



EuroEyes

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

Interim Report
中期報告

2020



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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 COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr Markus Braun
Ms Rosenna Ho

COMPANY SECRETARY

Ms Rosenna Ho

CORPORATE HEADQUARTERS

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Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
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People's Republic of China

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STOCK CODE

01846

KEY FINANCIAL HIGHLIGHTS

The board of directors (the “**Board**”) of EuroEyes International Eye Clinic Limited (the “**Company**”) hereby announces the interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020. The key financial highlights are as follows:

	For the six months ended 30 June		
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	Change %
Revenue	188,833	206,175	(8.4)
Gross profit	75,620	89,468	(15.5)
Adjusted gross profit ⁽¹⁾	75,620	92,188	(18.0)
Profit for the period	16,679	5,359	211.2
Adjusted net profit after tax for the period ⁽²⁾	16,738	29,734	(43.7)

Notes:

- (1) Adjusted gross profit is derived from adding pre-operating expenses for two new clinics in the People’s Republic of China (the “**PRC**”) in 2019 to the gross profit.
- (2) Adjusted net profit after tax for the period is derived from adding pre-operating expenses for one new clinic in PRