. They do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS. Shareholders and potential investors should not consider the Company's definition of adjusted gross profit and adjusted NPAT in isolation or construe it as an alternative to gross profit and loss/profit for the year indicated or as an indicator of operating performance or any other standard measure under IFRS.

(3) The Company defines adjusted gross profit as gross profit adjusted for the impact of significant one-off items.

(4) The Company defines adjusted NPAT as net loss/profit for the year adjusted for the after-tax impact of significant one-off items.

OUTLOOK AND STRATEGIES

In order to promote the rapid and sustainable growth of the Group's business in the future, the Group will focus on the following business strategies:

Increasing the Group's influence and business coverage through external acquisitions, mergers and opening of new clinics

The Group will continue to look for suitable eye clinics in Europe for acquisition, so as to continue to enhance the Group's business influence and expand the geographical coverage of the Group's vision correction services in Europe. In the PRC, the Group expects that it will continue its expansion with the construction of the Chongqing clinic and Fuzhou clinic to increase its service coverage.

Meanwhile, the Group will continue to find suitable partners to open new clinics in other metropolitan locations in the PRC. The Group will also continue to search for strategic partners to enhance its global presence in relation to providing quality ophthalmic services.

Offering new lines of services such as eye-screening service for diabetic patients, treatment for young presbyopia patients to extend the Group's reach to different patient groups

The Group plans to start providing eye-screening service, with a specific focus on diabetic patients, in the PRC in 2020. The eye-screening service is expected to be provided at the Group's clinic in Shanghai first, with the plan to expand the provision of such service throughout the PRC. The eye-screening service will help diabetic patients detect abnormalities in their fundus, especially on their retina, at an early stage in order to achieve the Group's goal of "early screening, early detection, and early treatment". The provision of eye-screening service will help expand the Group's patient base, increase the Group's service lines and provide more timely services to its patients. The Group will cooperate with large health examination centers, private hospitals and pharmaceutical companies in the PRC to help with the marketing and promotion of eye-screening service in the PRC. Meanwhile, eye-screening service will allow the Group's surgeons and conservative ophthalmologists to detect other diseases, such as cataract, macular degeneration and glaucoma, for which the Group can also provide first-line treatments at the Group's existing clinics in the PRC.

In addition, the Group is ready to offer the EDOF ICL from Staar Surgical to young presbyopia patients in Germany as soon as viable. The new EDOF ICL will help the Group further establish its strong market position in the treatment of presbyopia whilst leading the industry as the adopter of advanced technologies and products.

Adopting new technologies and equipment to provide patients with better medical services

The Group will continue to look for new technologies to provide high-end patient care services. In order to continuously offer quality services to patients, the Group began to use the Carl Zeiss Artevo 800 3D digital microscope in Germany. By using this technology, surgeons can achieve exceptional digital visualisation while conducting eye surgeries. Digital visualisation assists the Group's surgeons to quickly and clearly identify images which are necessary for conducting eye surgeries.

The Group also started to use the new Carl Zeiss OCT-AngioPlex in the PRC to provide patients with the option of a non-invasive angiography. This allows the Group's surgeons and conservative ophthalmologists to more easily detect abnormalities in the retina of diabetic patients, in order to help patients better prevent the progression of diabetic retinopathy, to implement necessary treatment, and to reduce the risks of blindness.

The Group will continuously look for the latest products and technologies to provide better medical services to its patients.

Improving marketing strategies and cooperation with a large professional marketing agency

The Group is excited to have reached a strategic cooperation agreement with a large marketing agency in the PRC. The Company anticipates the Group to adopt an integrated national marketing strategy in the PRC to promote its quality service to the community.

EXECUTIVE DIRECTORS

Dr Jørn Slot Jørgensen ("Dr Jørgensen"), aged 65, is the chairman, executive Director and chief executive officer of the Company. He was appointed a Director on 13 August 2018 and subsequently re-designated as an executive Director, and appointed as chairman of the board of Directors (the "Board"), on 25 March 2019. He is also a founder of the Group and is mainly responsible for formulating its overall development strategies and business plans and overseeing the management and strategic development of the Group.

Dr Jørgensen has over 30 years of experience of practice as an ophthalmologist. Prior to founding the Group, he practiced medicine in clinics and hospitals (both private and public) between 1987 and 1991.

The table below sets out Dr Jørgensen's major engagements in various professional associations and organisations:

Membership/Position	Associations/Organisations	Period
Member	American Society of Cataract and Refractive Surgery	Since December 2002
Member	European Society of Cataract and Refractive Surgeons	April 2010 – March 2016
Member	Professional Association of German Ophthalmologists (BVA)	Since 1992
Member of the board, vice president and president	Association of Specialty Clinics for Eye Laser and Refractive Surgery (VSDAR)	Since 2004

Dr Jørgensen has received numerous awards and recognitions for his achievement, including (i) the "Hans-Sautter-Laureate" awarded by the Vereinigung Norddeutscher Augenärzte in 1987, and (ii) inclusion into the "Best Doctors List" under the category of "Experts for Refractive and Cataract Surgery" in "FOCUS", a German magazine from 2012 to 2019.

Dr Jørgensen passed his medical examination at Odense University, Denmark in July 1974. He was a registrar at the University Medical Centre Hamburg-Eppendorf in Germany from 1982 to 1986 and he had undertaken intensive training in refractive laser surgery at the Neumann Eye Institute in Deland, Florida in the United States in 1990.

Dr Jørgensen is the father of Mr Jannik Jonas Slot Jørgensen ("Mr Jørgensen"), who is an executive Director and vice president, Denmark of the Company.

Dr Markus Braun, aged 46, is an executive Director and chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. He was appointed a Director on 14 December 2018 and subsequently re-designated as an executive Director on 25 March 2019.

From April 2015 to October 2018, Dr Braun was the vice president IFRS compliance of Schaeffler AG, a global automotive and industrial manufacturer, primarily responsible for its group wide accounting related matters as well as matters pertaining to the internal control system. Before that, he worked for Deutsche Telekom group, a German telecommunication company, in different finance-related functions from December 2003 until March 2015, first serving in the parent company, Deutsche Telekom AG, and subsequently in its wholly-owned subsidiary, Deutsche Telekom Accounting GmbH, which is the global accounting shared service centre for Deutsche Telekom group, where he was responsible for the accounting-related processes from transactional accounting to consolidation from 2010 onwards. At Deutsche Telekom, Dr Braun served as the senior vice president service management from June 2010 to April 2014 where he was responsible for managing main support functions, for example business controls, project management or compliance management. Thereafter, he assumed the position of senior vice president business development from May 2014 to March 2015 whereby he was responsible for the business development of the subsidiary.

Dr Braun obtained his diploma in Business Administration in October 1998 and his Doctorate of Economics in June 2005 from the University of Passau, Germany. Dr Braun completed the CPA exam at the University of Illinois, United States and has been a certified public accountant of the State of Illinois, United States since November 2000.

Dr Ralf-Christian Lerche, aged 51, is an executive Director and senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of surgeons and conservative ophthalmologists, handling patients' complaints and advising on medical trends and practices. He also moderates the discussion and scientific round at the Group's annual doctors meeting and oversees the Group's medical operations. Dr Lerche is a freelancer and has entered into a contract for service with the Group.

Dr Lerche has over 20 years of experience as a practicing ophthalmologist. Since October 1998, he has been a consultant in ophthalmology at Ärztekammer Hamburg, a medical association which represents the medical profession in Hamburg, Germany. He was also a senior doctor in the university eye clinic of Otto-von-Guericke University Magdeburg, Germany from July 2000 to August 2002. From September 2002 to March 2005, he was a senior doctor and head of department for refractive surgery at the university eye clinic of the University of Hamburg, Germany. Since April 2005, he has been a self-employed ophthalmologist in Hamburg, Germany and has been working at Dr Jørgensen & Partners, an eye clinic which specialises in corneal and cataract surgery. Since June 2007, he has been an associate medical director at EuroEyes AugenLaserZentrum Hannover GmbH, a subsidiary of the Company. In July 2013, he founded Ophthalmologikum Dres. Jørgensen Lerche Galambos Klär-Dißars GmbH, an eye clinic which specialises in general and retinal ophthalmology. In March 2016, Dr Lerche further founded MVZ Ophthalmologikum Eidelstedt GmbH, an eye clinic which specialises in general and retinal ophthalmology in Hamburg, Germany. He became the president of Association of Specialty Clinics for Eye Laser and Refractive Surgery (VSDAR) in January 2018.

Dr Lerche obtained his medical degree in Ophthalmology from University of Göttingen, Germany in October 1995 and became a qualified medical doctor in Hamburg, Germany in February 1996. He further obtained his habilitation degree in Ophthalmology from the University of Hamburg, Germany in February 2005 and was recognised as an associate professor who is capable of conducting self-contained university teaching in April 2005.

Prof Dr Thomas Friedrich Wilhelm Neuhann, aged 73, is an executive Director of the Company. He has worked with the Group since March 2008 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of surgeons and conservative ophthalmologists, handling patients' complaints and advising on medical trends and practices. Prof Neuhann is a freelancer and has entered into a contract for service with the Group.

Prof Neuhann has over 41 years of experience in practicing as an ophthalmologist. From March 1977 to June 1982, he was a senior staff physician at the eye clinic of Johannes Gutenberg University Mainz in Germany. Since July 1982, he has been in private practice. Since February 1988, he has been a professor of Ophthalmology at the Johannes Gutenberg University Mainz in Germany. In November 1991, he founded the Munich Cornea Bank, a non-profit private cornea bank in Munich, Germany. In April 1996, he co-founded the Alz Augenklinik München, the predecessor of EuroEyes alz Augenklinik München GmbH, a subsidiary of the Company. Since February 1997, he has been a professor at the Medical Faculty of the Technical University of Munich in Germany.

He obtained his medical degree in July 1970. In February 1977, he completed his residency in Ophthalmology at the Heidelberg University Eye Clinic in Germany and was board certified in Ophthalmology. In June 1982, he obtained a habilitation degree in Ophthalmology from Johannes Gutenberg University Mainz in Germany. In 1987, he founded the annual congress meeting of German Ophthalmic Surgeons with the Professional Association of German Ophthalmologists (BVA), now transformed into International Congress of German Ophthalmic Surgery (DOC), a platform of scientific and political representation of eye surgeons in Germany. From January 1998 to December 1999, he was the president of European Society of Cataract and Refractive Surgeons. He was the chairman and deputy chairman of the Commission of Refractive Laser Surgery (Kommission Refractive Chirurgie) from 2002 to 2010 and from 2010 to 2017, respectively.

Mr Jannik Jonas Slot Jørgensen, aged 28, is an executive Director and vice president, Denmark of the Company. He joined the Group in March 2012 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the business development and marketing of the Group's business in Denmark and the PRC. Mr Jørgensen is also a director of Guangzhou Deshijia Eye Clinic Co., Ltd., a subsidiary of the Company.

Prior to joining the Group, Mr Jørgensen interned and worked in the ophthalmological and marketing sectors on a part-time basis. He was an intern at the Group's eye clinic in Copenhagen, Denmark from January to July 2011, and was also an intern at Moorfields Eye Hospital in London, United Kingdom from August to December 2011. Since February 2014, he has been a marketing manager of the Group's marketing department in the PRC. From May to July 2015, he interned at the ophthalmology department at Instituto Zaldivar, an ophthalmological centre in Mendoza and Buenos Aires, Argentina. From May to July 2017, he interned in the emergency department of Tygerberg Hospital in Cape Town, South Africa. He was also a marketing manager overseeing the marketing department of the Group's eye clinics in the PRC from April to August 2017 and was appointed a marketing director of EuroEyes Hong Kong Co. Limited, a subsidiary of the Company, since November 2019. From August 2018 to February 2019, he was a resident doctor at the department of abdominal surgery at Randers Hospital in Denmark.

Mr Jørgensen obtained a Bachelor's degree in Human Medicine at Aarhus University in Denmark in January 2015. He further obtained a Master's degree in Human Medicine at Aarhus University, Denmark in June 2018.

Mr Jørgensen is the son of Dr Jørgensen, the chairman, executive Director, chief executive officer and controlling shareholder of the Company.

NON-EXECUTIVE DIRECTOR

Mr Marcus Huascar Bracklo, aged 55, is a non-executive Director and strategic advisor of the Company. He first joined the Group in July 2012 and was appointed a non-executive Director on 25 March 2019, and is primarily responsible for advising on strategy and business development of the Group. He is also a director of Shanghai Deshijia and Beijing Deshijia, both of which are subsidiaries of the Company.

Mr Bracklo has over 25 years of experience in the healthcare sector, specialising in corporate finance, accounting and mergers and acquisitions. From October 1987 to August 1998, he worked at Price Waterhouse ("PW"), now known as PricewaterhouseCoopers ("PwC"), starting as a trainee accountant, and was admitted to partnership in June 1997. From April to December 1992, he was seconded to the Directorate for Financial and Enterprise Affairs of Organisation of Economic Co-operation and Development, being primarily responsible for providing privatisation and accounting reform advice in central and eastern Europe. In October 1998, he was admitted to the partnership of Arthur Andersen as their head of healthcare in Europe during which he was primarily responsible for cross-border mergers and acquisitions in the healthcare industry. From December 2001 to September 2007, he was a managing director of the investment bank Sal. Oppenheim. Jr. & Cie. AG & Co. KgaA and a member of their investment banking committee where he was primarily responsible for their investment banking business in the healthcare industry. He is a director and founder of Baigo Capital GmbH, an advisory and investment firm specialising in the healthcare sector, which he founded in October 2008. He concurrently assumed the role of chief executive officer at Vanguard AG, a re-processor of medical devices from December 2011 to November 2015. Since January 2010, he has been a non-executive director of Lohfert & Lohfert AG, a healthcare consultancy firm.

Mr Bracklo obtained his Bachelor's degree in Economic Science from the University College London, United Kingdom in August 1986. He further obtained his Master's degree in Economic Science from the London School of Economics, United Kingdom in November 1987. He became a chartered accountant in the United Kingdom in 1990 and was appointed a German public auditor (Wirtschaftsprüfer) in Germany in January 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Hans Helmuth Hennig, aged 62, was appointed as independent non-executive Director of the Company on 25 March 2019. Mr Hennig has been working with Jebsen & Co. Ltd. ("Jebsen"), a privately-held marketing, distribution and investment company established in Greater China, since September 1983. In May 1990, Mr Hennig was promoted to the role of General Manager-Corporate Development of Jebsen where he was responsible for developing the business strategy of the Group. He was then further appointed as a director of the board of directors of Jebsen in January 1994. In January 1997, Mr Hennig became group deputy managing director of Jebsen up until March 2000 when he assumed his present position as group managing director of Jebsen, where he is responsible for the overall business operations, strategies and development of Jebsen.

Mr Hennig graduated with his Danish Studentereksamen (high school diploma equivalent) from Deutsches Gymnasium für Nordschleswig, Aabenraa, Denmark in June 1977. He further completed the thirty-fifth executive development program at the executive development centre of the College of Commerce and Business Administration of the University of Illinois at Urbana-Champaign in the United States in June 1987. Mr Hennig was appointed as a guest professor by Jilin University, the PRC in June 2012.

Mr Zhengzheng Hu, aged 39, was appointed as an independent non-executive Director of the Company on 25 March 2019. He is mainly responsible for supervising and providing independent advice to the Board.

Mr Hu has over 10 years of experience as a legal practitioner in the PRC. He started his legal career in December 2004 at the Beijing Office of Jingtian & Gongcheng, where he advised on corporate law matters. Mr Hu subsequently worked at JunHe Law Office in Beijing from July 2007 to September 2010, and rejoined the Beijing office of Jingtian & Gongcheng in October 2010 and has been a partner there since April 2011.

Mr Hu obtained his Bachelor of Laws degree from Nanjing University in the PRC in June 2002. He subsequently obtained his Master of Laws degree in International Commercial Law with Distinction from the University of Leicester in the United Kingdom in January 2005. He qualified as a lawyer in the PRC in February 2007.

Mr Philip Duncan Wright, aged 66, was appointed as an independent non-executive Director of the Company on 25 March 2019. He is mainly responsible for financial oversight and supervising and providing independent advice to the Board.

Mr Wright has more than 35 years of experience in the fields of accounting and finance. He has been a member of the Institute of Chartered Accountants in England and Wales since January 1979. He was formerly a partner of PW from July 1987 to June 1998 and of PwC from July 1998 to December 2011. During his time with PW and PwC, Mr Wright had experience in corporate finance and recovery, as well as assurance and audit matters, which included preparing and reviewing the financial statements of public bodies and companies regularly. During his time with PW in Germany, he served as partner in charge of corporate finance and recovery from August 1990 to August 1994, and partner in charge of Berlin from July 1993 to August 1994 and partner in charge of business development for assurance and audit of PW Europe from September 1994 to June 1998. At PwC, he served as partner in charge of corporate finance and recovery in Europe, Middle East and Africa from July 1998 to September 2000, partner in charge of global corporate finance and recovery as well as a member of the Global Executive of PwC from October 2000 to October 2003. From November 2003, Mr Wright became a global relationship partner of PwC UK and was the chairman of their non-executive director program up until December 2011 when he retired from the partnership of PwC.

Mr Wright has vast experience in assuming public and charitable roles which have included several positions in various public bodies in the public health sector. He served as a non-executive director of the National Health Service ("NHS") London (Strategic Health Authority) from October 2009 to July 2010. Thereafter, he assumed the positions of non-executive director and the chair of the audit committee of Barts and the London NHS Trust from November 2010 to March 2012 and then assumed the same positions in Barts Health NHS Trust, from April 2012 to March 2015. From April 2015 to August 2015, Mr Wright served as acting chairman of Barts Health NHS Trust. He was also a trustee and director of The Common Purpose Charitable Trust, a charity and social enterprise based in the United Kingdom which is engaged in leadership management from May 2007 to January 2018. Mr Wright was a council member of Goldsmiths College, University of London, from March 2012 to August 2017 and the chairman of their audit committee from September 2013 to August 2017. From February 2009 to October 2015, Mr Wright was also the chairman and director of Digital Theatre.com Limited, a company which is engaged in the online media sector.

Mr Wright has been a non-executive director and chair of the audit committee of Allia Limited, a communal benefit society, since October 2012. He is also a non-executive director and the chairman of the audit committee of Retail Charity Bonds Plc, which is a listed bond company that helps charitable organisations to raise unsecured loan finance since March 2014 and a non-executive director of Beyond Food Community Interest Company, a social enterprise, since April 2016.

The major duties of the audit committees of the public bodies and companies named above include, among other things, reviewing financial statements and management response to the findings of internal and external auditors; monitoring and ensuring the effectiveness of the risk management, internal control and governance arrangements.

Mr Wright obtained his Bachelor of Arts degree from Christ Church of the University of Oxford in the United Kingdom in July 1975 and was conferred a Master of Arts degree from the same university in May 1980.

SENIOR MANAGEMENT

Dr Jørn Slot Jørgensen, aged 65, is the chief executive officer of the Company. He is also the founder of the Group and is mainly responsible for formulating the overall development strategies and business plans and overseeing the management and strategic development of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Jørn Slot Jørgensen" in this section.

Dr Markus Braun, aged 46, is the chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Markus Braun" in this section.

Dr Ralf-Christian Lerche, aged 51, is the senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and is primarily responsible for supervising and overseeing the Group's medical operations in Germany. For more information, see the paragraph headed "– Executive Directors – Dr Ralf-Christian Lerche" in this section.

Prof Dr Michael Christian Knorz, aged 61, is the senior vice president, medical affairs (international) of the Company. He has worked with the Group since July 2015 and is primarily responsible for supervising and overseeing the Group's medical operations worldwide. Prof Knorz also serves as the Group's consulting surgeon in the PRC and has been a member of the Group's international medical advisory board since October 2017. Prof Knorz is a freelancer and has entered into a contract for service with the Group.

Prof Knorz is also currently a medical director and the chief executive officer of FreeVis LASIK Zentrum, an eye clinic at the University of Mannheim, Germany since January 2002.

From September 1988 to December 1998, Prof Knorz served as the vice chairman of the university eye department of the Medical Faculty Mannheim of the University of Heidelberg, Germany. From 1998 to 2004, he was the chairman and is currently a secretary to the Commission of Refractive Laser Surgery (KRC), a commission that imposes standards on refractive laser surgery and certification of refractive laser surgeons in Germany. Prof Knorz has been a professor of Ophthalmology at the Medical Faculty in Mannheim of the University of Heidelberg, Germany since February 2000. Prof Knorz has also been a senior associate editor of the Journal of Refractive Surgery (JRS) since July 2007 and was also a chairman of the editorial board of Ocular Surgery News, Europe Edition from September 2005 to September 2007.

Prof Knorz is/was also involved in various professional associations and organisations and the table below sets out his major engagements:

Membership/Position	Associations/Organisations	Period
Member	American Academy of Ophthalmology	Since June 1988
Member	American Society of Cataract and Refractive Surgery	Since June 1998
Member	European Society of Cataract and Refractive Surgery	May 2000 – September 2016
Member	German Ophthalmological Society (DOG)	Since September 1988
Honorary Member	South African Society of Cataract and Refractive Surgery	Since June 2006
Member	Asia-Pacific Association of Cataract and Refractive Surgeons (APACRS)	Since May 1999
Executive director and past president	International Intra-Ocular Implant Club (IIIC)	September 2010 – September 2012
Co-founder, board member and past president	Association of Specialty Clinics for Eye Laser and Refractive Surgery (VSDAR)	Since January 2010

Prof Knorz completed his medical studies at the Medical School in Homburg of University of Saarland, Germany from October 1977 to September 1979, and at the Medical Faculty in Mannheim of University of Heidelberg, Germany from October 1979 to September 1983. He received his medical degree from the Land Baden-Wurttemberg, Regierungsprasidium Stuttgart, Germany in October 1983. Prof Knorz received his board certification as an ophthalmologist in September 1988 after he completed his residency at the department of ophthalmology of the St. Vincentius Eye Hospital in Karlsruhe, Germany from July 1984 to December 1987 and at the university eye department of the Medical Faculty Mannheim of the University of Heidelberg, Germany from January 1988 to September 1988.

Mr Jörg Matthias Hassel, aged 58, is the senior consultant, operations (international) of the Company. He has worked with the Group since December 2008 and is primarily responsible for supervising and overseeing the Group's operations and technical management worldwide. Mr Hassel is a freelancer and has entered into a contract for service with the Group.

From September 1988 to September 1993, Mr Hassel served as an engineer at National Semiconductor, a company principally engaged in manufacture of semiconductors in the United States, and he was responsible for Application-Specific Integrated Circuit development, application telecommunications and sales of telecom products. In October 1993, Mr Hassel co-founded ALZ AugenLaserZentrum GmbH, the predecessor of Alz Augenklinik Munchen GmbH which in February 2008 merged with the Group to become EuroEyes alz Augenklinik Munchen GmbH, a subsidiary of the Company, and served as its managing director from October 1993 to December 2008. Since December 2008, Mr Hassel has been serving as a consultant of EuroEyes Deutschland's management team where he was responsible for the development, construction and commissioning of new branches for the Group. From November 2011, Mr Hassel has served as the director of business development for the Company's subsidiaries in the PRC, which he is primarily responsible for the technical management, operations and business development of the Group's PRC operations.

Mr Hassel obtained his diploma in Electrical Engineering at the University of Karlsruhe (now known as the Karlsruhe Institute of Technology) in Germany in June 1988.

Mr Keith Nicholas McKay, aged 51, is the senior vice president, operations (Germany) of the Company. He joined the Group in March 2005 and is primarily responsible for supervising and overseeing the Group's operations in Germany.

Mr McKay has 22 years of experience in providing optometric services. He undertook a practical semester at the General Optical Council at David Clulow (now known as Optico Opticians) in the United Kingdom from July 1995 to November 1995. From April 1998 to December 2002, he was the director of Euro-Optix Limited, a company providing optometric services in the United Kingdom. From July 2004 to January 2005, Mr McKay had worked as a self-employed optometrist in different clinics in the United Kingdom. Since February 2005, he has also been the clinic manager of EuroEyes ALZ City Hamburg GmbH, a subsidiary of the Company, being primarily responsible for the provision of optometric services and managerial duties.

In May 1991, Mr McKay obtained his Bachelor of Optometry from the University of Durban-Westville (now known as the University of KwaZulu-Natal) in South Africa. He was registered as an optometrist with the South African Medical and Dental Council in February 1991. He passed the examinations of the College in Ophthalmic Optics in the United Kingdom in February 1996 and became a member of the College of Optometrists in the United Kingdom. In February 1996, he further became a registered optician of the General Optical Council in the United Kingdom. Mr McKay obtained his European Diploma in Optometry from the European Council of Optometry and Optics in October 2004.

Dr Lars Jannik Boberg-Ans, aged 63, is senior vice president, Denmark of the Company. He joined the Group in September 1997 and is primarily responsible for supervising and overseeing the overall operations of the Group's business in Denmark. He is also a director and the chief executive officer of EUROEYES ApS, a wholly-owned subsidiary of the Company.

Dr Boberg-Ans has 30 years of experience in ophthalmology. From January 1989 to January 1990, Dr Boberg-Ans was the scientific secretary of the Danish Ophthalmological Society, and he was also their board member from January 1989 to December 1993. From January 1993 to September 2004, he was a specialist consultant and the head of the eye department (administrerende overlage) of Roskilde County Hospital in Denmark. He also founded Skodsborg Eye Clinic in Denmark in September 1994.

From 1986 to 2000, Dr Boberg-Ans authored/co-authored articles, which were published in renowned scientific publications in relation to ophthalmic development, such as *"Glaucoma"*, "*Ophthalmic Surgery & Lasers*" and "*European Journal of Implant and Refractive Surgery*". He also attended congresses and courses in relation to ophthalmic development from 1983 to 2015. Since 2000, he has also participated in eye expeditions targeted at cataract surgeries in countries which included the PRC, Myanmar and Nepal.

Dr Boberg-Ans obtained his Master in Medicine degree from the Faculty of Health Sciences of the University of Copenhagen, Denmark in June 1981. He completed the Educational Commission for Foreign Medical Graduates examination in Copenhagen, Denmark in July 1981. He was recognised as a specialist in Ophthalmology by the National Board of Health in Denmark in January 1991. In September 1998, Dr Boberg-Ans also passed the ESCRS Refractive Surgery Diploma Certificate Course from the European Society of Cataract and Refractive Surgeons. In January 2002, he registered with the General Medical Council in the United Kingdom as a medical practitioner with speciality in Ophthalmology. Since February 2004, he has been qualified to practice as a doctor in Hamburg, Germany.

Mr Jannik Jonas Slot Jørgensen, aged 28, is vice president, Denmark of the Company. He joined the Group in March 2012 and is primarily responsible for supervising and overseeing the business development and marketing of the business. For more information, please see the paragraph headed "– Executive Directors – Mr Jannik Jonas Slot Jørgensen" in this section.

Ms Yan Wang (alias Jenny Wang), aged 50, is the vice president, China of the Company. Ms Wang joined the Group in August 2014, and is primarily responsible for supervising and overseeing the overall operations of the Group's business in the PRC.

Ms Wang is experienced in the fields of finance, accounting and tax management. From June 1998 to February 2000, she worked as a financial accountant at Commerzbank AG in Shanghai, where she was primarily responsible for reporting on PRC operations to the German group. She also worked from June 2000 to December 2002 as a senior consultant at Fiducia Management Consulting, a corporate management consultancy firm in Shanghai, where she was primarily responsible for providing accounting and tax advices and headhunt services to German companies operating in the PRC. From January 2002 to July 2004, she worked at Einhell Germany AG in Landau Isar of Germany as a vice general manager and commercial director, and she was primarily responsible for advising on finance, accounting, tax and human resources matters.

Ms Wang obtained a Bachelor's degree in International Economics and Trade from the Shanghai International Studies University (上海外國語大學), the PRC in July 1992 and was accredited as a business economist in Accounting and Finance by the University of Applied Sciences in Cologne, Germany, in December 1997.

Mr Kai Weber, aged 46, is the vice president, marketing (Europe) of the Company. He joined the Group in April 2017, and is primarily responsible for supervising and overseeing the marketing and sales development of the Group's business in Germany.

Mr Weber has more than 25 years of experience in the fields of marketing and business development. From September 1998 to August 1999, he worked as a sales manager at Harri Fasold GmbH, a furniture manufacturer based in Germany, and was primarily responsible for the introduction of a Switzerland furniture manufacturing brand into a wider furniture market and the implementation of trade fairs. From September 1999 to February 2003, he was a key account manager of Gebruder Thonet GmbH, a furniture manufacturer in Germany and was primarily responsible for expanding the customer network, implementing trade fairs and providing account management services. From April 2003 to December 2003, he worked as an independent agent for the sales and distribution of furniture for furniture manufacturing brands based in Germany and Switzerland. From January 2004 to December 2005, he worked as a key accounting manager and head of sales at Schroter Burozentrum GmbH, an office furniture manufacturer based in Germany, and he was primarily responsible for supervising their sales department, implementing e-procurement platforms and trade fairs. From September 2006 to July 2009, he worked as an area sales manager in the upholstery business in northern Europe for Alcantara S.p.A, Milano, a textile manufacturer based in Italy, where he was primarily responsible for their brand development in the Scandinavian area, implementation of trade fairs and account management services. From August 2009 to December 2014, he co-founded Weber-Radjeb, a dental clinic where he assumed the role as clinic manager and was primarily responsible for managing the overall operations of the clinic. From November 2014 to March 2017, he was a branch manager under the business development department of CARE VISION Germany GmbH, an eye clinic group, where he was primarily responsible for sales management, budget planning and business development for its branches in Hannover and Berlin, Germany.

Mr Weber graduated from VGH Versicherungen AG Society in Hannover, Germany majoring in insurance broking in June 1995. He obtained his diploma in Business Administration and was recognised as a state-certified business manager by the Simplistic School of the Furniture Trade e.V. in Cologne, Germany in July 1998. In June 2014, he was further accredited as a specialist in Health and Social Work by the Chamber of Industry and Commerce in Hannover, Germany.

Mr Ni Junjie (alias Jey Ni), aged 37, is vice president, marketing (China) of the Company. He joined the Group in October 2012, and is primarily responsible for overseeing and managing the marketing and public relations department of the Group's PRC business.

Mr Ni has more than ten years of experience in marketing. He worked at New Vision Eye Clinic as its digital marketing manager, focusing on search engine marketing, search engine optimisation and social media marketing, from October 2007 to November 2010. Thereafter, from December 2010 to October 2012, he worked at the Shanghai Synergy Culture & Entertainment Group as a digital marketing manager in digital music and entertainment marketing, primarily responsible for managing digital music purchase and sale and branding via social media.

Mr Ni obtained his Bachelor's degree in Graphic Design from the Shanghai Institute of Technology (上海應用技術大學), the PRC, in July 2005.

COMPANY SECRETARY

Mr Leung Ting Cheung (alias Leo Leung), aged 36, is the company secretary of the Company. He was appointed as the company secretary in December 2018 and is also the sole director of EuroEyes Holdings Limited, EuroEyes Holdings Asia Limited and EuroEyes Hong Kong Holdings Limited, all of which are subsidiaries of the Company.

Mr Leung has over 13 years of experience in accounting and corporate compliance. From January 2006 to January 2008, he worked as an audit assistant at Horwath Hong Kong CPA Limited (now known as BDO Limited), a company which engages in the provision of assurance services. He joined KPMG as an accountant in January 2008 and was promoted to assistant audit manager in July 2008. He was later promoted to audit manager in October 2011 and left KPMG in May 2012. Thereafter, from May 2012 to August 2015, he worked as a senior manager at World Smart Accounting Services Limited, a company which engages in the provision of accountancy and company secretarial services. From January 2016 to November 2018, he worked as a financial consultant for Sun Cheong Creative Development Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1781) which designs, develops, manufactures and sells plastic household products.

Mr Leung has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since February 2010 and May 2017, respectively. Mr Leung obtained his Bachelor's degree in Commerce with a major in Accounting and Finance from the University of Auckland, New Zealand in May 2004. He further obtained a Graduate Diploma in Commerce with Commercial Law specialisation in May 2005 from the same university.

The Board is pleased to present their report and audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of vision correction services in Germany, Denmark and the PRC.

An analysis of the Group's performance for the year ended 31 December 2019 by geographical segment is set out in note 5 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated financial statements on pages 91 to 176 of this annual report.

On 23 September 2019, a special dividend of €217.65 per ordinary share, amounting to €7,400,000, was declared to the shareholders whose names appeared on the register of members of the Company on that date. The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2019.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). The Board would consider, inter alia, the following factors before declaring or recommending dividend to the shareholders:

1. financial results of the Company;
2. shareholders' interests;
3. general business conditions, strategies and future expansion needs of the Company;
4. the Company's capital requirements;
5. the payment of cash dividends to the Company from its subsidiaries;
6. possible effects on liquidity and financial position of the Company;
7. the amount of profit that can be distributed under applicable accounting standards and other factors that the Board may deem relevant and appropriate;
8. any relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and applicable laws, rules and regulations and the memorandum and articles of association of the Company;
9. general market conditions; and
10. any other factors that the Board may consider relevant and appropriate.

The Company has adopted a general annual Dividend Policy of declaring and paying dividends on an annual basis of not more than 20% of the Group's distributable net profit attributable to its equity shareholders in the future. Dividends declared will be subject to German withholding tax and solidarity surcharge but no German capital gains tax will be chargeable on the dividends received by the shareholders.

Any dividend declared by the Company shall be conducted in accordance with the Companies Law of the Cayman Islands, the articles of association the Company and other applicable laws and regulations, and shall not affect the normal operation of the Group.

The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

BUSINESS REVIEW

A fair review of the Group's business for the year and an indication of the likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 8 and 9 to 19 of this annual report respectively. A discussion and analysis of the Group's performance during the year using certain financial key performance indicators are set out on pages 4 to 5 of this annual report.

KEY RISKS AND UNCERTAINTIES

The following highlights some of the key risks that affect the Group's business:

Concentrated senior management personnel

The Group's success depends on the continuous services of its management team and other key employees. If the Group loses the services of one or more of these key management personnel, it may not be able to replace them easily or immediately, and may incur additional expenses to recruit and train new personnel.

Financial instability affecting demand for vision correction services

The Group's operation and growth depend on various macroeconomic factors which could be out of its control, such as the occurrence of any economic downturn in the respective markets where the Group has business operation, which may lead to loss of customers who may be less willing to pay for the Group's premium services.

Inability to reduce operational costs

The Group's business and profitability may be affected by fluctuations in the prices of lenses, consumables, equipment and labour cost. As the price of these supplies fluctuates the Group may have to adjust the price of its services from time to time to transfer the expected increase in such costs to its customers. However, there is no guarantee that the Group will be able to transfer all or any of the increased costs to its customers in a timely manner or at all.

Exposure to reputational risks

The Group's success depends, significantly, on the recognition of its brand and reputation. The Group strives to provide quality services to its customers, but it cannot ensure that it will not be affected by factors which are out of its control. These may include incidental errors made by its staff, unexpected machine or equipment malfunction, shortage of its medical supplies, or the varying levels of effectiveness of pre-operative or post-operative care for different customers. As a result, the Group may face the risk of exposure to malpractice, or medical negligence or misconduct and claims on account of alleged deficiencies in the services it provided.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental affairs and believes that business development and environment affairs are highly related. The Group has implemented certain environmental protection measures to reduce the consumption of energy resources. These policies were supported by the Group's staff and were implemented effectively.

Discussion on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report 2019" on pages 66 to 85 of this annual report.

Going forward, the Group will review its environmental practices from time to time, and will continue to promote environmental practises and social sustainability through various initiatives, consistent with its policies and the relevant laws and regulations.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in Germany, Denmark and the PRC, while the Company is incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange. During the reporting period, the Group's businesses were in compliance with the relevant laws and regulations in Germany, Denmark, the PRC, the Cayman Islands and Hong Kong in all material aspects.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group values its stakeholders and their feedback regarding its businesses and the environmental, social and governance (the "ESG") aspects. The Group maintains close communication with its key stakeholders, including but not limited to, the Stock Exchange, governments and regulatory authorities, shareholders and investors, employees, patients and customers, suppliers, media, the public and community.

STAFF

The Group's staff members are regarded as one of its most important assets. The Group has been endeavouring to provide its staff with a fair and harmonious workplace. The Group offers a competitive remuneration package and great opportunities for career advancement based on its employees' performance. The Group intends to grant share options and/or restricted shares to outstanding employees to recognise and reward the employees who have contributed to the Group's development. The Group also provides its staff with regular trainings to keep them abreast of the latest development of the Company and the industry, as well as medical related knowledge and skillsets.

CUSTOMERS

Professionalism and safety have always been the Group's paramount concerns. The Group is committed to providing the best client experience to its patients. Meanwhile, the Group has a patient survey system to enhance its active solicitation of client feedback.

SUPPLIERS

Reliable and quality suppliers are of equal importance in ensuring the Group's provision of services with high standards of safety and professionalism. When selecting suppliers, the Group considers, among other factors, the suppliers' reputation, safety record, track record of performance, quality of goods supplied, price competitiveness, punctuality of delivery, relationship with the Group, completeness of certification and credentials provided, service quality and product offerings. The Group regularly reviews and assesses its suppliers' performance and their qualifications to ensure the quality of its suppliers and that such suppliers have obtained the licenses (if applicable).

FINANCIAL SUMMARY

A summary of the published results and financial position of the Group is set out in the section headed "Financial Summary" on pages 4 to 5 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the reporting period are set out in note 13 to the consolidated financial statements of this annual report.

SHARE CAPITAL AND RESERVES

Details of the movements in the Company's share capital and reserves during the reporting period are set out in notes 22 and 23 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the reserves of the Company available for distribution to shareholders under the Companies Law of the Cayman Islands amounted to €120,434,000 (2018: €48,085,000).

CHARITABLE DONATIONS

During the year ended 31 December 2019, no charitable donations were made by the Group. However, the Group supported charitable causes, details of which are set out in the Environmental, Social and Governance Report 2019 on pages 66 to 85 of this annual report.

BORROWINGS

The Group's borrowings as at 31 December 2019 is set out in note 26 to the consolidated financial statements of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the shares of the Company.

PENSION SCHEME

The Group principally participates in defined contribution plans and pension schemes. In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme. Contributions at a fixed rate of 5% of the employee's relevant income, subject to a cap of monthly relevant income of HKD30,000 per employee, are made to the scheme and are vested immediately. The Group also operates several defined contribution retirement plans and pension schemes for its overseas subsidiaries and pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Contributions to the schemes by the Group and employees are calculated at fixed percentages of employees' basic salaries or at agreed fixed amounts. Under the defined contribution scheme in some countries, where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group. During the reporting period, the Group did not have any contributions forfeited in accordance with the schemes' rules which have been applied towards the contributions payable by the Group. Details of the pension schemes undertaken by the Group are set out in note 8 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to the written resolutions dated 23 September 2019 (the "Adoption Date") of the then shareholders (the "Share Option Scheme").

(a) Purpose, duration and administration

The purpose of the Share Option Scheme is (i) to motivate the Eligible Persons (as defined in paragraph (b) below) to optimise their future contributions to the Group and/or to reward them for their past contributions, (ii) to attract and retain or otherwise maintain on-going relationships with the Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and (iii) in the case of Executives (as defined in paragraph (b) below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Subject to the conditions set out below and paragraph (p) below, the Share Option Scheme shall be valid and effective for the period commencing on the Adoption Date and expiring on the tenth anniversary thereof or such earlier date as the Share Option Scheme is terminated in accordance with paragraph (p) below (the "Term"), after which period no further share options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Share options granted during the Term shall continue to be valid in accordance with their terms of grant after the end of the Term.

The Share Option Scheme shall come into immediate effect on the date on which the shares of the Company are listed on the Stock Exchange (the "Listing Date"), subject to:

(i) the passing of the resolution(s) by the shareholders of the Company to approve and adopt the Share Option Scheme and to authorise the Board to grant the share options pursuant to the Share Option Scheme and to allot and issue the shares pursuant to the exercise of any share options;

(ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the shares to be allotted and issued pursuant to the exercise of the share options in accordance with the terms and conditions of the Share Option Scheme; and

(iii) the commencement of dealings in the shares on the Stock Exchange.

The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of the Share Option Scheme) be final and binding on all parties thereto. The Board may delegate any or all of its powers in relation to the Share Option Scheme to any of its committees.

(b) Eligible Persons

The Board may, at its sole and absolute discretion, invite any Director or proposed Director (including an independent non-executive Director) of any member of the Group, any director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an "Employee"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group (an "Executive"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group, a person or entity that provides advisory, consultancy, professional or other services to any member of the Group, or a close associate of any of the foregoing persons (together, the "Eligible Persons" and each an "Eligible Person").

(c) Determination of eligibility

(i) The Board may, at its sole and absolute discretion, make an offer to grant to any Eligible Person a share option to subscribe for shares under the Share Option Scheme.

(ii) The basis of eligibility of any Eligible Person to the grant of any share option shall be determined by the Directors from time to time on the basis of his contributions to the development and growth of the Group.

(iii) For the avoidance of doubt, the grant of any options by the Company for the subscription of shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless the Directors otherwise determine, be construed as a grant of share options under the Share Option Scheme.

(iv) An Eligible Person or grantee shall provide the Board such information and supporting evidence as the Board may, in its sole and absolute discretion, request from time to time (including, without limitation, before the offer of a grant of share option is made, at the time of acceptance of a grant of share option, and at the time of exercise of a share option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or grantee or that of his close associates or for the purposes in connection with the terms of a share option (and the exercise thereof) or the Share Option Scheme and the administration thereof.

(d) Grant of share options

On and subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within the Term to offer the grant of any share option to any Eligible Person as the Board may in its sole and absolute discretion select, and on acceptance of the offer, grant such part of the share option as accepted to the Eligible Person.

Subject to the provisions of the Share Option Scheme, the Board may in its sole and absolute discretion determine whether any conditions, restrictions or limitations in relation to the grant of share option should be imposed, in addition to those set out in the share option Scheme (which shall be stated in the written notice containing the offer of the grant of the share option (the "Offer Letter")) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, and the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the share option in respect of all or some of the shares which the share option relates shall vest.

An offer of the grant of a share option shall be deemed to have been accepted when the Company receives from the grantee duplicate Offer Letter duly executed by the grantee together with a remittance in favour of the Company of HKD10.00 (or such other amount in any other currency as may be determined by the Board) by way of consideration for the grant thereof within the period specified in the Offer Letter. Once such acceptance is made, the share option shall be deemed to have been granted and to have taken effect from the offer date.

(e) Subscription price of Shares

The subscription price in respect of any particular share option shall be such price as the Board may in its sole and absolute discretion determine at the time of grant of the relevant share option (and shall be stated in the letter containing the offer of the grant of the share option) but the subscription price shall not be less than whichever is the highest of:

(i) the nominal value of share;

(ii) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(iii) the average of the closing prices of shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

If the shares have been listed on the Stock Exchange for less than five business days, the issue price of the shares in the global offering shall be used as the closing price of the shares for any business day falling within the period before the listing of the shares on the Stock Exchange.

The subscription price shall also be subject to adjustment in accordance with paragraph (k) below.

(f) Exercise of share options

(i) A share option shall be exercised in whole or in part by the grantee according to the procedures for the exercise of share options established by the Company from time to time. Every exercise of a share option must be accompanied by a remittance for the full amount of the subscription price for the shares to be issued upon exercise of such share option.

(ii) A share option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any share option or purport to do so (save that the grantee may nominate a nominee in whose name the shares issued pursuant to the share option may be registered). Any breach of the foregoing shall entitle the Company to cancel, revoke or terminate any outstanding share option or part thereof granted to such grantee without any compensation.

(iii) Subject to paragraph (f)(v) below and any conditions, restrictions or limitations imposed in relation to the particular share option pursuant to the provisions of paragraphs (d), (h) or (j) and subject as hereinafter provided, a share option may be exercised at any time during the option period, provided that:

(A) if the grantee (being an individual) dies or becomes permanently disabled before exercising a share option (or exercising it in full), he (or his legal representative(s)) may exercise the share option up to the grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;

(B) in the event of the grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his share option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period;

(C) in the event of the grantee ceasing to be an Executive by reason of his transfer of employment to an affiliate company of the Company, his share option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;

(D) in the event of the grantee ceasing to be an Executive by reason of transfer of employment to an affiliate company, the share option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may determine;

(E) in the event of the grantee ceasing to be an Executive by reason of the termination of his employment by resignation or culpable termination, the share option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the grantee is notified of the termination of his employment (in the case of culpable termination) and not be exercisable unless the Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's share option has lapsed pursuant to this subparagraph shall be final and conclusive;

(F) if a grantee being an executive Director ceases to be an Executive but remains a non-executive Director, his share option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board has determined, the share option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may in its sole and absolute discretion determine following the date of such cessation;

(G) if (i) the Board in its absolute discretion at any time determines that a grantee has ceased to be an Eligible Person; or (ii) a grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the share option or which were the basis on which the share option was granted, the share option (to the extent not already exercised) shall lapse on the date on which the grantee is notified thereof (in the case of (i)) or on the date on which the grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (ii)) and not be exercisable unless the Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure/nonsatisfaction/non-compliance. In the case of (i), a resolution of the Board resolving that the grantee's share option has lapsed pursuant to this subparagraph shall be final and conclusive;

(H) if a grantee (being a corporation) (i) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee; or (ii) has suspended or ceased or threatened to suspend or cease business; or (iii) is unable to pay its debts (within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any similar provisions under the Companies Law of the Cayman Islands or any applicable law); or (iv) otherwise becomes insolvent; or (v) suffers a change in its constitution, directors, shareholding or management which in the opinion of the Board is material; or (vi) commits a breach of any contract entered into between the grantee or his associate and any member of the Group, the option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by the Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may in its sole and absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the grantee's share option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

(I) if a grantee (being an individual) (i) is unable or has no reasonable prospect of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or any other applicable law or has otherwise become insolvent; or (ii) has made any arrangements or compositions with his creditors generally; or (iii) has been convicted of any criminal offence involving his integrity or honesty; or (iv) commits a breach of any contract entered into between the grantee or his associate and any member of the Group, the share option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as the Board may in its sole and absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the grantee's share option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

(J) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the share option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by the Company;

(K) in the event of an effective resolution being passed for the voluntary winding-up of the Company, and if the grantee immediately prior to such event had any subsisting share option which had not been fully exercised, the grantee may by notice in writing to the Company within one month after the date of such resolution elect to be treated as if the share option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation, pari passu with the shareholders, such sum as would have been received in respect of the shares the subject of such election reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof; and

(L) if a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantees who have unexercised share options at the same time as it despatches notices to all members or creditors of the Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (i) the option period; (ii) the period of two months from the date of such notice; and (iii) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his share option. Except insofar as exercised in accordance with this paragraph (f)(iii)(L), all share options outstanding at the expiry of the relevant period referred to in this paragraph (f)(iii)(L) shall lapse. The Company may thereafter require each grantee to transfer or otherwise deal with the shares issued on exercise of the share option to place the grantee in the same position as would have been the case had such shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any grantee to exercise a share option at any particular date, the Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular share option pursuant to the provisions of paragraph (d) above and/or deem the right to exercise the share option in respect of the shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular share option such right shall not have then vested.

(iv) The shares to be allotted upon the exercise of a share option shall be subject to the articles of association of the Company and the laws of the Cayman Islands in force from time to time and shall rank pari passu in all respects with then existing fully-paid shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date. Subject as aforesaid, no grantee shall enjoy any of the rights of a shareholder by virtue of the grant of a share option pursuant to the Share Option Scheme.

(v) The Company is entitled to refuse any exercise of a share option if such exercise is not in accordance with the terms of the Share Option Scheme or the procedures for exercise of share option established by the Company from time to time or if such exercise may cause the Company to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong and the Cayman Islands or any other applicable jurisdiction or the Listing Rules or any rules governing the listing of the shares on a stock exchange.

(g) Lapse of share options

A share option or any part thereof shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise waived (conditionally or unconditionally) by the Company:

(i) the expiry of the option period;

(ii) the expiry of any of the periods referred to in paragraph (f)(iii) above;

(iii) (subject to paragraph (f)(iii)(K) above) the date of the commencement of the winding-up of the Company;

(iv) there is an unsatisfied judgment, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong);

(v) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraphs (f)(iii)(H), (f)(iii)(I) above or paragraph (g)(iv) above; or

(vi) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any share option, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

(h) Maximum number of shares

The maximum number of shares to be issued upon exercise of all share options which may be granted under the Share Option Scheme (and under any other share option schemes) shall not in aggregate exceed 31,733,400, representing 10% of the Shares in issue immediately after completion of the global offering and as at the Listing Date (the "Scheme Mandate Limit"), provided that the Company may at any time as the Board may think fit seek approval from the Shareholders to refresh the scheme mandate limit, except that the maximum number of shares to be issued upon exercise of all share options which may be granted under the Share Option Scheme (and under any other share option schemes of the Company) shall not exceed 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, and lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes or exercised options under the said schemes of the Company) shall not be counted for the purpose of calculating the limit as refreshed. The Company shall send a circular containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules to the shareholders. In addition, the Company may seek separate approval from the Shareholders in general meeting for granting share options beyond the Scheme Mandate Limit, provided that the share options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Company before such approval is sought. The Company shall issue a circular to the shareholders containing the information required under Rule 17.03(3) of the Listing Rules.

Notwithstanding the preceding paragraphs, the maximum number of shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme (and under any other share option schemes of the Company) shall not exceed 30% of the shares in issue from time to time.

The maximum number of shares issued and to be issued upon exercise of the share options granted to any one Eligible Person (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time. Where any further grant of share options to such Eligible Person would result in the shares issued and to be issued upon exercise of all share options granted and which may be granted to such Eligible Person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant shall be separately approved by the shareholders in general meeting with such Eligible Person and his close associates (or his associates of such Eligible Person is a connected person) abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

The maximum numbers set out in this paragraph (h) above shall be subject to adjustment in accordance with paragraph (j) below but shall not in any event exceed the limits imposed by Chapter 17 of the Listing Rules.

(i) Maximum number of shares per grantee who is a core connected person

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates under the Share Option Scheme shall be approved by independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the share options). Where a grant of share options to a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the securities issued and to be issued upon exercise of all share options already granted and which may be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the shares in issue; and

(b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HKD5 million,

such further grant of share options must be approved by the shareholders. The Company shall send a circular to the shareholders containing the information required under Rule 17.04 of the Listing Rules. The relevant Eligible Person, his associates and all core connected persons of the Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

Other details of the Share Option Scheme are set out in the Prospectus. No share option has been granted by the Company under the Share Option Scheme since the commencement of listing of shares of the Company on 15 October 2019 and up to the date of this annual report.

RESTRICTED SHARE AWARD SCHEME

On 19 March 2020, the Board approved the adoption of the restricted share award scheme (the "Restricted Share Award Scheme") to incentivise skilled and experienced personnel, and to recognise the contributions of the eligible participants of the Group. The Restricted Share Award Scheme is initially valid and effective for the period commencing on the adoption date (i.e. 19 March 2020) and ending on the business day immediately prior to the 10th anniversary of the adoption date. The Restricted Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No shareholders' approval was required to adopt the Restricted Share Award Scheme.

A summary of the principal terms and conditions of the Restricted Share Award Scheme is set out in the Company's announcement dated 19 March 2020.

PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such as they shall incur or sustain through their own fraud or dishonesty.

The Company has taken out and maintained appropriate liability insurance for the Directors during the reporting period.

DIRECTORS

Executive Directors

Dr Jørn Slot Jørgensen *(Chairman and Chief Executive Officer)*	
Dr Markus Braun *(Chief Financial Officer)*	
Dr Ralf-Christian Lerche	(appointed on 25 March 2019)
Prof Dr Thomas Friedrich Wilhelm Neuhann	(appointed on 25 March 2019)
Mr Jannik Jonas Slot Jørgensen	(appointed on 25 March 2019)

Non-executive Director

Mr Marcus Huascar Bracklo	(appointed on 25 March 2019)

Independent non-executive Directors

Mr Hans Helmuth Hennig	(appointed on 25 March 2019)
Mr Zhengzheng Hu	(appointed on 25 March 2019)
Mr Philip Duncan Wright	(appointed on 25 March 2019)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out in the section headed "Profile of Directors, Senior Management and Company Secretary" on pages 20 to 30 of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed in this annual report, there has been no change in information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that it has received the annual confirmation of independence from each of the independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent in accordance with the relevant requirements of Rule 3.13 of the Listing Rules.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration paid to and/or entitled by each of the Directors and the five highest paid individuals for the year ended 31 December 2019 is set out in note 8 to the consolidated financial statements. No Director has waived or has agreed to waive any emoluments and no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the reporting period.

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

No Director proposed for re-election at the forthcoming annual general meeting has a service contract or a letter of appointment with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

MANAGEMENT CONTRACTS

Save as disclosed in this annual report, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the reporting period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Director or his connected entity had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the reporting period and required to be disclosed under the Listing Rules.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in notes 8(d) and 33 to the consolidated financial statements, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the reporting period.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, pursuant to the non-competition undertakings set out in the deed of non-competition dated 23 September 2019, Dr Jørgensen, the controlling shareholder, has undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, he is not or will not, and will procure his close associates, to be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group during the period commencing from the Listing Date and ending on the occurrence of the earliest of the date on which (i) the shares of the Company cease to be listed on the Stock Exchange (except for the temporary trading halt or trading suspension of the shares of the Company on the Stock Exchange due to any reason); (ii) Dr Jørgensen and/or his close associates, individually or taken as a whole, ceases to hold, directly or indirectly, 30% or more of the then total issued share capital of the Company; or (iii) Dr Jørgensen and/or his close associates, jointly and severally, ceases to be considered as a controlling shareholder of the Company.

Dr Jørgensen has confirmed to the Company in relation to his compliance with the non-competition undertakings provided to the Company under the deed of non-competition.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that Dr Jørgensen has complied with his undertakings given under the deed of non-competition during the reporting period. As at 31 December 2019, no new business opportunity has been notified by Dr Jørgensen.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

The Board believes that the Group is capable of carrying on its business independent of, and does not place undue reliance on, Dr Jørgensen or his respective close associates, taking into consideration the factors of financial independence, operational independence and management independence when the facts and reasons as disclosed in the Prospectus were applied to the Group during the reporting period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company pursuant to section 352 of the SFO or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Interests in shares and underlying shares or in an associated corporation of the Company

Name of Director/ Chief Executive	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Jørgensen	Beneficial owner and interest of spouse	168,397,500(L) (Note 2)	51.15%
Dr Markus Braun	Beneficial owner	238,000(L)	0.07%
Dr Ralf-Christian Lerche	Beneficial owner and interest of spouse	3,101,000(L) (Note 3)	0.94%
Prof Dr Thomas Friedrich Wilhelm Neuhann	Interest of spouse	6,685,000(L) (Note 4)	2.03%
Mr Jannik Jonas Slot Jørgensen	Beneficial owner	5,171,400(L)	1.57%
Mr Marcus Huascar Bracklo	Beneficial owner	238,000(L)	0.07%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2019 was 329,234,000.

2. Out of 168,397,500 shares that Dr Jørgensen was interested, 41,500 shares were held by Dr Susanne Jørgensen, the spouse of Dr Jørgensen.

3. Out of 3,101,000 shares that Dr Ralf-Christian Lerche was interested, 14,000 shares were held by Ms Claudia Lerche, the spouse of Dr Ralf-Christian Lerche.

4. The shares that Prof Dr Thomas Friedrich Wilhelm Neuhann was interested were held by Ms Antonia Neuhann, the spouse of Prof Dr Thomas Friedrich Wilhelm Neuhann.

Save as disclosed above, as at 31 December 2019, so far as is known to any Directors or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, other than interests disclosed above in respect of the Directors and the chief executive of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Interests in shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Susanne Jørgensen	Beneficial owner and interest of spouse	168,397,500(L) (Note 2)	51.15%
Ling Rui International Trading Company Limited	Beneficial owner	23,107,000(L) (Note 3)	7.02%
CHINAEYES Limited	Interest in a controlled corporation	23,107,000(L) (Note 3)	7.02%
TOPGOOD Inc.	Interest in a controlled corporation	23,107,000(L) (Note 3)	7.02%
AIRUIKANG Holdings Limited	Interest in a controlled corporation	23,107,000(L) (Note 3)	7.02%
Mr Xu Xuyang	Interest in a controlled corporation	23,107,000(L) (Note 3)	7.02%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2019 was 329,234,000.

2. Dr Susanne Jørgensen is the spouse of Dr Jørgensen, and Dr Susanne Jørgensen was therefore deemed to be interested in the shares of the Company in which Dr Jørgensen was interested under Part XV of the SFO.

3. According to the information in the disclosure of interests forms of AIRUIKANG Holdings Limited, Ling Rui International Trading Company Limited is wholly-owned by CHINAEYES Limited, which is in turn wholly-owned by TOPGOOD Inc.

   TOPGOOD Inc. is wholly-owned by AIRUIKANG Holdings Limited, which is owned by Mr Xu Xuyang as to approximately 86%.

   Each of Ling Rui International Trading Company Limited, CHINAEYES Limited, TOPGOOD Inc., AIRUIKANG Holdings Limited and Mr Xu Xuyang was deemed to be interested in the same number of shares in which Ling Rui International Trading Company Limited was interested.

Save as disclosed above, as at 31 December 2019, the Directors have not been notified by any person (other than the Directors or the chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save and except for the Share Option Scheme, at no time during the reporting period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EMPLOYEES

Human resources are the linchpin of the Group. The Group attaches great importance to its employees' contribution and dedication to sustainable business development. Employment policies are formally documented, covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other ophthalmic service providers.

As at 31 December 2019, the Group had 265 full-time employees. In addition, the Group also engages certain surgeons, conservative ophthalmologists and a member of the senior management via freelance arrangements.

During the reporting period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) of Hong Kong, Labour Law of the PRC and the Labour Contract Law of the PRC, German Civil Code of Germany and relevant collective agreements and statutes of Denmark.

EMOLUMENT POLICY

A remuneration committee of the Company (the "Remuneration Committee") is set up for reviewing the Group's emolument policy and structure for all remunerations of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situations, the market condition, the responsibilities and duties assured by each Director as well as their individual performance.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 33 to the consolidated financial statements. None of which is required to be disclosed under Rule 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the reporting period, the related party transactions disclosed in notes 8(d) and 33 to the consolidated financial statements either did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, or only constituted fully exempt connected transactions or continuing connected transactions by virtue of the de minimis exemption under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of the Company's securities as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

During the reporting period, purchase from the Group's largest supplier amounted to approximately €2,956,000, representing approximately 17.6% of the Group's total cost of raw materials and consumables used, advertising and marketing expenditure, electricity and other utility expenses and clinic, office and consumption expenses for the same period, while purchases from the Group's top five suppliers amounted to approximately €8,072,000, representing approximately 48.0% of the Group's total cost of raw materials and consumables used, advertising marketing expenditure, electricity and other utility expenses and clinic ,office and consumption expenses for the same period.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any direct/indirect interest in these major suppliers or customers during the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed in the Corporate Governance Report, the Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "Corporate Governance Code") during the reporting period. No Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Corporate Governance Code by the Company at any time during the reporting period.

For details of the Corporate Governance Report, please refer to pages 53 to 65 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The text of the Environmental, Social and Governance Report 2019 is set out on pages 66 to 85 of this annual report.

LITIGATION AND ARBITRATION

During the reporting period, the Group has not been involved in any material litigation or arbitration. As far as the Directors are aware, the Company does not have any material litigation or arbitration pending or threatened against the Company which may adversely affect the Company's operating results and financial conditions.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") of the first session of the Board comprises one non-executive Director and two independent non-executive Directors, namely Mr Marcus Huascar Bracklo, Mr Hans Helmuth Hennig and Mr Philip Duncan Wright. The chairman of the Audit Committee is Mr Philip Duncan Wright.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2019 which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed the annual results for the year ended 31 December 2019.

AUDITOR

The financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants, in accordance with International Standards on Auditing, who will retire and, being eligible, have offered themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming AGM.

By order of the Board

Dr Jørn Slot Jørgensen
Chairman

Hong Kong, 25 March 2020

CORPORATE GOVERNANCE

The Company has been listed on the Main Board of the Stock Exchange since 15 October 2019.

The Company has applied and complied with the principles set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2019, save for the deviation discussed below.

The Company has been committed to maintaining a high standard of corporate governance and to devoting considerable effort to improve its practices in light of the regulatory requirements and the expectation of the investors.

The Board is of the view that the Company has complied with all the code provisions in the Corporate Governance Code during the reporting period, with the exception of Code Provision A.2.1, as explained under the paragraph headed "Chairman and Chief Executive Officer" below. Save as disclosed in this annual report, no Director is aware of any information that reasonably reveals that there was any non-compliance with the code provisions of the Corporate Governance Code by the Company at any time during the reporting period.

THE BOARD AND THE DIRECTORS

Board Composition

During the reporting period, the composition of the Board is as follows:

Executive Directors

Dr Jørn Slot Jørgensen *(Chairman and Chief Executive Officer)*
Dr Markus Braun *(Chief Financial Officer)*
Dr Ralf-Christian Lerche
Prof Dr Thomas Friedrich Wilhelm Neuhann
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent non-executive Directors

Mr Hans Helmuth Hennig
Mr Zhengzheng Hu
Mr Philip Duncan Wright

Throughout the reporting period, the Board has complied with the requirements of the Listing Rules to have three independent non-executive Directors who represent at least one-third of the Board and with one of whom possesses appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each independent non-executive Director a written annual confirmation of his independence that satisfied with the guidelines set out in Rule 3.13 of the Listing Rules, and the nomination committee of the Company (the "Nomination Committee") has assessed the independence of each independent non-executive Director and the Company considers that each of their independence is in compliance with the Listing Rules during the reporting period as at the date of this annual report. Each independent non-executive Directors will inform the Company in writing as soon as practicable if there is any change of circumstances with may affect his independence.

Dr Jørgensen, the chairman, executive Director and chief executive officer of the Company is the father of Mr Jannik Jørgensen, who is an executive Director and vice president, Denmark of the Company. Dr Jørgensen and Dr Ralf-Christian Lerche, who is an executive Director and senior vice president, medical affairs (Germany), are partners of Dr Jørgensen und Kollegen GbR, a German civil law partnership (BGB-Gesellschaft) governed under the German Civil Code. Other details of Dr Jørgensen und Kollegen GbR are set out in the Prospectus. Save as disclosed above and in the Prospectus, to the best knowledge of the Directors, the members of the Board do not have financial, business, family or other material/relevant relationships with each other.

After the annual assessment by the Nomination Committee, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategies. The Directors and their biographical details as at the date of this annual report are set out on pages 20 to 25 of this annual report.

Chairman and Chief Executive Officer

Under Code Provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Dr Jørgensen is the chairman and also acts as the chief executive officer given that he has considerable experience in the business of providing ophthalmic services in Germany, Denmark and the PRC. Dr Jørgensen is the founder and has been managing the business and overall strategic development since the establishment of the Group. The Directors consider that vesting the roles of both the chairman and the chief executive officer in Dr Jørgensen is beneficial to the business prospects and management of the Group by ensuring consistent leadership with the Group and enabling more effective and efficient overall strategic development for the Group following the Listing.

Having considered the corporate governance measures that the Company is going to implement upon the Listing, the Directors consider that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company has not segregated the roles of the chairman and the chief executive officer of the Company. The Board will continue to review and consider the separation of the roles of the chairman of the Board and the chief executive officer of the Company at an appropriate time, taking into consideration the business development of the Group as a whole.

Board Diversity

The Company has adopted a board diversity policy to comply with the code provision on board diversity. Under such policy, the Nomination Committee is delegated to review, assess and recommend any appointment, re-election or any succession plan of any Directors to the Board from time to time after considering a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience, to allow for the Company's business model and specific needs.

While the Company recognises that the gender diversity at the Board level can be improved given its current composition of all-male Directors, the Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for its appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the core markets of the Group, with different ethnic backgrounds, and reflecting the Group's strategy. In particular, the Nomination Committee will use its best efforts, within three years from the Listing Date, to identify and recommend suitable female candidates to act as a Director to the Board for its consideration and the Company will use its best efforts to appoint at least one female Director to the Board by the end of 2022, subject to the Board (i) being satisfied with the competence and experience of the relevant candidate after conducting a reasonable review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its shareholders as a whole when making the relevant appointment.

Roles and Responsibility of the Board

The executive Board is responsible for setting up the Company's corporate strategies, monitoring its implementation and reviewing operational and financial performance of the Group by making decisions on major aspects of the Company's business operations and other matters, including but not limited to approving and monitoring key policies, material transactions, business plans, annual budgets, risk management and internal control systems, annual and interim results, major capital expenditure and appointment of Directors.

The non-executive Director and independent non-executive Directors have diversified industry expertise and professional knowledge, and provide advisory, adequate check and balances for effective and constructive contribution to the executive Directors to safeguard the interests of the Company and the shareholders as a whole.

Delegation to Management

Day-to-day operational management and administration functions of the Group and implementation of the corporate strategies of the Group are delegated to the management of the Company led by the executive Directors.

Corporate Governance Functions

The Board is responsible for the performance of functions of corporate governance. During the reporting period, the Board has performed the functions as set out in Code Provision D.3.1 of the Corporate Governance Code.

Appointment, Re-election, Rotation and Removal of Directors

The Company has established formal, considered and transparent procedures for appointment, re-election, rotation, and removal of the Directors. The Nomination Committee is responsible for considering the suitability of an individual to act as a Director and making recommendations to the Board on appointment or re-election of Directors, succession planning of Directors and assessing the independence of the independent non-executive Directors as set out below under the paragraph headed "Nomination Committee".

All Directors entered into a service contract or letter of appointment with the Company for an initial term of two (2) years. Each term of office is the period up to his retirement by rotation or retirement, but eligible for re-election at annual general meetings (the "AGM") of the Company in accordance with the articles of association of the Company.

In accordance with the articles of association of the Company, the Company may by ordinary resolution at general meetings of the Company elect any person to be a Director. The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first general meeting after his appointment, and shall then be eligible for re-election at such general meeting.

At each AGM of the Company, not less than one-third of the Directors (including those appointed for a specific term) shall retire from office by rotation provided that each Director shall be subject to retirement by rotation at the AGM at least once every three years.

Induction and Continuing Professional Development of Directors

The Company encourages all Directors to participate in continuous professional development to further enhance and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company received from the Directors the following records of the training attended during the reporting period on the latest amendments to the Listing Rules and any other regulatory requirements:

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. In accordance with Code Provision A.6.5 of the Corporate Governance Code regarding continuous professional development, the Company had received the training record from each of the executive Directors, namely Dr Jørn Slot Jørgensen, Dr Markus Braun, Dr Ralf-Christian Lerche, Prof Dr Thomas Friedrich Wilhelm Neuhann and Mr Jannik Jonas Slot Jørgensen, the non-executive Director, namely Mr Marcus Huascar Bracklo and each of the independent non-executive Directors, namely Mr Hans Helmuth Hennig, Mr Zhengzheng Hu and Mr Philip Duncan Wright, who had attended training sessions and seminars as well as read materials on corporate governance, updates on laws, rules and regulations and accounting/financial/management or other professional skills to develop and refresh their knowledge and skills on the roles, functions and duties of a listed company director during the reporting period.

Supply of and Access to Information

Yearly schedule of regular Board meetings and draft agendas of each regular meeting are made available to the Directors with sufficient times and at least 14 or 3 days respectively in advance to encourage the Directors' involvement. All Directors have full and timely access to the management of the Company for any information to enable them to make informed decisions at the Board meetings. The company secretary of the Company ensures that the regulatory Board procedures are followed, and is responsible for preparing and maintaining the documents and records of the Board meeting. The draft and final minutes of each meeting of the Board meeting and the board committee of the Company (the "Board Committee") are sent to all Directors or committee members for comment within a reasonable period of time after the date of the meeting.

Members of the management of the Company are usually invited to attend the Board meetings to promote effective communication within the Group. Each Director is authorised to hire external consultants or experts for independent professional advice at the Company's expenses to discharge the Director's responsibilities. Save as disclosed in this annual report, the Directors did not request for separate independent professional advice during the reporting period.

Number of meetings and Directors' attendance

The Directors actively participated in meetings and a summary of the attendance records of each Director during the reporting period is set out below:

	Attendance/Number of Meetings			
	Board	Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors				
Dr Jørn Slot Jørgensen	3/3	N/A	N/A	N/A
Dr Markus Braun	3/3	N/A	N/A	N/A
Dr Ralf-Christian Lerche	3/3	N/A	N/A	N/A
Prof Dr Thomas Friedrich Wilhelm Neuhann	2/3	N/A	N/A	N/A
Mr Jannik Jonas Slot Jørgensen	3/3	N/A	N/A	N/A
Non-executive Director				
Mr Marcus Huascar Bracklo	3/3	N/A	N/A	1/1
Independent non-executive Directors				
Mr Hans Helmuth Hennig	3/3	N/A	N/A	0/1
Mr Zhengzheng Hu	3/3	N/A	N/A	N/A
Mr Philip Duncan Wright	3/3	N/A	N/A	1/1

According to article 62 of the articles of association of the Company, an AGM of the Company shall be held in each year other than the year of the Company's adoption of the amended and restated memorandum and articles of association of the Company. As the amended and restated memorandum and articles of association of the Company, which became effective on the Listing Date, was adopted pursuant to the written resolutions of all shareholders passed on 23 September 2019, no AGM was held during the year ended 31 December 2019.

Board Committee

The Board established three Board Committees on 23 September 2019, namely the audit committee (the "Audit Committee"), the Remuneration Committee and the Nomination Committee. All of these Board Committees are chaired by an independent non-executive Director or the Chairman to oversee their respective functions set out below, and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. Each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities.

Audit Committee

The Audit Committee was established by the Board with its written terms of reference in compliance with Code Provision C.3.3 of the Corporate Governance Code. The primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the Group's financial reporting process, risk management and internal control systems, and providing advices and comments to the Board. During the reporting period and as at the date of this annual report, the Audit Committee consists of Mr Philip Duncan Wright as its chairman, and Mr Marcus Huascar Bracklo and Mr Hans Helmuth Hennig as its members, all of whom are independent non-executive Directors or non-executive Director. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2019. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters.

As the share of the Company were listed on the Stock Exchange on the Listing Date and the Audit Committee was established during the reporting period covering less than four months, the Audit Committee held one meeting with the auditor of the Company to consider significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the scope of work and appointment of external auditor.

Remuneration Committee

The Remuneration Committee was established by the Board with its written terms of reference in compliance with Code Provision B.1.2 of the Corporate Governance Code adopting a model of making recommendation to the Board on the remuneration packages of individual Directors and senior management. The primary duties of the Remuneration Committee are set out in the written terms of reference which include regular monitoring of the remuneration of all the Directors and senior management to ensure that levels of their remuneration and compensation are appropriate.

During the reporting period and as at the date of this annual report, the Remuneration Committee consists of Mr Hans Helmuth Hennig as its chairman, and Dr Jørn Slot Jørgensen and Mr Zhengzheng Hu as its members, all of whom are independent non-executive Directors or the chairman. As the Remuneration Comittee was established on 23 September 2019 the shares of the Company were listed on the Stock Exchange on the Listing Date, the Remuneration Committee did not have any matters that need to be discussed during the reporting period covering less than four months, therefore, the Remuneration Committee did not hold any meetings during the reporting period.

Nonetheless, the Remuneration Committee has considered and approved the service contract of Mr. Jannik Jørgensen by way of e-mail.

Nomination Committee

The Nomination Committee was established by the Board with its written terms of reference in compliance with Code Provision A.5.2 of the Corporate Governance Code. The primary duties of the Nomination Committee are set out in the written terms of reference which include selecting and recommending candidates for directorship, review of the structure, size and composition of the Board and assessment of the independence of independent non-executive Directors.

During the reporting period and as at the date of this annual report, the Nomination Committee consists of Dr Jørn Slot Jørgensen as its chairman, and Mr Philip Duncan Wright and Mr Zhengzheng Hu as its members, both of whom are independent non-executive Directors.

The Nomination Committee may invite nominations of candidates from Board members for its consideration. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors in assessing the suitability of a proposed candidate for director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

As the Nomination Committee was established on 23 September 2019 and the shares of the Company were listed on the Stock Exchange on the Listing Date, the Nomination Committee did not have any matters that need to be discussed during the reporting period covering less than four months, therefore, the Nomination Committee did not hold any meetings during the reporting period.

Nomination Policy

The Company has established a nomination policy which sets out the selection criteria and nomination procedures for the appointment of Directors. The selection criteria used by the Nomination Committee to assess candidates include reputation, achievements, expertise, industry experience, time available and diversity. The nomination procedure is summarised as follows:

(1) Appointment of Directors

The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to board diversity policy, and assesses the independence of the proposed independent non-executive Director(s) as appropriate.

a. The Nomination Committee makes recommendation(s) to the Board.

b. The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the board diversity policy.

c. The Board confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual (s) appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by the shareholders at the next AGM after initial appointment in accordance with the articles of association of the Company.

(2) Re-appointment of Directors

a. The Nomination Committee considers each retiring Director, having due regard to the board diversity policy and assesses the independence of each retiring independent non-executive Director.

b. The Nomination Committee makes recommendation(s) to the Board.

c. The Board considers each retiring Director recommended by the Nomination Committee having due regard to the board diversity policy.

d. The Board recommends the retiring Directors to stand for re-election at the AGM in accordance with the articles of association of the Company.

The Nomination Committee will review and amend this policy in due course to ensure its effectiveness.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors.

Specific enquiries regarding non-compliance of the Model Code were made to all Directors, and they all confirmed that they had fully complied with the provisions contained in the Model Code during the reporting period.

COMPANY SECRETARY

The company secretary, Mr Leung Ting Cheung fulfills the requirement under Rule 3.28 of the Listing Rules and were responsible for advising the Board on corporate governance matters during their respective term of appointment of the reporting period. Mr Leung Ting Cheung had taken no less than 15 hours of professional training during the reporting period.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors are set out in note 8(d) to the consolidated financial statements in this annual report.

The remuneration by band of senior management (excluding Directors) of the Group during the reporting period is set out below:

	Number of individuals
Emolument bands	
Nil to HKD1,000,000 (Nil approximately to €114,600)	4
HKD1,000,001 to HKD1,500,000 (approximately €114,601 to €171,900)	1
HKD1,500,001 to HKD2,000,000 (approximately €171,901 to €229,200)	1
HKD2,000,001 to HKD2,500,001 (approximately €229,201 to €286,500)	1

REMUNERATION OF EXTERNAL AUDITOR

During the reporting period, the remuneration paid or payable to the external auditor of the Company in respect of the annual audit for the year ended 31 December 2019 amounted to approximately €330,000. The external auditor did not provide non-audit services to the Group and there was no remuneration paid or payable to the external auditor of the Company for non-audit services during the year ended 31 December 2019.

The Board and the Audit Committee was satisfied of PricewaterhouseCoopers, Certified Public Accountants, in relation to their findings, independence, objectivity and effectiveness in the annual audit and their audit fees. PricewaterhouseCoopers, Certified Public Accountants, are proposed for re-appointment as the Company's external auditor at the forthcoming AGM.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2019 to give true and fair presentation of the financial position of the Company in accordance with all applicable International Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statements as to the auditor's responsibility of financial reporting is set out in the independent auditor's report on pages 86 to 90 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has established risk management and internal control systems and has developed policies and procedures that are considered appropriate for the Group's business operations. The Group will continuously monitor and evaluate its business and take measures to protect the interests of the Group and its shareholders.

The Board oversees and manages the risks associated with the Group's business. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process, risk management and internal control systems. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions on an annual basis. The Board is aware of the fact that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

To improve the Group's corporate governance and prevent future violations, it has adopted a series of internal control policies, procedures and programs designed to provide reasonable assurance for the realisation of goals such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The key points of the Group's internal control system include the following:

- It regularly provides the Directors with the latest information on the Company's performance, status and prospects so that the entire Board and Directors can perform their responsibilities;
- It adopts different policies to ensure compliance with the Listing Rules, including rules regarding risk management, continuing connected transactions and information disclosure;
- It has implemented an internal control policy on financial management;
- It has implemented a series of internal rules and regulations relating to the business operation, including quality control, sales and marketing, human resources and information technology systems;
- It has implemented policies on social insurance funds and housing provident funds to ensure compliance with regulations in the future; and
- It has adopted inside information policy which sets out guidelines to the employees of the Group to ensure inside information is to be disseminated to the public in equal, timely and effectively manner in accordance with the SFO, the Listing Rules and all other applicable rules and regulations.

The Group has also adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the internal audit function (either in-house or outsourced) assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by its internal audit function, the Audit Committee and the Board.

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control and risk management systems to safeguard shareholders' investments and the Company's assets, and in reviewing the effectiveness of such systems on an annual basis.

During the reporting period, the Group had engaged an independent internal audit consultant as an internal audit function to assess the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls functions to ensure the effectiveness and efficiency of such systems of the Group. It was reported that there were no material deficiencies on the Group's internal control system. The Board considers that the existing risk management and internal control systems are reasonably effective and adequate.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meetings

Pursuant to Article 64 of the articles of association of the Company, any one or more shareholders holding not less than 10% of the paid up capital of the Company may deposit at the Company's principal place of business in Hong Kong a written requisition to the Board or the company secretary of the Company which specifies the transaction of any business at such meeting and is signed by the requisitionists to require an extraordinary general meeting to be convened by the Board. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for directing shareholders' enquiries to the Board

The Company's Hong Kong share registrar serves the shareholders with respect to all share registration matters. Specific enquiries of shareholders and other stakeholders to the Board could be sent in writing to the company secretary of the Company by mail to the Company's principal place of business in Hong Kong set out below:

EuroEyes International Eye Clinic Limited
Suite 3711, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Procedures for putting forward proposals at shareholders' general meetings

There are no provisions allowing shareholders to put forward new resolution at a general meeting under the Companies Law of the Cayman Islands or the memorandum and articles of association of the Company. Shareholders who wish to move a resolution may request the Company to convene an extraordinary general meeting following the aforesaid procedures.

Pursuant to Article 114 of the articles of association of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registered office of the Company, provided that the minimum length of the period, during which such notice(s) to the Company are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged Directors' and officers' liability insurance for its Directors. The insurance covers the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of corporate activities.

CONSTITUTIONAL DOCUMENTS

According to the resolution passed by the then shareholders of the Company on 23 September 2019, the memorandum and articles of association of the Company have been adopted with effect from the Listing Date. From the Listing Date and up to the date of this annual report, the Company has not made any amendments to its memorandum and articles of association. Relevant information is available on the websites of the Stock Exchange and the Company.

INVESTORS' RELATIONSHIP

From the Listing Date to the date of this annual report, the Company has maintained corporate transparency and communication with shareholders and investors through timely announcements and/or other publications. The Company's website (www.euroeyes.hk) provides an effective communication platform to understand the latest developments of the Company.

On 23 September 2019, the Company adopted a shareholders' communication policy. Under the policy, the Company communicates with its shareholders and investors through various means. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the websites of the Company (www.euroeyes.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) could keep the shareholders updated of the Company's financial position and latest development. Shareholders are highly recommended to pay attention to this public information. AGM could provide an effective forum for the shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming AGM. The Directors and the external auditor of the Company would be available at the forthcoming AGM to answer shareholders' questions about the annual results for the year ended 31 December 2019 and the business of the Group.

INQUIRY TO THE BOARD

Shareholders may at any time send their inquiries to the Board in writing through the investor relations team, whose contact details are as follows:

Germany headquarters:
Valentinskamp 90
20355 Hamburg
Germany

Hong Kong office:
Suite 3711, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Email: ir@euroeyes.com

Further information

The Company endeavours to disclose other material information and updates about the Group, including share interests of senior management, other shareholding information and management information etc. to all interested parties on a timely basis. All such publications together with additional information of the Group would be updated and made available on the websites of the Company (www.euroeyes.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Group was established in 1993 and has become one of the leading brands in the vision correction industry that combines German ophthalmology excellence and 26 years of professional experience with bespoke customer care service. EuroEyes provides premium services to a targeted clientele with a mid-to-high income level and has earned its reputation for being one of the few eye clinic groups with a far-reaching and rapidly growing geographical coverage, with operations in Germany, Denmark and the PRC. EuroEyes is also the first foreign entrant (except for those from Hong Kong, Macau and Taiwan) to the PRC vision correction services market. Therefore, EuroEyes is well-positioned to benefit from the rising opportunities in the PRC.

EuroEyes engages in (i) the provision of premium correction services; (ii) rental of ophthalmic equipment and operating spaces; and (iii) sales of pharmaceutical products, with principal focus and major income revenue generating from the provision of premium vision correction services.

This ESG Report summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Board oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying the Group's ESG issues. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group's ESG strategies.

SCOPE OF REPORTING

This ESG Report covers all the Group's business operations and activities in Germany, Denmark and the PRC and the administrative office in Hong Kong. The key performance indicators ("KPIs") gathered are shown in the ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosure when and where possible.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Listing Rules.

Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report on pages 53 to 65 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2019 ("FY2019").

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. The Group maintains close communication with its key stakeholders, including but not limited to, the Stock Exchange, government and other regulatory authorities, shareholders and investors, employees, patients and customers, suppliers, media and the public and the community.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Communication Channel	Expectations
The Stock Exchange	• The Stock Exchange website • Training and seminars • Announcements	• Compliance with Listing Rules and other relevant ordinances
Government and other regulatory authorities	• Routine reports • Written or electronic correspondences • Visits and government inspections	• Compliance with local laws and regulations • Stability in business operations
Shareholders and investors	• General meeting and other shareholder meetings • Annual and interim reports • Announcements and circulars • Company website	• Sustainable profitability • Corporate governance • Legal compliance • Shareholder return
Employees	• Training, seminars, and briefing • Employee suggestion boxes • Email and internal memos • Regular meetings	• Remuneration, compensation and benefits • Safe working environment • Career development
Patients and customers	• Customer service hotline and email • Visits to clinics	• Patient and customer satisfaction • Great post-operative care • High-quality services
Suppliers	• Site visits • Engagement and cooperation • Business meetings and discussion	• Fair and open procurement • On-time payment • Sustainable relationship
Media and the public	• ESG Report • Newsletters on company website • Reports and announcements	• Transparency of ESG issues and financial disclosure • Legal compliance • Corporate governance

Stakeholders	Communication Channel	Expectations
Community	• Community activities (e.g. EuroEyes Cyclassics) • Employee voluntary activities • Charitable donations	• Active participation to worthy causes • Community development

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through a proper communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and sustaining the success of the Group's business in the challenging market.

MATERIALITY ASSESSMENT

The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identified key ESG issues and assessed its importance to its businesses and stakeholders.

Summary of the Group's material ESG issues according to its relative importance:

Least material	Material	Most material
• Non-hazardous Waste Management	• Greenhouse Gas ("GHG") Emissions	• Hazardous Waste Management
• Water Consumption	• Energy Efficiency	• Non-discriminatory Recruitment, Diversity and Equal Opportunities
• Procurement Practices	• Compensation and Dismissal	• Occupational Health and Safety Management
• Active Community Participation	• Other Benefits and Welfare	• Training and Development
• Prevention of Child and Forced Labour	• Anti-corruption Practices	• Data Privacy Protection and Patient's Informed Consent
	• Whistle-blowing Mechanism	• Service Quality Assurance
		• Patient and Customer Satisfaction

For FY2019, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by email to ir@euroeyes.com or by writing to Suite 3711, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

Environmental protection and sustainable development rely on concerted efforts from all industries and society. The Group is committed to expanding its business while not sacrificing the environment. Therefore, the Group strives to integrate environmental sustainability into its business operations; green measures are described in the following sections.

Due to the Group's clinic-based business nature, the Group does not cause a significant impact on the environment through emissions. The Group nevertheless continuously improves existing guidelines and is looking into incorporating new policies with the intention of mitigating potential direct and indirect negative environmental impacts arising from its business operations. The Group's Code of Conduct and Business Ethics has a section named "Environmental Protection" where it states that the Group strives to be environmentally responsible by adopting good environmental practices and by supporting practical environmental-related measures and policies to protect and preserve the environment.

During FY2019, the Group strictly complied with local environmental laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group including but not limited to, Air Pollution Control Ordinance, Waste Disposal Ordinance and Water Pollution Control Ordinance of Hong Kong, Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Atmospheric Pollution Law of the PRC, Prevention and Control of Environmental Pollution by Solid Waste of the PRC, Regulations on the Administration of Medical Wastes of the PRC, Ordinance on Hazardous Substances (Gefahrstoffverordnung) and Federal Water Act of Germany and Environmental Protection Act of Denmark.

Air Emissions

As the Group's core business activity focuses on the provision of vision correction services, no significant air emissions were produced in its daily operations. The Group considers that air emissions generated were of an insignificant level during FY2019.

Summary of exhaust gases emissions performance:

Exhaust Gases Emissions	Unit	FY2019
Nitrogen oxides ("NOx")	kg	0.87
Sulphur oxides ("SOx")	kg	0.0053
Particulate Matter ("PM")	kg	0.06

GHG Emissions

The principal GHG emissions of the Group were generated from petrol consumption of vehicles (Scope 1), purchased electricity (Scope 2) and paper waste disposal at landfills (Scope 3).

Scope 1 – Direct GHG emissions

The Group has adopted the following measures to mitigate direct GHG emissions from petrol consumption by vehicles in its operations:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Regularly service vehicles to ensure optimal engine performance and fuel use.

Scope 2 – Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption, said measures are mentioned in "Aspect A2 – Use of Resources".

Scope 3 – Other Indirect GHG Emissions

Office paper waste disposal accounted for a small percentage of other indirect GHG emissions. Measures implemented to reduce paper waste disposal can be found in "Aspect A2 – Use of Resources". The Group is actively looking into implementing a corporate travel management system to better record the considerable amount of air travel made by its surgeons and optometrists. When the said data collection process matures, the Group shall consider expanding the scope of disclosure.

Through the implementation of such measures, the employees' awareness of reducing GHG emissions has been noted to have increased.

Summary of GHG emissions performance:

Indicator[1]	Unit	FY2019
Scope 1 – Direct GHG Emissions		
• Petrol consumption	tCO_2e[2]	0.95
Scope 2 – Indirect GHG Emissions		
• Purchased electricity	tCO_2e	777.45
Scope 3 – Other Indirect GHG Emissions		
• Paper Waste Disposal	tCO_2e	52.20
Total GHG Emissions	tCO_2e	830.60
Total GHG Emissions Intensity[3]	tCO_2e/million revenue (€)	16.96

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the HK Electric Investments Sustainability Report 2018 published by the HK Electric, the latest published Baseline Emission Factors for Regional Power Grids in China, Agorameter Documentation Version 9.1 published by Agora Energiewende and Energy Statistics 2018 published by Danish Energy Agency.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. For FY2019, the Group recorded a revenue of €48.965 million. This data is used for calculating other intensity data.

Sewage Discharges into Water and Land

Due to the Group's business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged.

Waste Management

Hazardous Waste Management

Due to the Group's business nature, a material amount of hazardous wastes was generated by the Group. The major hazardous wastes produced in the Group's operations were clinical wastes.

The Group remains vigilant to the management of proper clinical wastes disposal and ensures that the disposal process complies with statutory requirements. Guidelines on the handling and storage of clinical wastes disposal have also been formulated to illustrate the procedures on dealing with hazardous wastes to reduce the risk of unnecessary exposure to contaminants. Licenced medical waste collectors have also been contracted to lawfully handle and dispose of such clinical wastes.

Summary of major hazardous waste disposal performance:

Category of waste	Unit	FY2019
Clinical Waste	Tonnes	12.05
Total Hazardous Waste	Tonnes	12.05
Total Hazardous Waste Intensity	tCO_2e/million revenue (€)	0.25

Non-hazardous Waste Management

Non-hazardous wastes generated were principally general waste and office paper, the Group did not note a disproportional amount of waste produced. The Group continues to place great effort in educating its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its environmental performance.

Green measures include but not limited to the following:

- Reuse single-sided paper for draft documents;
- Recycle office paper, including those that are to be shredded;
- Print electronic correspondences only when necessary;
- Procure office paper with Forest Stewardship Council Recycled Label;
- Reduce the use of single-use disposable items; and
- Recycle office and electronic equipment after their life cycle.

As a result, employees' awareness of waste management has been increased through these implementations.

Summary of major non-hazardous waste disposal performance:

Categories of waste	Unit	FY2019
Office Paper[4]	Tonnes	10.87
General Waste	Tonnes	9.95
Total Non-hazardous Waste	Tonnes	20.82
Total Non-hazardous Waste Intensity	Tonnes/million revenue (€)	0.43

Note:

4. Paper consumption was approximately 2,488,780 sheets of A4 paper.

A2. Use of Resources

General Disclosure and KPIs

The Group takes the initiative to introduce green measures to reduce environmental impact arising from its business operations. Measures on reducing office paper waste have been mentioned in the preceding "Waste Management" section.

Energy Efficiency

The Group recognises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Pre-set thermostats of heaters and air-conditioners at a mutually agreed level;
- Switch off all idle appliances and unnecessary lightings upon leaving the office;
- Purchase equipment with high energy efficiency on the replacement of old equipment; and
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees.

Anomaly in electricity consumption will be investigated to find out the root cause and preventive measures will be taken. These energy-saving measures have been useful in raising employees' awareness of energy conservation.

Summary of energy consumption performance:

Types of energy	Unit	FY2019
Direct Energy Consumption	kWh	3,469.14
Petrol[5]	kWh	3,469.14
Indirect Energy Consumption	kWh	1,123,007.33
Electricity[6]	kWh	1,123,007.33
Total Energy Consumption	kWh	1,126,476.47
Total Energy Consumption Intensity	kWh/million revenue (€)	23,005.75

Note:

5. Actual petrol consumption was approximately 358.32 litres.

6. Electricity consumption data only included all branches in the PRC and Germany, the Aarhus branch in Denmark and the office in Hong Kong. Electricity usage and its related costs in excluded branches were included in the rental arrangement with hospitals where the surgeries were performed, a breakdown of such data is hence not available.

Water Consumption

Water was mainly used in the offices. The Group nevertheless actively promotes the importance of water conservation to its employees. Apart from posting banners around the offices, the Group also regularly inspects water taps to prevent leakage, installs dual flush water cistern in toilets and water-saving thimble in sinks in washrooms where possible. Through the implementation of said water-saving measures, employees' awareness of water conservation has been increased.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Summary of water consumption performance:

Indicator	Unit	FY2019
Water Consumption[7]	m^3	976.48
Intensity	m^3/million revenue (€)	19.94

Note:

7. Water consumption data only included all branches in the PRC and the office in Hong Kong. Water consumption and its related costs in excluded branches were included either in the rental arrangement with hospitals or the tenancy fee, a breakdown of such data is hence not available.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG aspect to the Group.

A3. The Environment and Natural Resources

General Disclosure and KPIs

The Group's business operations have a limited impact on the environment and natural resources, save for the aforementioned. However, the Group realises its responsibility in minimising any negative environmental impacts in its business operations. The Group remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks and ensures compliance with relevant laws and regulations.

Indoor Air Quality

Indoor air quality is regularly monitored and measured. During FY2019, the indoor air quality of the Group's office has been satisfactory. To improve indoor air quality, air purifying equipment has been placed in the office and the ventilation system is cleaned periodically. These measures resulted in maintaining indoor air quality at a satisfactory level.

B. SOCIAL

B1. Employment

General Disclosure

Human resources are the linchpin of the Group. The Group attaches great importance to its employees' contribution and dedication to sustainable business development. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other ophthalmic service providers.

As at 31 December 2019, the Group had 265 full-time employees. In addition to the said employees, the Group also engages certain surgeons, conservative ophthalmologists and a member of the senior management via freelance arrangements.

During FY2019, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to Employment Ordinance, Sex Discrimination Ordinance and Minimum Wage Ordinance of Hong Kong, Labour Law of the PRC and the Labour Contract Law of the PRC, German Civil Code and relevant collective agreements and statutes of Denmark.

Non-discriminatory Recruitment, Diversity and Equal Opportunities

Sustainable growth of the Group relies on the diversity of talents and the provision of equal opportunities. At the same time, the qualifications and experience of the Group's professional team are considered to be crucial to the quality of its services. In order to attract and retain key employees, the Group offers different types of remuneration packages to the employees and freelance surgeons. Moreover, the Group offers a wide variety of leave entitlements such as maternity leave, paternity leave, marriage leave, compassionate leave, etc.

The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion.

It is of the Group's firm belief that all employees should have the right to work in an environment free of discrimination, harassment, victimisation and vilification. Therefore, the Group is committed to creating and maintaining an inclusive and collaborative workplace culture. In addition, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Promotion and Performance Appraisal

The Group assesses the performance of the employees on an annual basis, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

Working Hours and Rest Periods

The Group has formulated policies in determining the working hours and rest periods for employees following local employment laws.

Compensation and Dismissal

All employees are covered under the statutes of respective jurisdictions upon joining the Group. The said statutes provide protection to employees who sustain personal injury by accident or disease arising out of the course of employment. In addition, the Group has purchased and maintained insurance policies for all of the premises, all full-time employees are also fully covered under the insurance policies. Surgeons and conservative ophthalmologists are reminded to purchase their own professional indemnity insurance policies.

Unreasonable dismissal under any circumstances is strictly prohibited; dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

Other Benefits and Welfare

The Group understands that good benefits and welfare encourages retention and fosters a sense of belonging, therefore the Group actively seeks to introduce additional benefits and welfare where possible.

Despite being a German company, the Group understands and respects the significance of Lunar New Year to Chinese employees. In FY2019, the Group organised, amongst other events, a Chinese New Year Dinner Celebration to acknowledge the hard work and effort of its staff.

B2. Health and Safety

General Disclosure

Occupational Health and Safety Management

During FY2019, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance (Chapter 633 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Labour Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases, Danish Health Act and German Criminal Act.

The Group places a high priority on providing employees with a safe and healthy working environment. The Group has adopted occupational health and safety management procedures and an internal safety manual for its staff, all of which are in compliance with the latest statutory requirements. Written procedures and guidelines are also in place for health and safety-related requirements, which includes, inter alia, the handling of medical equipment and clinical wastes and the use of personal protective equipment.

B3. Development and Training

General Disclosure

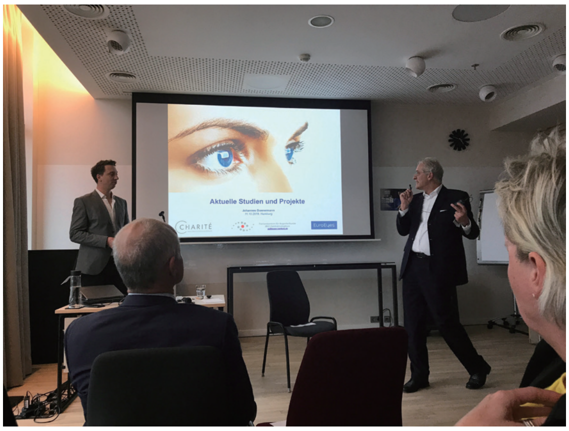
Training and Development

Training and continuous development are indispensable to keep abreast of the rapidly evolving trend of this industry and also to satisfy customers' changing needs.

The Group takes a proactive approach to provide its employees with both internal and external training. The EuroEyes internal staff training consists of two phases. In the first phase, the staff member receives an in-house training during the first six months of employment, the training is designed to unify all staff of different work and education backgrounds under a common level of expertise and knowledge. New staff is required to be educated on the EuroEyes treatment strategies and philosophy in order to provide the optimal service level to all customers, and at the same time, allow efficient and seamless integration with the existing team. This defines an internal standards level to confirm that the staff has the required knowledge to serve visiting customers. The second phase involves continuing education in the form of supplementary internal and external training programmes in areas such as sales, surgery assistance and new developments in refractive surgery. Externally, the Group sponsors its staff to attend international conferences and symposiums on refractive surgery to further develop and refine their expertise.

All new staff is provided with a refractive surgery manual and the opportunity to sit the Group's internal examination to become a refractive coordinator of EuroEyes. The examination is held at the headquarters in Hamburg, Germany annually.

The Group will sponsor its doctors and team members to attend international conferences and symposiums in relation to vision correction and also hold regular know-how sharing sessions across the Group. Furthermore, the Group annually hosts the "EuroEyes Congress" in Hamburg where most of its professional staff from Germany, Denmark and the PRC gather to share their expertise and participate in intriguing discussions.



B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

The Group guarantees that no employee will be made to work against his/her will or be coerced to work. The recruitment of child labour is strictly prohibited. All employees recruited by the Group are above 18 years old. Personal data is collected during the process to assist the selection of suitable candidates and to verify candidates' personal data. The human resources department also ensures that their identity documents are carefully checked.

During FY2019, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to Employment Ordinance of Hong Kong, Labour Law of the PRC, Labour Contract Law of the PRC, Young Workers Protection Act of Germany and Working Environment Act of Denmark.

B5. Supply Chain Management

General Disclosure

Procurement Practices

The Group takes into account suppliers' job reference, technical submission, prevailing market price, delivery time and reputation. The Group strives to maintain a supply chain management that both provides stability and flexibility by adopting a three-pronged approach, i) not over-relying on a specific supplier, ii) maintaining a sustainable relationship with existing suppliers and iii) developing new connections with new prospective suppliers.

Fair and Open Procurement

The Group has established a well-regulated, fair and open tendering and evaluation procedures to select prospective suppliers. Apart from considering the offered price, the Group also takes into account the business licenses and certifications, the provision of quality service, supplier's experience and reputation, social and environmental compliance and follow-up services. The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. Should services fall below the agreed standard, the cooperation may be terminated.

The Group procures only surgical equipment and supplies of the finest quality. The Group currently has major and long-term business dealings with Carl Zeiss, a Frankfurt-listed medical technology company since 1993 and Staar Surgical, a NASDAQ-listed medical technology company since 1997. They are both the Group's sole suppliers of Zeiss trifocal lens and phakic lens ("ICL") respectively. To enhance a stable supply, the Group has entered into a long-term supply agreement with Carl Zeiss with a renewal provision. The Group takes pride in its harmonious and longstanding business relationships with the aforementioned crucial partners. However, the Group is aware of and remains vigilant to the potential of fluctuation in supply.

B6. Product and Service Responsibility

General Disclosure

During FY2019, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to Personal Data (Privacy) Ordinance of Hong Kong, Tort Liability Law of the PRC and Administrative Measures on Medical Advertisement of the PRC, German Federal Data Protection Act (Bundesdatenschutzgesetz), Healthcare Advertisement Act (Heilmittelwerbegesetz) of Germany and the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb), General Data Protection Regulation 2016/679 of the EU Law ("GDPR"), Danish Health Act (Bekendtgorelse of sundhedsloven), Executive Order 509 of 13 May 2018 and Act 326 of 6 May 2003 of Denmark.

Data Privacy Protection and Patients' Informed Consent

As a healthcare service provider, the protection of patients' and customers' data privacy is of utmost importance to the Group. EuroEyes endeavours to safeguard all sensitive information pertaining to the patients and assures that informed consents from patients are properly obtained under the framework of respective jurisdictions.

EuroEyes has established a comprehensive protocol to govern the handling, storage, retrieval and access of the personal data and medical records of its patients and customers. The protocol was drafted in compliance with local laws and regulations of respective jurisdictions. A Data Protection Policy has been established to ensure that all staff is familiar with the proper handling method with regard to patients' and customers' sensitive data.

To protect patients' and customers' data against unauthorised physical access by third parties, files including such data are stored in a lockable cabinet, accessible only by a designated person of the clinic. Access to classified and encrypted information without appropriate authentication is prohibited. Automatic protection features (e.g. password protected screen saver, keyboard lock) in servers, computer terminals, workstations or microcomputers are activated if there has not been activity for a predefined period of time to prevent unauthorised usage. All third-party IT contractors visiting the back offices or computer rooms will be monitored at all times by a staff member. The aforementioned procedures can be found in the Employee Handbook.

A newly appointed data protection officer will ensure proper knowledge, support and authority is available to the Group regarding GDPR. The data protection officer will also provide training on data protection to managers and decision-makers to ensure that processes and tools involved in personal data are and remain compliant. As stipulated in the Group's data protection policy, staff members who handle and have access to personal and sensitive data must observe and follow the GDPR.

Service Quality Assurance

The Group prides itself on the qualification and the number of High Volume Surgeons and the certification of the ISO 9001:2015 in all clinics in Germany. The Group's High Volume Surgeons not only graduated from renowned medical schools but also all perform a minimum of 1,000 refractive surgeries per year. All ophthalmologists have been registered with their local medical authorities in respective jurisdictions. Combined with the professional and detailed pre-examinations, the complication rate is greatly reduced. This provides prospective patients with confidence and trust upon the Group.

Patient and Customer Satisfaction

Feedbacks and complaints from the Group's customers and patients are welcomed as it is the key to enhancing the Group's service. Procedures for handling complaints relating to the post-operation of refractive surgeries are stated in the refractive surgery manual for refractive coordinators' reference. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions. In addition, any complaints received are discussed and reviewed by the management during regular meetings to prevent re-occurrence.

Advertising and Labelling

Due to the Group's principal focus on the provision of vision correction services, matters pertaining to advertising and labelling are not considered to be material to the Group. However, the Group recognises the gravity of wrongful intake of pharmaceutical products and/or belief of misleading health advertisements. Therefore, the Group takes careful precautions to prevent its patients from receiving misleading health-related information or advice via advertisements and poor labelling practices.

Intellectual Property Rights

The Group has a number of registered trademarks; the domain names are also registered. The Group regularly monitors to ensure that intellectual property rights are not being infringed upon.

B7. Anti-corruption

General Disclosure

During FY2019, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to Prevention of Bribery Ordinance of Hong Kong, Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, German Criminal Act and Danish Criminal Code. During FY2019, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

Anti-corruption Practices

Solid corporate governance is the bedrock of the Group's growth and development. The Group is committed to developing a culture of openness, accountability and integrity. Therefore, the Group has included a section named "Anti-corruption Practices" in the Group's Code of Conduct and Business Ethics which clearly states the Group's compliance with relevant laws and regulations, zero-tolerance stance and the responsibilities of its employees. The Group is careful to ensure that any contributions to charity and sponsorships are not a subterfuge for bribery. Therefore, for the purpose of transparency, the Group discloses all its charitable contributions and sponsorships. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group.

Whistle-blowing Mechanism

The Group has established a comprehensive Whistle-blowing Policy Manual, addressing its commitment to integrity and ethical behaviour by fostering and maintaining an environment where employees can act appropriately, without fear of retaliation. Within the said manual, the Group has set out a detailed reporting and investigative procedure to encourage employees to report fraudulent activities and to ensure that their reports are given due regard. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimization, even if the reports are subsequently proved to be unsubstantiated.

B8. Community Investment

General Disclosure

Active Community Participation

The Group empathetically stresses the importance to give back to society and endorses senior executives' participation in community service and acceptance of public offices. EuroEyes Cyclassics is the exemplary annual community event that EuroEyes engages, sponsoring Germany's most spectacular UCI (Union Cycliste Internationale) World Tour Race in Hamburg since 2016. The annual one-day cycling race welcomes cyclists of all levels.

As a vision correction services provider, the Group not only restores or improves patients' vision but also restores hope, faith and confidence of patients. Since 2003, the Group has been involved in pro-bono work in less developed areas such as Peru and Nepal and even travelled to Tibet and the Dominican Republic to restore vision of the underprivileged.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions – Air Emissions, GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Efficiency
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Efficiency
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

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To the Shareholders of EuroEyes International Eye Clinic Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 176, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to recognition of right of use assets and lease liabilities as a lessee

Key Audit Matter	How our audit addressed the Key Audit Matter
The right of use assets ("ROU assets") and lease liabilities recorded as a lessee Refer to Note 4(d) (Critical accounting estimates and judgements -lease term and discount rate determination) and Note 27 to the consolidated financial statements. As at 31 December 2019, the Group had ROU assets amounting to EUR23.7 million and lease liabilities amounting to EUR25.9 million. These ROU assets and lease liabilities are initially measured on a present value basis, which is calculated through discounted future lease payments. Management exercised significant judgements in determining the carrying amount of ROU assets and lease liabilities including the discount rates and the period of the future lease payments that taking into consideration of the possibility of the lease contract extension for each lease. We focused on this area due to the significance of the amounts of ROU assets and lease liabilities and the significant management's judgements involved in determining the carrying amount of ROU assets and lease liabilities.	Our procedures to address the key audit matter included: o Obtaining a summary of leases from management, and agreeing, on a sample basis, the key terms of each lease contracts including lease terms and lease payments to the relevant lease contracts; o Assessing the appropriateness of the discount rates used in the calculation of the ROU assets and lease liabilities through comparing with the respective group entities' rates of borrowing on a collateralized basis over a similar term, amount and economic environment; o Evaluating management's assessment of the period of the future lease payments that taking into consideration of the possibility of the lease contract extension for each lease; o Testing on a sample basis, the calculation of the lease liabilities based on the lease payments, discount rates and expected lease terms;

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Key Audit Matter	How our audit addressed the Key Audit Matter
	o Reviewing the accounting treatment for lease modification identified subsequent to the initial recognition and assessed management's calculation of the adjustments to the ROU assets and lease liabilities based on the revised lease terms; and o Performing recalculation of the depreciation for ROU assets and tested the payment of lease liabilities subsequent to the initial recognition on a sample basis. We found the judgements used in the recognition of ROU assets and lease liabilities to be supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chong Heng Hon.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 25 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €'000	2018 €'000
Assets			
Non-current assets			
Property, plant and equipment	*13*	**38,013**	36,772
Intangible assets	*14*	**608**	693
Goodwill	*15*	**759**	759
Deferred tax assets	*28*	**2,488**	2,119
Prepayments	*17*	**–**	247
Deposits and other receivables	*18*	**1,800**	1,444
Total non-current assets		**43,668**	42,034
Current assets			
Inventories	*20*	**3,529**	3,458
Prepayments	*17*	**786**	1,760
Income tax recoverable		**301**	31
Deposits and other receivables	*18*	**2,734**	1,585
Trade receivables	*19*	**286**	517
Cash and cash equivalents	*21*	**90,215**	16,558
Total current assets		**97,851**	23,909
Total assets		**141,519**	65,943
Equity			
Equity attributable to owners of the Company			
Share capital	*22*	**2,976**	30
Share premium	*34(c)*	**72,107**	–
Other reserves	*23*	**11,119**	11,201
Retained earnings		**6,265**	14,057
Total equity attributable to owners of the Company		**92,467**	25,288
Non-controlling interests		**5,075**	1,387
Total equity		**97,542**	26,675

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €'000	2018 €'000
Liabilities			
Non-current liabilities			
Borrowings – non-current	*26*	**740**	5
Lease liabilities – non-current	*27*	**20,815**	21,245
Put options		**118**	118
Deferred tax liabilities	*28*	**929**	1,038
Total non-current liabilities		**22,602**	22,406
Current liabilities			
Trade payables	*24*	**2,863**	1,865
Contract liabilities	*6*	**799**	675
Income tax liabilities		**1,309**	4,493
Accruals and other payables	*25*	**11,149**	4,919
Borrowings – current	*26*	**217**	43
Lease liabilities – current	*27*	**5,038**	4,867
Total current liabilities		**21,375**	16,862
Total liabilities		**43,977**	39,268
Total equity and liabilities		**141,519**	65,943

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 91 to 176 were approved by the Board of Directors on 25 March 2020 and were signed on its behalf.

Dr Jørn Slot Jørgensen

Dr Markus Braun

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2019

	Note	2019 €'000	2018 €'000
Assets			
Non-current assets			
Property, plant and equipment	*34(a)*	**86**	182
Investment in subsidiaries	*34(b)*	**49,463**	49,438
Total non-current assets		**49,549**	49,620
Current assets			
Prepayments	*17*	**26**	325
Other receivables	*18*	**12,700**	67
Cash and cash equivalents	*21*	**75,216**	366
Total current assets		**87,942**	758
Total assets		**137,491**	50,378
Equity			
Equity attributable to owners of the Company			
Share capital	*22*	**2,976**	30
Share premium	*34(c)*	**72,107**	–
Other reserves	*34(c)*	**49,407**	49,407
Accumulated losses	*34(c)*	**(1,080)**	(1,322)
Total equity		**123,410**	48,115
Liabilities			
Non-current liabilities			
Lease liabilities – non-current	*27*	**–**	91
Total non-current liabilities		**–**	91

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2019

	Note	2019 €'000	2018 €'000
Current liabilities			
Accruals and other payables	*25*	**13,988**	2,072
Lease liabilities – current	*27*	**93**	100
Total current liabilities		**14,081**	2,172
Total liabilities		**14,081**	2,263
Total equity and liabilities		**137,491**	50,378

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 91 to 176 were approved by the Board of Directors on 25 March 2020 and were signed on its behalf.

Dr Jørn Slot Jørgensen

Dr Markus Braun

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Revenue	6	**48,965**	42,961
Cost of sales	7	**(28,713)**	(25,545)
Gross profit		**20,252**	17,416
Selling expenses	7	**(6,861)**	(5,529)
Administrative expenses			
– Listing expenses	7	**(4,811)**	(1,210)
– Other administrative expenses	7	**(5,227)**	(2,673)
Net impairment losses on financial assets		**(48)**	(86)
Other gains, net	9	**162**	238
Operating profit		**3,467**	8,156
Finance income	10	**281**	22
Finance expenses	10	**(1,318)**	(847)
Finance expenses, net	10	**(1,037)**	(825)
Profit before tax		**2,430**	7,331
Income tax expense	11	**(2,850)**	(3,040)
(Loss)/profit for the year		**(420)**	4,291
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(114)**	25
Total comprehensive (loss)/income for the year		**(534)**	4,316
(Loss)/profit attributable to:			
– Owners of the Company		**(392)**	3,833
– Non-controlling interests		**(28)**	458
		(420)	4,291

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Total comprehensive (loss)/income attributable to:			
– Owners of the Company		**(474)**	3,857
– Non-controlling interests		**(60)**	459
		(534)	4,316
(Loss)/earnings per share attributable to owners of the Company for the year			
– (Loss)/earnings per share (basic and diluted) (Cents per share)	*12*	**(0.153)**	1.645

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company							
	Share capital *(note 22)* €'000	Combined capital €'000	Share premium *(note 34(c))* €'000	Other reserves *(note 23)* €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2018	–	33	–	9,736	10,224	19,993	928	20,921
Profit for the year	–	–	–	–	3,833	3,833	458	4,291
Exchange differences on translation of foreign operations	–	–	–	24	–	24	1	25
Total comprehensive income for the year	–	–	–	24	3,833	3,857	459	4,316
Transactions with owners in their capacity as owners:								
Issue of shares before reorganisation, net of transaction costs and tax	–	1	–	1,437	–	1,438	–	1,438
Issue of shares upon preparation for the listing	30	(34)	–	4	–	–	–	–
	30	(33)	–	1,441	–	1,438	–	1,438
Balance as at 31 December 2018	30	–	–	11,201	14,057	25,288	1,387	26,675

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company							
	Share capital *(note 22)* €'000	Combined capital €'000	Share premium *(note 34(c))* €'000	Other reserves *(note 23)* €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2019	30	–	–	11,201	14,057	25,288	1,387	26,675
Loss for the year	–	–	–	–	(392)	(392)	(28)	(420)
Exchange differences on translation of foreign operations	–	–	–	(82)	–	(82)	(32)	(114)
Total comprehensive income for the year	–	–	–	(82)	(392)	(474)	(60)	(534)
Transactions with owners in their capacity as owners:								
Interim dividend declared *(note 31)*	–	–	–	–	(7,400)	(7,400)	–	(7,400)
Capital contributions from non-controlling interests	–	–	–	–	–	–	3,748	3,748
Capitalisation issue	2,121	–	(2,121)	–	–	–	–	–
Issuance of shares upon listing	717	–	64,336	–	–	65,053	–	65,053
Issuance of shares upon exercise of over-allotment option	108	–	9,892	–	–	10,000	–	10,000
	2,946	–	72,107	–	(7,400)	67,653	3,748	71,401
Balance as at 31 December 2019	2,976	–	72,107	11,119	6,265	92,467	5,075	97,542

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Cash flows from operating activities			
Cash generated from operations	*30(a)*	**13,761**	19,464
Interest received		**159**	22
Income tax paid		**(6,784)**	(1,991)
Net cash generated from operating activities		**7,136**	17,495
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,323)**	(2,220)
Proceeds from disposal of property, plant and equipment		**7**	90
Net cash used in investing activities		**(3,316)**	(2,130)
Cash flows from financing activities			
Capital contributions from owners of the Company		**–**	1,438
Capital contributions from non-controlling interests		**975**	–
Listing expenses paid and capitalised	*34(c)*	**(3,852)**	–
Proceeds from issuance of shares upon listing	*22(c)*	**68,596**	–
Proceeds from issuance of shares upon exercise of over-allotment option	*22(d)*	**10,309**	–
Lease payments	*27*	**(5,497)**	(4,505)
Repayment of borrowings		**(221)**	(2,313)
Net cash generated from/(used in) financing activities		**70,310**	(5,380)
Net increase in cash and cash equivalents		**74,130**	9,985
Cash and cash equivalents at beginning of year		**16,546**	6,556
Effects of exchange rate changes on cash and cash equivalents		**(471)**	5
Cash and cash equivalents at end of year		**90,205**	16,546
Represented by:			
Cash at bank and in hand		**90,215**	16,558
Bank overdraft	*26*	**(10)**	(12)
		90,205	16,546

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of vision correction services in Germany, Denmark and the People's Republic of China (the "PRC"). The Company was incorporated in the Cayman Islands on 13 August 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These financial statements are presented in Euro, unless otherwise stated.

1.2 Reorganisation

In preparation for the listing of the Company's shares on the Stock Exchange (the "Listing"), the Group underwent a reorganisation which was completed on 27 February 2019 (the "Reorganisation"). Details of the Reorganisation are set out in the prospectus of the Company dated 30 September 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of EuroEyes International Eye Clinic Limited and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) New and amended standards not yet adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective until the financial year beginning on or after 1 January 2020:

IFRS 17	Insurance contracts[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IAS 1 and IAS 8	Definition of material[1]
Amendments to IFRS 3	Definition of a business[1]
Conceptual Framework for Financial Reporting 2020[1]	

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective date to be determined.

The Group's assessment of these new standards did not identify a significant impact on the Group's financial statements.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euro ("EUR" or "€"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance expenses. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within finance expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving losing control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost less accumulated impairment losses, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased equipment, the shorter lease term as follows:

• Right-of-use assets	2 to 25 years
• Machinery	3 to 14 years
• Leasehold improvement	4 to 25 years
• Vehicles	4 to 6 years
• Others	3 to 17 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated statement of comprehensive income.

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

(i) Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGUs level.

(ii) Trademark and licence

Trademark is shown at historical cost. Licence acquired in a business combination is recognised at fair value at the acquisition date. They have a finite useful life of 10-20 years and subsequently carried at cost less accumulated amortisation and impairment losses. The useful life of the licence includes the renewal periods when there is evidence to support renewal by the Group without significant cost.

(iii) Website

Website is capitalised on the basis of the costs incurred to acquire and bring the website into usage. These costs are amortised using the straight-line method over their estimated useful lives. The website is utilised for the core business of the Group, mainly to introduce the Group's business and increase awareness of the general public. There is no significant reliance on technology for the website. Given the Group's core business has a history of over 20 years in the past and is expected to continue in the foreseeable future, the useful life of website is estimated to be 20 years. Cost associated with maintaining the website are recognised as an expense as incurred.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annual for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains, net" and impairment expenses are presented in "net impairment losses on financial assets".

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "other gains, net" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains, net" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 19 for further details.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined after deducting rebates and discounts using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 19 for further information about the Group's accounting for trade receivables and note 3.1 and note 4 for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Share capital

Ordinary shares are classified as equity (note 22). Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits expense

(i) Employee leave entitlements

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave. Liabilities for annual leave that is expected to be settled wholly within 12 months after the end of the period in which employees render the related services is recognised in respect of employee's services up to the end of the reporting period and is measured at the amounts expected to be paid when the liabilities are settled.

(ii) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.20 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Contract liabilities

Contract liabilities represent the consideration allocated to services to be delivered in future. Contract liabilities are stated at the consideration allocated less the amount previously recognised as revenue upon the delivery of services to the customers (note 2.22).

2.22 Revenue and other income recognition

The Group's revenue is primarily derived from providing vision correction services, sales of pharmaceutical products and rental of ophthalmic equipment and operating spaces. Cost incurred in obtaining contracts are included in "selling expenses" immediately when incurred as the related amortisation period is less than 12 months.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(i) Provision of vision correction services

The Group provides vision correction surgery and related pre and post-surgery eye examination services to its customers. Such vision correction services are considered as one performance obligation given the customer can only benefit from the services together. Revenue from providing vision correction services is recognised over the period in which the services are rendered by reference to the progress towards completion of the performance obligation. The vision correction surgery and related pre and post-surgery eye examination are performed separately in different dates and each is completed within a day. There is no other substantive activity being provided to the customer in between each service rendered. The Group used output method to measure the progress towards completion of the performance obligation. A free consultation is normally provided to the potential customers visiting the Group and as there was no contract between the potential customer and the Group that creates enforceable rights and obligations at this stage, no transaction price allocated to the consultation and accordingly no revenue recognised for the free consultation. Payments from customers for the vision correction services are normally collected in full before the services are provided. A contract liability is recognised until the related services are completed.

(ii) Sales of pharmaceutical products

The Group sells pharmaceutical products such as eye drops to its customers. Revenue from the sale of goods is recognised when such goods are accepted by the customer, i.e. control of the goods has been transferred to the customer. Payment of the transaction price is due immediately when pharmaceutical products has been accepted by the customer. There is no right of return of the goods for the customer once sold.

(iii) Rental of ophthalmic equipment and operating spaces

The Group lease operating spaces and ophthalmic equipment to freelance doctors for eye surgeries and collects usage fees from such services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue and other income recognition (Continued)

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Leases

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 2 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their respective stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used for such purpose. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lease in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with an individual value below €4,300.

Variable lease payments

Variable lease payments based on an index or a rate are initially measured using the index or the rate at the commencement date. The Group do not forecast future changes of the index/rate; these changes are taken into account when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the consolidated statement of comprehensive income when the event or condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The subsidiaries of the Group mainly operate in Germany, Denmark and the PRC with most of the transactions settled in EUR, Danish Krone ("DKK") and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2019 and 2018, the financial assets and liabilities of the subsidiaries of the Group in Germany, Denmark and the PRC are primarily denominated in EUR, DKK and RMB, respectively, which are their respective functional currencies.

Management believes that the foreign exchange risk is insignificant, except for the Group's certain Hong Kong dollar ("HKD") deposits with banks in Hong Kong. As at 31 December 2019, if HKD had weakened/strengthened by 5% against EUR with all other variables held constant, the total net assets of the Group would have been approximately €3,749,000 (2018: €4,000) lower/higher; post-tax loss for the year would have been approximately €3,749,000 higher/lower (2018: post-tax profit for the year would have been approximately €4,000 lower/higher).

The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

(ii) Cash flow and fair value interest rate risk

The Group's borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group is also exposed to fair value interest rate risk in relation to borrowings at fixed interest rate. The interest rate profile of the Group's borrowings is disclosed in note 26. As at 31 December 2019, the Group does not have significant borrowings and thus there is no significant cash flow and fair value interest rate risk exposure identified.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures from trade receivables and other receivables.

(i) Risk management

Credit risk is managed on a group basis. Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in Germany, Denmark, the PRC and Hong Kong, which management believes are of high credit quality. There was no recent history of default of cash and cash equivalents from such financial institutions. Management believes the credit risk associated with the Group's cash and cash equivalent is low.

The Group's sales to customers are mostly required to be settled in advance. Trade receivables are mainly from health insurance companies that make regular settlement to the Group. There are no significant concentrations of credit risk.

(ii) Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model is mainly relating to trade receivables from the provision of vision correction services. While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, given there is no historical of default from cash and cash equivalent and other receivables, and based on management's assessment of the credit rating of the counterparties, the credit risk from cash and cash equivalent and other receivables are very low.

For trade receivables, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the beginning or the end of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Given the fact that most of the customers are required to make payments in advance for the goods or services provided by the Group, the credit losses experienced by the Group was low and this is expected to be the same in the future given there is no change in revenue terms expected.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Management assesses the impairment of trade receivables according to trade ageing, management's prior experience and customers' conditions as well as applying management's judgments and estimates when determining the impairment to be recognised. When applying the expected loss model, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Management considers all the available information and group the trade receivables into two categories: (i) high credit risk; and (ii) low credit risk. The loss allowance for the latter is analysed based on the aging group. On this basis, the loss allowance for trade receivables as at 31 December 2019 and 2018, based on life time expected credit loss model, was determined as follows:

	Low credit risk			High credit risk			
As at 31 December 2019	Within 6 months	Over 6 months but within 1 year	Over 1 year	Within 6 months	Over 6 months but within 1 year	Over 1 year	Total
Expected loss rate	4.5%	50%	100%	100%	100%	100%	
Gross carrying amount (€'000)	300	–	–	6	–	–	306
Loss allowance (€'000)	14	–	–	6	–	–	20

	Low credit risk			High credit risk			
As at 31 December 2018	Within 6 months	Over 6 months but within 1 year	Over 1 year	Within 6 months	Over 6 months but within 1 year	Over 1 year	Total
Expected loss rate	3.9%	50%	100%	100%	100%	100%	
Gross carrying amount (€'000)	538	–	8	67	–	–	613
Loss allowance (€'000)	21	–	8	67	–	–	96

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

There was no other financial asset carrying a significant exposure to credit risk.

The reconciliation of loss allowance for trade receivables as at 31 December 2019 is presented in note 19.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury function allows flexibility in funding by maintaining adequate cash and cash equivalents.

Management monitors rolling forecasts of the Group's liquidity position based on the expected cash flows.

(i) Financing arrangements

The undrawn borrowing facilities of the Group as at 31 December 2019 is presented in note 26.

(ii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities in relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2019	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total contractual cash flows €'000	Carrying amount €'000
Trade payables	2,863	–	–	–	2,863	2,863
Accruals and other payables	9,765	–	–	–	9,765	9,765
Borrowings	265	250	570	–	1,085	957
Lease liabilities	5,566	4,767	8,014	17,037	35,384	25,853
	18,459	5,017	8,584	17,037	49,097	39,438

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

(ii) Maturities of financial liabilities (Continued)

As at 31 December 2018	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total contractual cash flows €'000	Carrying amount €'000
Trade payables	1,865	–	–	–	1,865	1,865
Accruals and other payables	3,980	–	–	–	3,980	3,980
Borrowings	43	5	–	–	48	48
Lease liabilities	5,267	4,686	9,289	15,685	34,927	26,112
	11,155	4,691	9,289	15,685	40,820	32,005

The Group provided no financial guarantee to any third party or related party as at 31 December 2019 and 2018.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

The Group's capital is mainly from equity funding and long-term borrowings from banks and a financing company.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as long-term borrowings divided by total capital. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus long-term borrowings.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The gearing ratios as at 31 December 2019 and 2018 are as follows:

	2019 €'000	2018 €'000
Long-term borrowings *(note 26)*	740	5
Total equity	97,542	26,675
Total capital	98,282	26,680
Gearing ratio	0.75%	0.02%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Depreciation and amortisation

The Group's management determines the residual value, useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation and amortisation charge where residual value or useful lives are less than previous estimates, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The current estimated useful lives are stated in note 2.6 and note 2.7.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, including the withholding taxes arising from profit distribution. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and liabilities in the periods in which such estimates are changed.

(c) Recognition of deferred tax assets for carried-forward tax losses

The deferred tax assets include an amount of €1,431,000 as at 31 December 2019 which relates to carried-forward tax losses of certain subsidiaries. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for these subsidiaries. In determining the future taxable income of the subsidiaries, management exercised judgement and considers it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(d) Lease term and discount rate determination

The Group leases various properties, equipment and cars. Assets and liabilities arising from a lease are initially measured on a present value basis. Some of the Group's property leases contain extension and termination option or residual value guarantees. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affect this assessment and that is within the control of the lessee.

The Group is also required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.7. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

(f) Impairment of trade and other receivables

The Group follows the guidance of IFRS 9 to determine when a trade and other receivable is impaired. This determination requires significant judgement and estimation. In making this judgement and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health collection history of individual debtors and expected future change of credit risk, including the consideration of factors such as general economy measure, change in macro indicators etc.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company that are used to make strategic decisions.

Description of segments and principal activities

The Company's executive directors examine the Group's performance both from a product and geographical perspective and have identified three reportable segments of its business: Germany, China and Denmark.

The executive directors of the Company assess performance of the operating segments based on review of their revenue, cost of sales, gross profit and earnings before finance expenses, net, tax, depreciation and amortisation ("EBITDA").

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2019 is as follows:

	Germany segment €'000	China segment €'000	Denmark segment €'000	Inter-segment elimination €'000	Total €'000
Segment total revenue	31,180	12,931	5,810	(956)	48,965
Cost of sales	(16,838)	(8,889)	(3,911)	925	(28,713)
Gross profit	14,342	4,042	1,899	(31)	20,252
Adjusted EBITDA	10,898	2,976	1,558	5	15,437
Unallocated					
Corporate expenses					(4,377)
Finance income					281
Finance expenses					(1,318)
Depreciation and amortisation					(7,593)
Profit before tax					2,430
Income tax expense					(2,850)
Loss for the year					(420)

5 SEGMENT INFORMATION (Continued)

	Germany segment €'000	China segment €'000	Denmark segment €'000	Total €'000
Segment total assets	57,825	25,418	1,881	85,124
Unallocated				
Corporate assets				75,526
Deferred tax assets				2,488
Inter-segment elimination				(21,619)
Total assets				141,519
Segment total liabilities	17,990	18,184	2,018	38,192
Unallocated				
Corporate liabilities				14,379
Deferred tax liabilities				929
Inter-segment elimination				(9,523)
Total liabilities				43,977

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2018 is as follows:

	Germany segment €'000	China segment €'000	Denmark segment €'000	Inter-segment elimination €'000	Total €'000
Segment total revenue	27,473	12,110	3,987	(609)	42,961
Cost of sales	(15,430)	(7,052)	(3,055)	(8)	(25,545)
Gross profit	12,043	5,058	932	(617)	17,416
Adjusted EBITDA	10,525	5,593	911	(1,522)	15,507
Unallocated					
Corporate expenses					(1,309)
Finance income					22
Finance expenses					(847)
Depreciation and amortisation					(6,042)
Profit before tax					7,331
Income tax expense					(3,040)
Profit for the year					4,291

5 SEGMENT INFORMATION (Continued)

	Germany segment €'000	China segment €'000	Denmark segment €'000	Total €'000
Segment total assets	58,256	19,387	2,204	79,847
Unallocated				
Corporate assets				935
Deferred tax assets				2,119
Inter-segment elimination				(16,958)
Total assets				65,943
Segment total liabilities	22,009	19,921	3,049	44,979
Unallocated				
Corporate liabilities				2,299
Deferred tax liabilities				1,038
Inter-segment elimination				(9,048)
Total liabilities				39,268

The total of non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, is shown in the following:

	2019 €'000	2018 €'000
Germany	**23,631**	26,235
China	**15,036**	12,463
Denmark	**713**	1,217
	39,380	39,915

6 REVENUE

Revenue from external customers are mainly derived from provision of vision correction services and rental of ophthalmic equipment and operating spaces.

Breakdown of revenue by product category is as follows:

	2019 €'000	2018 €'000
Revenue from contracts with customers (a)		
Provision of vision correction services	**48,386**	42,386
Sales of pharmaceutical products	**45**	73
Others	**179**	98
	48,610	42,557
Rental of ophthalmic equipment and operating spaces	**355**	404
	48,965	42,961

Revenues were all from external customers, places where revenue was derived from are set as below:

	2019 €'000	2018 €'000
Germany	**30,225**	26,864
China	**12,931**	12,110
Denmark	**5,809**	3,987
	48,965	42,961

There is no single external customer that contributes to more than 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

The Group has no revenue contract that has an original expected duration of more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligation that is unsatisfied or partially satisfied as of the end of the reporting period.

6 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments and geographical regions for the year ended 31 December 2019:

	Provision of vision correction services			Sales of pharmaceutical products			Others			Total
	Germany €'000	China €'000	Denmark €'000	Germany €'000	China €'000	Denmark €'000	Germany €'000	China €'000	Denmark €'000	€'000
Segment revenue	29,654	12,931	5,801	37	–	8	1,134	–	1	49,566
Inter-segment revenue	–	–	–	–	–	–	(955)	–	(1)	(956)
Revenue from external customers	29,654	12,931	5,801	37	–	8	179	–	–	48,610
Timing of revenue recognition										
– At a point in time	–	–	–	37	–	8	179	–	–	224
– Over time	29,654	12,931	5,801	–	–	–	–	–	–	48,386
	29,654	12,931	5,801	37	–	8	179	–	–	48,610

6 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customer (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments and geographical regions for the year ended 31 December 2018:

	Provision of vision correction services			Sales of pharmaceutical products			Others			Total
	Germany €'000	China €'000	Denmark €'000	Germany €'000	China €'000	Denmark €'000	Germany €'000	China €'000	Denmark €'000	€'000
Segment revenue	26,298	12,110	3,978	64	–	9	707	–	–	43,166
Inter-segment revenue	–	–	–	–	–	–	(609)	–	–	(609)
Revenue from external customers	26,298	12,110	3,978	64	–	9	98	–	–	42,557
Timing of revenue recognition										
– At a point in time	–	–	–	64	–	9	98	–	–	171
– Over time	26,298	12,110	3,978	–	–	–	–	–	–	42,386
	26,298	12,110	3,978	64	–	9	98	–	–	42,557

6 REVENUE (Continued)

(b) Contract liabilities movement

Contract liability represents collection from customers in advance for vision correction services that are going to be provided in the future. The table below shows the movement of contract liabilities for the year:

	2019 €'000	2018 €'000
Balance at beginning of the year	675	528
Advance collected from customers during the year	46,755	38,164
Revenue recognised from contract liabilities existed at the beginning of the year	(675)	(528)
Revenue recognised from contract liabilities occurred during the year	(45,956)	(37,489)
Balance at end of the year	799	675

No significant cost was incurred for obtaining revenue contract for the years ended 31 December 2019 and 2018.

7 EXPENSES BY NATURE

	2019 €'000	2018 €'000
Employee benefit expenses *(note 8)*	11,823	9,539
Raw materials and consumables	8,517	7,407
Depreciation of property, plant and equipment *(note 13)*	7,508	5,957
Advertising and marketing expenditure	5,625	4,728
Doctor's fee	1,332	1,182
Electricity and other utility expenses	1,494	1,139
Clinic, office and consumption expenses	1,172	836
Transportation costs	703	755
Legal and other consulting services fee	807	712
Repair and maintenance	975	665
Auditors' remuneration		
– Audit services	330	143
– Non-audit services	–	–
Amortisation of intangible assets *(note 14)*	85	85
Rent on short-term leases	8	–
City construction tax and education surcharge	–	1
Listing expenses	4,811	1,210
Others	422	598
Total	45,612	34,957

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 €'000	2018 €'000
Wages and salaries	9,962	8,132
Contributions to defined contribution pension scheme *(a)*	1,045	915
Provision for employee benefits and housing scheme *(b)*	816	492
	11,823	9,539

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Pension scheme

The Group pays contributions to publicly administered pension insurance plans on a mandatory, contractual basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Housing scheme

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the Chinese state-sponsored housing fund at 7% – 13% of the salaries of the PRC employees. At the same time, the employees are also required to make a contribution at the same percentage of their salaries out of their payroll. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2018: nil) directors whose emoluments are reflected in the analysis presented in note 8(d). The emoluments payable to the remaining three (2018: five) individuals during the year are as follows:

	2019 €'000	2018 €'000
Basic salaries and allowances	1,011	1,266
Contributions to pension scheme	–	9
	1,011	1,275

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(c) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
Nil to HKD1,000,000 (2019: Nil to approximately €114,600) (2018: Nil to approximately €111,700)	–	–
HKD1,000,001 to HKD1,500,000 (2019: approximately €114,601 to €171,900) (2018: approximately €111,701 to €167,500)	–	–
HKD1,500,001 to HKD2,000,000 (2019: approximately €171,901 to €229,200) (2018: approximately €167,501 to €223,300)	1	3
HKD2,000,001 to HKD2,500,000 (2019: approximately €229,201 to €286,500) (2018: approximately €223,301 to €279,200)	1	1
HKD2,500,001 to HKD3,000,000 (2019: approximately €286,501 to €343,900) (2018: approximately €279,201 to €335,000)	–	–
HKD3,000,001 to HKD3,500,000 (2019: approximately €343,901 to €401,200) (2018: approximately €335,001 to €390,800)	–	–
HKD3,500,001 to HKD4,000,000 (2019: approximately €401,201 to €458,500) (2018: approximately €390,801 to €446,600)	–	1
HKD4,000,001 to HKD4,500,000 (2019: approximately €458,501 to €515,800) (2018: approximately €446,601 to €502,500)	–	–
HKD4,500,001 to HKD5,000,000 (2019: approximately €515,801 to €573,100) (2018: approximately €502,501 to €558,300)	1	–
	3	5

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(d) Directors' emoluments

	Fees €' 000	Salaries €' 000	Discretionary bonuses €' 000	Allowances and benefits in kind €' 000	Employer's contribution to pension scheme €' 000	Total €' 000
Year ended 31 December 2019						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	31	–	–	–	–	31
Dr Markus Braun	31	158	–	5	–	194
Dr Ralf-Christian Lerche *(ii)*	31	–	–	–	–	31
Mr Jannik Jonas Slot Jørgensen	32	14	–	–	–	46
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	31	–	–	–	–	31
Non-executive Director						
Mr Marcus Huascar Bracklo *(iv)*	31	–	–	–	–	31
Independent non-executive Directors						
Mr Hans Helmuth Hennig	32	–	–	–	–	32
Mr Zhengzheng Hu	32	–	–	–	–	32
Mr Philip Duncan Wright	31	–	–	–	–	31
	282	172	–	5	–	459

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(d) Directors' emoluments (Continued)

	Fees €' 000	Salaries €' 000	Discretionary bonuses €' 000	Allowances and benefits in kind €' 000	Employer's contribution to pension scheme €' 000	Total €' 000
Year ended 31 December 2018						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	–	–	–	–	–	–
Dr Markus Braun	–	29	–	3	–	32
Dr Ralf-Christian Lerche *(ii)*	–	–	–	–	–	–
Mr Jannik Jonas Slot Jørgensen	–	5	–	1	–	6
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	–	–	–	–	–	–
Non-executive Director						
Mr Marcus Huascar Bracklo *(iv)*	–	–	–	–	–	–
Independent non-executive Directors						
Mr Hans Helmuth Hennig	–	–	–	–	–	–
Mr Zhengzheng Hu	–	–	–	–	–	–
Mr Philip Duncan Wright	–	–	–	–	–	–
	–	34	–	4	–	38

(i) During the year ended 31 December 2019, Dr Jørn Slot Jørgensen received doctors' fees of €234,000 (2018: €77,000).

(ii) During the year ended 31 December 2019, Dr Ralf-Christian Lerche received doctors' fees of €284,000 (2018: €165,000).

(iii) During the year ended 31 December 2019, Prof Dr Thomas Friedrich Wilhelm Neuhann received doctors' fees of €331,000 (2018: €275,000).

(iv) Pursuant to an agreement dated 15 January 2017 made between EuroEyes Deutschland, EEH AG and Baigo Capital GmbH ("Baigo"), a company wholly-owned by Mr Marcus Huascar Bracklo, EuroEyes Deutschland agreed to pay Baigo an annual retainer fee of €85,000 commencing from 1 January 2017 to 31 December 2019 for the provision of advisory services and an one-off success fee of €245,000 in accordance with the terms of agreement entered by both parties. Baigo was paid a fee (including related value-added tax) of €392,700 for the year ended 31 December 2019 (2018: €101,150) as listing expenses and legal and other consulting services fees. Mr. Marcus Huascar Bracklo, a non-executive director of the Company, is interested in these transaction to the extent that Baigo is controlled by him.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(d) Directors' emoluments (Continued)

No directors waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

During the years ended 31 December 2019 and 2018, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

There is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors during the years ended 31 December 2019 and 2018.

Save for contracts amongst group companies and the transactions disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2019 and 2018.

9 OTHER GAINS, NET

	2019 €'000	2018 €'000
Loss on disposal of property, plant, and equipment	(15)	–
Social security compensation	108	67
Others	69	171
	162	238

10 FINANCE INCOME AND EXPENSES, NET

	2019 €'000	2018 €'000
Finance income		
Interest income	(281)	(22)
Finance expenses		
Foreign exchange losses, net	384	22
Interest expenses on borrowing from a non-controlling shareholder	8	36
Interest expenses on borrowings	29	14
Interest expenses on leases	803	717
Other finance expenses	94	58
	1,318	847
Net finance expenses	1,037	825

11 INCOME TAX EXPENSE

The Group was subject to different tax jurisdiction mainly in Germany, Denmark, the PRC and Hong Kong with tax rates ranging from 16.5% to 32% during the year (2018: 16.5% to 32%).

Taxation on profits has been calculated on the estimated assessable profit or loss for the year at the rates of taxation prevailing in the countries/places in which the group entities operate.

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2019 €'000	2018 €'000
Current income tax	3,330	3,267
Deferred income tax *(note 28)*		
– Increase in deferred tax assets	(368)	(248)
– (Decrease)/increase in deferred tax liabilities	(112)	21
	(480)	(227)
Income tax expense	2,850	3,040

11 INCOME TAX EXPENSE (Continued)

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2019 €'000	2018 €'000
Profit before tax	2,430	7,331
Tax calculated at the domestic tax rate applicable to profits in the respective jurisdictions	1,854	2,616
Expenses not deductible for tax purposes	950	525
Income not subject to tax	(43)	–
Recognition of deferred tax assets not previously recognised	–	(129)
Utilisation of tax losses not previously recognised	(81)	(100)
Tax losses of certain group entities for which no deferred income tax assets were recognised	170	128
Income tax expense	2,850	3,040

12 (LOSS)/EARNINGS PER SHARE

(a) Basic and diluted (loss)/earnings per share

For the years ended 31 December 2019 and 2018, basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
(Loss)/profit attributable to owners of the Company (€'000)	(392)	3,833
Weighted average number of ordinary shares in issue ('000)	256,518	233,012
(Loss)/earnings per share (basic and diluted) (Cents)	(0.153)	1.645

(b) Weighted average number of shares used as the denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted (loss)/earnings per share ('000)	256,518	233,012

13 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets €' 000	Machinery €' 000	Leasehold improvement €' 000	Construction in progress €' 000	Vehicle €' 000	Others €' 000	Total €' 000
As at 1 January 2018							
Cost	21,641	12,122	7,440	2,079	262	1,201	44,745
Accumulated depreciation	(7,051)	(6,173)	(4,503)	–	(185)	(579)	(18,491)
Net book amount	14,590	5,949	2,937	2,079	77	622	26,254
Year ended 31 December 2018							
Opening net book amount	14,590	5,949	2,937	2,079	77	622	26,254
Additions	13,604	969	734	615	–	42	15,964
Variable lease payment adjustment	627	–	–	–	–	–	627
Transfer upon completion	–	–	2,052	(2,052)	–	–	–
Depreciation charge	(4,128)	(1,010)	(696)	–	(25)	(98)	(5,957)
Disposals	(90)	–	–	–	–	–	(90)
Exchange differences	(18)	(3)	(6)	–	–	1	(26)
Closing net book amount	24,585	5,905	5,021	642	52	567	36,772
As at 31 December 2018							
Cost	35,719	13,075	10,205	642	262	1,242	61,145
Accumulated depreciation	(11,134)	(7,170)	(5,184)	–	(210)	(675)	(24,373)
Net book amount	24,585	5,905	5,021	642	52	567	36,772

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets €' 000	Machinery €' 000	Leasehold improvement €' 000	Construction in progress €' 000	Vehicle €' 000	Others €' 000	Total €' 000
Year ended 31 December 2019							
Opening net book amount	24,585	5,905	5,021	642	52	567	36,772
Additions	4,356	651	117	3,453	–	92	8,669
Transfer upon completion	–	1,950	1,865	(3,970)	–	155	–
Depreciation charge	(5,338)	(1,278)	(747)	–	(29)	(116)	(7,508)
Disposals	–	(21)	–	–	–	(1)	(22)
Exchange differences	74	16	9	3	–	–	102
Closing net book amount	23,677	7,223	6,265	128	23	697	38,013
As at 31 December 2019							
Cost	40,135	15,671	12,199	128	262	1,488	69,883
Accumulated depreciation	(16,458)	(8,448)	(5,934)	–	(239)	(791)	(31,870)
Net book amount	23,677	7,223	6,265	128	23	697	38,013

As at 31 December 2019, borrowings with amount of €947,000 (2018: €36,000) were secured by property, plant and equipment with net book value of €1,170,000 (2018: €112,000).

Depreciation of property, plant and equipment has been charged to the consolidated statement of comprehensive income as follows:

	2019 €'000	2018 €'000
Cost of sales	6,281	5,295
Selling expenses	332	144
Administrative expenses	895	518
Total	7,508	5,957

14 INTANGIBLE ASSETS

	Trademark €'000	Website €'000	Licence €'000	Total €'000
As at 1 January 2018				
Cost	4	178	750	932
Accumulated amortisation	(1)	(65)	(88)	(154)
Net book amount	3	113	662	778
Year ended 31 December 2018				
Opening net book amount	3	113	662	778
Amortisation charge	–	(10)	(75)	(85)
Net book amount	3	103	587	693
As at 31 December 2018				
Cost	4	178	750	932
Accumulated amortisation	(1)	(75)	(163)	(239)
Net book amount	3	103	587	693
Year ended 31 December 2019				
Opening net book amount	**3**	**103**	**587**	**693**
Amortisation charge	**–**	**(10)**	**(75)**	**(85)**
Net book amount	**3**	**93**	**512**	**608**
As at 31 December 2019				
Cost	**4**	**178**	**750**	**932**
Accumulated amortisation	**(1)**	**(85)**	**(238)**	**(324)**
Net book amount	**3**	**93**	**512**	**608**

14 INTANGIBLE ASSETS (Continued)

Amortisation of intangible assets has been charged to the consolidated statement of comprehensive income as follows:

	2019	2018
	€'000	€'000
Cost of sales	**75**	75
Selling expenses	**10**	10
Total	**85**	85

15 GOODWILL

	2019	2018
	€'000	€'000
Goodwill	**759**	759

As at 31 December 2019 and 2018, the Group's goodwill of €759,000 was generated from acquisition of 70% interest in Shenzhen Hero Consulting Management Co., Ltd. ("Shenzhen Hero"), which was viewed as one CGU within China segment, on 1 November 2016.

Impairment tests for goodwill

The Group performed impairment reviews for goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. As at 31 December 2019 and 2018, for impairment review purpose, the carrying value of the CGU is compared to the recoverable amount, which is determined based on value-in-use ("VIU").

The VIU calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period as at 31 December 2019 and 2018 when optimum market share is expected to be reached.

Revenue growth rate and gross margin are based on past performance and management's expectations of market development. The long-term growth rate used is estimated with reference to industry forecasts. The discount rate used is pre-tax and reflects specific risks relating to the business.

The cash flows are extrapolated using the long-term growth rate.

15 GOODWILL (Continued)

Impairment tests for goodwill (Continued)

The key assumptions used for value-in-use calculations in 2019 and 2018 are as follows:

	2019 €'000	2018 €'000
Annual revenue growth rate	15%~35%	15%~55%
Long-term growth rate	3%	3%
Gross profit margin	30%~56%	48%~56%
Pre-tax discount rate	21.3%	21.6%

The Group performs sensitivity analysis on the key assumptions used in the impairment test for goodwill. The table below summarised the key assumptions used in the goodwill impairment test and the impacts to the value-in-use calculations upon unfavourable movements of the key assumptions:

At 31 December 2019

Items	Assumptions used	Movement of key assumptions	Decrease of value-in-use €'000
Annual revenue growth rate	15%~35%	Decrease by 1%	86
Long-term growth rate	3%	Decrease to 2%	86
Gross profit margin	30%~56%	Decrease by 5%	944
Pre-tax discount rate	21.3%	Increase to 22.3%	172

At 31 December 2018

Items	Assumptions used	Movement of key assumptions	Decrease of value-in-use €'000
Annual revenue growth rate	15%~55%	Decrease by 1%	86
Long-term growth rate	3%	Decrease to 2%	86
Gross profit margin	48%~56%	Decrease by 5%	1,380
Pre-tax discount rate	21.6%	Increase to 22.6%	259

Based on management's analysis, the negative movements of the key assumptions in the table above are unlikely to happen and thus no impairment loss is noted for the goodwill arising from acquisition of Shenzhen Hero for the year ended 31 December 2019.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	Note	2019 €'000	2018 €'000
Financial assets at amortised cost			
– Deposits and other receivables	*18*	**4,534**	3,029
– Trade receivables	*19*	**286**	517
– Cash and cash equivalents	*21*	**90,215**	16,558
		95,035	20,104

Financial liabilities	Note	2019 €'000	2018 €'000
Liabilities at amortised cost			
– Trade payables	*24*	**2,863**	1,865
– Accruals and other payables	*25*	**9,765**	3,980
– Borrowings	*26*	**957**	48
Lease liabilities	*27*	**25,853**	26,112
		39,438	32,005

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

17 PREPAYMENTS

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Prepayments made for purchase of raw materials, services and equipment	**786**	1,682	**26**	–
Prepaid listing expenses	**–**	325	**–**	325
	786	2,007	**26**	325
Less:				
Non-current portion	**–**	(247)	**–**	–
Current portion	**786**	1,760	**26**	325

The carrying amounts of current and non-current prepayments are denominated in the following currencies:

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
– EUR	**450**	1,332	**–**	114
– RMB	**221**	445	**–**	8
– DKK	**79**	27	**–**	–
– HKD	**36**	103	**26**	103
– USD	**–**	100	**–**	100
	786	2,007	**26**	325

18 DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Amounts due from third parties	**1,038**	786	**–**	50
Amount due from a related party	**1**	–	**–**	–
Amount due from a subsidiary	**–**	–	**12,531**	17
Deposits	**1,737**	2,133	**47**	–
Prepaid value-added tax	**91**	90	**–**	–
Interest receivable	**122**	–	**122**	–
Capital receivable from non-controlling interests	**1,500**	–	**–**	–
Others	**45**	20	**–**	–
	4,534	3,029	**12,700**	67
Less:				
Non-current portion	**(1,800)**	(1,444)	**–**	–
Current portion	**2,734**	1,585	**12,700**	67

The Group's maximum exposure to credit risk at the end of the reporting period was the carrying amount of deposits and other receivables.

The amounts due from third parties, amount due from a related party and amount due from a subsidiary are unsecured, interest-free and repayable on demand.

The carrying amounts of current and non-current deposits and other receivables are denominated in the following currencies:

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
– EUR	**1,883**	2,244	**12,531**	17
– RMB	**2,355**	735	**–**	–
– DKK	**79**	–	**–**	–
– HKD	**217**	50	**169**	50
	4,534	3,029	**12,700**	67

19 TRADE RECEIVABLES

	2019 €'000	2018 €'000
Trade receivables due from third parties	306	475
Trade receivables due from related parties	–	138
Total trade receivables	306	613
Less: provision for impairment	(20)	(96)
Total trade receivables, net	286	517

The majority of the Group's sales required advance payments from customers. The remaining amounts are mainly due from insurance companies who pay the Group on a regular basis. As at 31 December 2019 and 2018, the ageing analysis of the trade receivables based on the invoice date was as follows:

	2019 €'000	2018 €'000
Within 6 months	306	605
Over 6 months but within 1 year	–	–
Over 1 year but within 2 years	–	–
Over 2 years	–	8
	306	613

The carrying amounts of trade receivables are denominated in the following currencies:

	2019 €'000	2018 €'000
– EUR	122	428
– RMB	94	84
– DKK	90	101
	306	613

19 TRADE RECEIVABLES (Continued)

(i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Given that majority of the Group's sales are paid by customers in advance, the credit loss from trade receivable is considered very low by management. Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency exchange risk and cash flow interest rate risk can be found in note 3.1.

Movements in the provision for impairment of trade receivables are as follows:

	2019 €'000	2018 €'000
Balance at beginning of the year	96	15
Provision for impairment recognised during the year	51	88
Receivables written off during the year as uncollectible	(124)	(5)
Unsettled amount reversed	(3)	(2)
Balance at end of the year	20	96

The maximum exposure to credit risk as at 31 December 2019 were €286,000 (2018: €517,000).

20 INVENTORIES

	2019 €'000	2018 €'000
Medication	66	32
Glasses	37	31
Lens	2,289	1,889
Lasik	1,076	1,427
Others	61	79
	3,529	3,458

The cost of inventories which was recognised as an expense and was included in "cost of sales" for the year ended 31 December 2019 amounted to €8,517,000 (2018: €7,407,000).

As at 31 December 2019 and 2018, the carrying amount of the Group's inventories did not exceed the net realisable value, thus no provision for impairment was made.

21 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Cash on hand	**61**	22	**–**	–
Cash at bank	**15,709**	16,536	**771**	366
Deposit with maturity within 3 months	**74,445**	–	**74,445**	–
	90,215	16,558	**75,216**	366

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
– EUR	**11,614**	13,832	**25**	363
– RMB	**3,132**	2,473	**–**	–
– DKK	**267**	214	**–**	–
– HKD	**75,192**	7	**75,191**	–
– USD	**10**	32	**–**	3
	90,215	16,558	**75,216**	366

Except for time deposits of €74,445,000 which carries fixed interest rates that range from 2.20% to 2.35% per annum as at 31 December 2019 (2018: €nil), the Group earns interests on cash at bank at floating bank deposit rates with no fixed maturity date, which range from 0% to 0.30% per annum for the year ended 31 December 2019 (2018: 0% to 0.30% per annum).

22 SHARE CAPITAL

	2019 Shares	2018 Shares	2019 €'000	2018 €'000
Authorised:				
Balance at beginning of the year	50,000	–	44	–
Upon incorporation (13 August 2018)	–	50,000	–	44
Share subdivision *(a)*	4,950,000	–	–	–
Creation of additional authorised share capital *(a)*	995,000,000	–	8,996	–
Balance at end of the year	1,000,000,000	50,000	9,040	44
Issued and fully paid:				
Balance at beginning of the year	34,000	–	30	–
Upon incorporation (13 August 2018)	–	1	–	–
Issuance of new shares	–	33,999	–	30
Share subdivision *(a)*	3,366,000	–	–	–
Capitalisation issue *(b)*	234,600,000	–	2,121	–
Issuance of shares upon listing *(c)*	79,334,000	–	717	–
Issuance of shares upon exercise of over-allotment option *(d)*	11,900,000	–	108	–
Balance at end of the year	329,234,000	34,000	2,976	30

(a) Pursuant to the resolutions passed by the shareholders of the Company on 23 September 2019, the authorised share capital of the Company was amended to USD10,000,000 divided into 1,000,000,000 ordinary shares of USD0.01 each, through (i) subdividing the 34,000 issued ordinary shares of USD1.00 each into 3,400,000 issued ordinary shares of USD0.01 each; (ii) subdividing the 16,000 authorised but unissued ordinary shares of USD1.00 each into 1,600,000 ordinary shares of USD0.01 each; and (iii) creating an additional 995,000,000 authorised but unissued ordinary shares of USD0.01 each.

(b) Pursuant to the resolutions passed by the shareholders of the Company on 23 September 2019, the Directors were authorised to capitalise USD2,346,000 (approximately €2,121,000) standing to the credit of the share premium account of the Company by applying such sum in paying up in full 234,600,000 shares which were allotted and issued to the shareholders at the date of the resolutions on a pro-rata basis.

(c) On 15 October 2019, the shares of the Company were listed on the Main Board of the Stock Exchange. In connection with the Listing, the Company issued 79,334,000 shares at a price of HKD7.50 (approximately €0.865) for gross proceeds of €68,596,000.

(d) On 7 November 2019, 11,900,000 shares were issued pursuant to the exercise of over-allotment option at a price of HKD7.50 (approximately €0.866) for gross proceeds of €10,309,000.

23 OTHER RESERVES

	Capital reserve €'000	Currency translation reserve €'000	Other reserve €'000	Total €'000
At 1 January 2018	10,057	(203)	(118)	9,736
Exchange differences on translation of foreign operations	–	24	–	24
Issuance of new shares by a subsidiary prior to the Reorganisation	1,437	–	4	1,441
At 31 December 2018	11,494	(179)	(114)	11,201
At 1 January 2019	**11,494**	**(179)**	**(114)**	**11,201**
Exchange differences on translation of foreign operations	**–**	**(82)**	**–**	**(82)**
At 31 December 2019	**11,494**	**(261)**	**(114)**	**11,119**

Nature and purpose of other reserves

(i) *Capital reserve*

Excess amounts contributed by shareholders on top of the share capital are recorded as capital reserve.

This reserve is also used to record the equity settled share-based payment to employee.

(ii) *Currency translation reserve*

Exchange differences arising from the difference between functional and presentation currency are recognised in other comprehensive income as described in note 2.5 and accumulated in a separate reserve within equity.

24 TRADE PAYABLES

As at 31 December 2019 and 2018, the ageing analysis of trade payables based on invoice dates is as follows:

	2019 €'000	2018 €'000
Within 3 months	2,102	1,588
Over 3 months but within 6 months	312	277
Over 6 months but within 1 year	449	–
	2,863	1,865

The carrying amounts of trade payables are denominated in the following currencies:

	2019 €'000	2018 €'000
– EUR	1,579	1,168
– RMB	1,050	538
– DKK	234	159
	2,863	1,865

Trade payables are unsecured and are usually paid within 90 days of recognition.

The carrying amounts of trade payables are considered to be approximate as their fair values.

25 ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Salary payable	**797**	662	**61**	76
Welfare payable	**261**	133	**–**	–
Payables for value-added tax and other taxes	**326**	144	**–**	–
Professional service fee payable	**290**	845	**13**	–
Loans from a non-controlling interest *(a)*	**–**	1,226	**–**	–
Amount due to ultimate controlling party *(b)*	**–**	65	**–**	4
Lease improvement fee payable	**196**	73	**–**	–
Audit fee payable	**330**	103	**216**	–
Accrued listing expenses	**944**	247	**944**	247
Amounts due to subsidiaries *(b)*	**–**	–	**5,345**	1,745
Payments made by a non-controlling interest on behalf of the Group	**80**	652	**–**	–
Dividend payable *(c)*	**7,400**	–	**7,400**	–
Others	**525**	769	**9**	–
	11,149	4,919	**13,988**	2,072

(a) A non-controlling interest provided loans to two subsidiaries of the Group in an aggregate principal amount of €1,156,000 as at 31 December 2018. The interest rates of the loans ranged from 0% to 5% per annum. Accrued interests were €70,000 as at 31 December 2018.

During the year ended 31 December 2019, the above loans with principal amount of €1,193,000 and accrued interests of €80,000 were capitalised as share capital of the subsidiaries of the Group based on agreements with the non-controlling interest.

(b) The amounts due to ultimate controlling party and subsidiaries were unsecured, interest-free and repayable on demand.

(c) Pursuant to the resolutions passed by the shareholders of the Company on 23 September 2019, the Company declared a special dividend of €7,400,000 to its shareholders whose names appeared on the register of members of the Company on the date of the resolutions, which will be distributed on or before 24 February 2020.

26 BORROWINGS

	2019 €'000	2018 €'000
Non-current		
Long-term borrowings- secured *(a)*	740	5
	740	5
Current		
Current portion of long-term borrowings – secured *(a)*	207	31
Bank overdraft	10	12
	217	43
Total borrowings	957	48

(a) The secured borrowings carried interests range from 1.77% to 6.12% per annum (2018: range from 1.77% to 6% per annum) and were secured by property, plant and equipment with net book value of €1,170,000 (2018: €112,000) as at 31 December 2019. The repayment terms of the secured borrowings were 5 years from 2019.

The carrying amounts of borrowings are denominated in the following currencies:

	2019 €'000	2018 €'000
– EUR	947	36
– DKK	10	12
	957	48

The Group has the following undrawn borrowing facilities:

	2019 €'000	2018 €'000
Floating rate:		
– expiring within one year	–	–
– expiring beyond one year	1,000	1,000
	1,000	1,000

26 BORROWINGS (Continued)

The Group has the following borrowing facilities available:

	2019 €'000	2018 €'000
Facilities available	**1,000**	1,000

The borrowing facilities may be drawn at any time and may be terminated by the bank without notice.

The Group borrowings were repayable as follows:

	2019 €'000	2018 €'000
Within 1 year	**217**	43
Over 1 year but within 2 years	**213**	5
Over 2 years but within 5 years	**527**	–
Total	**957**	48

27 LEASES

(a) Amounts recognised in the statements of financial position

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Right-of-use assets*				
Properties	**22,565**	22,706	**86**	182
Medical equipment	**1,112**	1,879	**–**	–
	23,677	24,585	**86**	182

* included in the line item "property, plant and equipment" in the statements of financial position

	The Group		The Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Lease liabilities				
Current	**5,038**	4,867	**93**	100
Non-current	**20,815**	21,245	**–**	91
	25,853	26,112	**93**	191

For the year ended 31 December 2019, the remeasurement of lease liability to reflect the reassessment of variable lease payment based on an index rate was recorded as an increase in lease liabilities and rights-of-use assets amounting to €nil (2018: €627,000) (note 13).

27 LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2019 €'000	2018 €'000
Depreciation charge of right-of-use assets		
Properties	4,546	3,201
Medical equipment	792	927
	5,338	4,128
Interest expenses (included in finance expenses)	803	717
Expenses relating to short-term leases (included in cost of sales)	8	–

The total cash outflow for leases for the year ended 31 December 2019 was €5,497,000 (2018: €4,505,000).

27 LEASES (Continued)

(c) Commitments and present value of lease liability are shown in the table below:

	2019 €'000	2018 €'000
Commitments in relation to leases are payable as follows:		
Within one year	5,566	5,267
Later than one year but not later than two years	4,767	4,686
Later than two years but not later than five years	8,014	9,289
Later than five years	17,037	15,685
Minimum lease payments	35,384	34,927
Future finance charge	9,531	8,815
Total lease liabilities	25,853	26,112
The present value of lease liabilities is as follows:		
Within one year	5,038	4,867
Later than one year but not later than two years	4,654	4,584
Later than two years but not later than five years	5,948	9,162
Later than five years	10,213	7,499
	25,853	26,112

(d) The movements of lease liabilities are shown in the table below:

	2019 €'000	2018 €'000
Balance at beginning of the year	(26,112)	(14,567)
Lease payment	5,497	4,505
Accrued interest	(803)	(717)
Increase in right-of-use assets	(4,356)	(15,515)
Exchange differences	(79)	182
Balance at end of the year	(25,853)	(26,112)

28 DEFERRED INCOME TAX

(i) Deferred tax assets

	2019 €'000	2018 €'000
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	598	533
Unused tax losses	1,431	1,136
Accrued expenses	38	17
Temporary differences due to leasing	97	124
Temporary differences due to intercompany transaction	241	226
Others	83	83
Total deferred tax assets	2,488	2,119

Movements	Accelerated accounting /tax depreciation €' 000	Unused tax losses €' 000	Accrued expenses €' 000	Temporary differences due to leasing €' 000	Temporary differences due to inter-company transaction €' 000	Others €' 000	Total €' 000
At 1 January 2018	62	1,385	269	77	–	84	1,877
Credited/(charged) to profit or loss	471	(244)	(251)	47	226	(1)	248
Exchange differences	–	(5)	(1)	–	–	–	(6)
As at 31 December 2018	533	1,136	17	124	226	83	2,119
Credited/(charged) to profit or loss	64	293	21	(27)	17	–	368
Exchange differences	1	2	–	–	(2)	–	1
As at 31 December 2019	598	1,431	38	97	241	83	2,488

28 DEFERRED INCOME TAX (Continued)

(i) Deferred tax assets (Continued)

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2019, the Group did not recognise deferred income tax assets of €476,000 (2018: €444,000) in respect of losses amounting to €1,903,000 (2018: €1,776,000) that can be carried forward against future taxable income. The expiry date of the related tax losses are as follows:

	2019 €'000	2018 €'000
Year of expiry of tax losses:		
Tax losses expiring in		
– 2019	–	230
– 2020	197	61
– 2021	676	526
– 2022	700	447
– 2023	208	512
– 2024	122	–
	1,903	1,776

(ii) Deferred tax liabilities

	2019 €'000	2018 €'000
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	771	810
Fair value adjustments of intangible assets arising from acquisition	128	146
Temporary differences due to leasing	–	48
Others	30	34
Total deferred tax liabilities	929	1,038

28 DEFERRED INCOME TAX (Continued)

(ii) Deferred tax liabilities (Continued)

Movements	Accelerated accounting/ tax depreciation €'000	Fair value adjustments of intangible assets arising from acquisition €'000	Temporary differences due to leasing €'000	Others €'000	Total €'000
At 1 January 2018	815	165	–	37	1,017
(Credited)/charged to profit or loss	(5)	(19)	48	(3)	21
At 31 December 2018	810	146	48	34	1,038
Credited to profit or loss	**(39)**	**(18)**	**(51)**	**(4)**	**(112)**
Exchange differences	**–**	**–**	**3**	**–**	**3**
At 31 December 2019	**771**	**128**	**–**	**30**	**929**

29 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business, except for the entities incorporated in the Cayman Islands, which have their principal place of business in Hong Kong.

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2019	2018	**2019**	2018
				%	%	**%**	%
Directly held by the Company:							
EuroEyes Holdings Limited	Cayman Islands/ Limited liability company	Investment holding	USD2	**100%**	100%	**–**	–
EuroEyes Holdings Asia Limited	Cayman Islands/ Limited liability company	Investment holding	USD1	**100%**	–	**–**	–
EuroEyes Deutschland Verwaltungs GmbH	Germany/ Limited liability company	Investment holding	€25,000	**100%**	–	**–**	–
Indirectly held by the Company:							
EuroEyes Deutschland Holding GmbH & Co. KG (formerly known as EuroEyes Deutschland Beteiligungs GmbH)	Germany/ Limited partnership (formerly a limited liability company)	Investment holding and group-wide administrative activities	€25,000	**100%**	100%	**–**	–
EuroEyes Deutschland GmbH	Germany/ GmbH	Investment holding and group-wide administrative activities	€34,000	**100%**	100%	**–**	–

29 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2019 %	Ownership interest held by the Group 2018 %	Ownership interest held by non-controlling interests 2019 %	Ownership interest held by non-controlling interests 2018 %
EuroEyes AugenLaserZentrum Berlin GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€25,000	**100%**	100%	**–**	–
EuroEyes AugenLaserZentrum Betriebs GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€50,000	**100%**	100%	**–**	–
EuroEyes AugenLaserZentrum Stuttgart GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€25,000	**100%**	100%	**–**	–
EuroEyes AugenLaserZentrum Hannover GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€200,000	**100%**	100%	**–**	–
EuroEyes AugenLaserZentrum City Hamburg GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€25,000	**100%**	100%	**–**	–
EuroEyes ALZ Augenklinik Munchen GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€51,129	**100%**	100%	**–**	–
LASIK Germany GmbH GmbH	Germany/	Operation of LASIK centres	€25,000	**100%**	100%	**–**	–

29 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2019 %	Ownership interest held by the Group 2018 %	Ownership interest held by non-controlling interests 2019 %	Ownership interest held by non-controlling interests 2018 %
EuroEyes AugenLaserZentrum Bremen GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	€25,000	**74%**	74%	**26%**	26%
EUROEYES APS	Denmark/ ApS.	Operation of consultation centres and/or clinics for eye treatments	DKK135,000	**100%**	100%	**–**	–
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB60,000,000 (2018: RMB20,000,000)	**70%**	70%	**30%**	30%
Hangzhou Deshijia Eye Clinic Co., Ltd. * (杭州德視佳眼科門診部有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB14,000,000 (2018: RMB10,000,000)	**70%**	70%	**30%**	30%
Beijing Deshijia Eye Clinic Co., Ltd. * (北京德視佳眼科診所有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	**60%**	60%	**40%**	40%
Beijing Deshijia Dongbu Eye Clinic Co., Ltd. * (北京德視佳東部眼科診所有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB10,000,000	**60%**	60%	**40%**	40%
Guangzhou Deshijia Eye Clinic Co., Ltd. * (廣州德視佳眼科門診部有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB30,000,000 (2018: RMB20,000,000)	**70%**	70%	**30%**	30%

29 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2019 %	Ownership interest held by the Group 2018 %	Ownership interest held by non-controlling interests 2019 %	Ownership interest held by non-controlling interests 2018 %
Shenzhen Hero Consulting Management Co., Ltd * (深圳市英雄諮詢管理有限公司)	PRC/ Limited liability company (joint venture)	Investment holding	RMB30,000,000 (2018: RMB15,000,000)	**70%**	70%	**30%**	30%
Shenzhen Deshijia Eye Clinic * (深圳德視佳眼科門診部)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB7,000,000	**70%**	70%	**30%**	30%
Chongqing EuroEyes Deshijia Eye Clinic Co., Ltd. * (重慶德視佳眼科門診部有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	**60%**	–	**40%**	–
EuroEyes Hong Kong Co. Limited	Hong Kong/ Private company Limited by shares	Trading of eye clinic equipment and lenses	HKD1	**100%**	100%	**–**	–
EuroEyes Hong Kong Holdings Limited	Hong Kong/ Private company Limited by shares	Investment holding	HKD1	**100%**	–	**–**	–

* For identification purpose only

29 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI)

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Shanghai Deshijia Eye Medical Co., Ltd.	
	2019	2018
	€'000	€'000
Current assets	**4,015**	2,955
Current liabilities	**(4,013)**	(6,246)
Current net assets/(liabilities)	**2**	(3,291)
Non-current assets	**3,508**	1,680
Non-current liabilities	**(1,076)**	(705)
Non-current net assets	**2,432**	975
Net assets/(liabilities)	**2,434**	(2,316)
Accumulated NCI	**730**	(695)

29 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI) (Continued)

Summarised statement of comprehensive income

	Shanghai Deshijia Eye Medical Co., Ltd. 2019 €'000	2018 €'000
Revenue	5,447	5,476
Profit for the year	238	1,631
Other comprehensive income	–	–
Total comprehensive income	238	1,631
Profit allocated to NCI	71	489
Dividends paid to NCI	–	–

Summarised cash flows

	Shanghai Deshijia Eye Medical Co., Ltd. 2019 €'000	2018 €'000
Cash flows from operating activities	613	183
Cash flows from investing activities	(1,060)	(6)
Cash flows from financing activities	1,293	(386)
Net increase/(decrease) in cash and cash equivalents	846	(209)

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2019 €'000	2018 €'000
Profit before tax	2,430	7,331
Adjustments for:		
Depreciation of property, plant and equipment	7,508	5,957
Amortisation of intangible assets	85	85
Finance expenses, net	1,037	825
Other gains, net	(162)	(238)
	10,898	13,960
Changes in working capital:		
Increase in inventories	(71)	(1,763)
Decrease/(increase) in trade receivables	231	(904)
Decrease in deposits, other receivables and prepayments	1,175	5,833
Increase in trade payables	998	46
Increase in other payables	406	2,145
Increase in contract liabilities	124	147
Cash generated from operations	13,761	19,464

(b) Non-cash investing and financing activities

	2019 €'000	2018 €'000
Addition of right-of-use assets	4,356	15,515
Capital receivable from non-controlling interests *(note 18)*	1,500	–
Loan Capitalisation *(note 25)*	1,273	–
Addition of property, plant and equipment under sales and lease back arrangement	1,094	–
Payments made by a non-controlling interest on behalf of the Group	80	652
	8,303	16,167

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Net cash/(debt) reconciliation

	2019 €'000	2018 €'000
Cash and cash equivalents	90,205	16,546
Borrowings	(947)	(36)
Lease liabilities	(25,853)	(26,112)
Dividend payable	(7,400)	–
Loans from a non-controlling interest	–	(1,226)
Net cash/(debt)	56,005	(10,828)
Cash and cash equivalents	90,205	16,546
Dividend payable	(7,400)	–
Gross debt – fixed interest rates	(26,800)	(27,374)
Gross debt – variable interest rates	–	–
Net cash/(debt)	56,005	(10,828)

	Cash and cash equivalents €' 000	Borrowings €' 000	Lease liabilities €' 000	Dividend payable €' 000	Loans from a non-controlling interest €' 000	Total €' 000
Net debt as at 1 January 2018	6,556	(2,335)	(14,567)	–	(1,201)	(11,547)
Cash flows	9,985	2,313	4,505	–	–	16,803
Other non-cash movements						
– Exchange differences	5	–	182	–	11	198
– Accrued interest	–	(14)	(717)	–	(36)	(767)
– Increase in right-of-use assets	–	–	(15,515)	–	–	(15,515)
Net debt as at 31 December 2018	16,546	(36)	(26,112)	–	(1,226)	(10,828)
Cash flows	74,130	221	5,497	–	–	79,848
Other non-cash movement						
– Exchange differences	(471)	(13)	(79)	–	(39)	(602)
– Accrued interest	–	(25)	(803)	–	(8)	(836)
– Increase in right-of-use assets	–	–	(4,356)	–	–	(4,356)
– Addition to property, plant, and equipment	–	(1,094)	–	–	–	(1,094)
– Dividend declared	–	–	–	(7,400)	–	(7,400)
– Loan capitalisation	–	–	–	–	1,273	1,273
Net cash as at 31 December 2019	90,205	(947)	(25,853)	(7,400)	–	56,005

31 DIVIDENDS

	2019 €'000	2018 €'000
Ordinary shares		
Interim dividend for the year ended 31 December 2019 of €217.65 (2018: nil) per fully paid ordinary share on 23 September 2019	7,400	–

32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	2019 €'000	2018 €'000
Leasehold improvement	957	–

(b) Lease commitments for short-term leases

	2019 €'000	2018 €'000
Within 1 year	42	–

(c) Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2019 (2018: nil).

33 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Name of related parties	Relationship with the Company
Dr Jørn Slot Jørgensen	Ultimate controlling party
Dr Jørgensen und Kollegen GbR	Partners of the related party are directors of the Company – Dr Jørn Slot Jørgensen and Dr Ralf-Christian Lerche
JJ Beteiligungs-GmbH	Wholly owned by common controlling shareholder and director – Dr Jørn Slot Jørgensen
JJ Eyes Specialist And Consulting Limited	Wholly owned by common controlling shareholder and director – Dr Jørn Slot Jørgensen
Baigo Capital GmbH	Common shareholder and director – Mr Marcus Huascar Bracklo

(a) Transactions with related parties

	2019 €'000	2018 €'000
Sales of goods to:		
– Dr Jørgensen und Kollegen GbR	1	4
Rendering services to:		
– Dr Jørgensen und Kollegen GbR	177	124
– JJ Beteiligungs-GmbH	1	8
	179	136
Purchase of goods from:		
– JJ Eyes Specialist And Consulting Limited	–	841
– Dr Jørgensen und Kollegen GbR	87	243
Rendering services from:		
– Dr Jørgensen und Kollegen GbR	–	2
– JJ Beteiligungs-GmbH	18	125
– Baigo Capital GmbH	393	101
	498	1,312

33 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2019 €'000	2018 €'000
Trade receivables:		
– Dr Jørgensen und Kollegen GbR	–	138
Trade payables:		
– Dr Jørgensen und Kollegen GbR	–	44
– Baigo Capital GmbH	393	–
	393	44
Other receivables:		
– Dr Jørgensen und Kollegen GbR	1	–
Other payables:		
– Dr Jørn Slot Jørgensen	–	65

(c) Key management compensation

	2019 €'000	2018 €'000
Salaries and other short-term employee benefits	1,021	546
Allowances and benefits in kind	5	4
Directors' fees	187	–
	1,213	550

34 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Property, plant and equipment

	Right-of-use Assets - property €'000
At 13 August 2018 (date of incorporation)	–
Additions	194
Depreciation charge	(12)
Closing net book amount	182
As at 31 December 2018	
Cost	194
Accumulated depreciation	(12)
Net book amount	182
Year ended 31 December 2019	
Opening net book amount	182
Depreciation charge	(96)
Closing net book amount	86
As at 31 December 2019	
Cost	194
Accumulated depreciation	(108)
Net book amount	86

34 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(b) Investment in subsidiaries

	2019 €'000	2018 €'000
Investment in unlisted shares, at cost	49,463	49,438

(c) Reserve movement of the Company

	Share premium €'000	Other reserves €'000	Accumulated losses €'000
At 13 August 2018 (date of incorporation)	–	–	–
Loss for the period	–	–	(1,322)
Reorganisation	–	49,407	–
At 31 December 2018	–	49,407	(1,322)
Profit for the year	–	–	7,642
Interim dividend declared *(note 31)*	–	–	(7,400)
Capitalisation issue *(note 22(b))*	(2,121)	–	–
Issuance of shares upon listing *	64,336	–	–
Issuance of shares upon exercise of over-allotment option *	9,892	–	–
At 31 December 2019	72,107	49,407	(1,080)

* On 15 October 2019, a total number of 79,334,000 ordinary shares were issued pursuant to the Listing and on 14 November 2019, a total number of 11,900,000 ordinary shares were issued pursuant to the exercise of over-allotment option, at HKD7.50 per share for cash totalling approximately €78,905,000. The excess of the issue price over the par value of the ordinary shares, net of listing expenses capitalised of €3,852,000, was credited to the share premium account of the Company.

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Late in 2019, news first emerged from the PRC about the COVID-19 (Coronavirus). The situation at year end was that a limited number of cases of an unknown virus infection had been reported to the World Health Organisation. In the first few months of 2020, the virus spreaded globally. Management considers this outbreak to be a non-adjusting event after the reporting period. The Group is currently unable to assess the full impact of COVID-19 virus on its future financial position and the results of operations, however, depending on future developments, it may have a negative impact on the Group.

As at 31 December 2019, the Group had net cash (being cash and cash equivalents less borrowings, lease liabilities and dividend payable) of approximately €56,005,000 (note 30). Management believes that with the Group's liquidity position, the Group will remain a going concern.

EuroEyes International Eye Clinic Limited
德視佳國際眼科有限公司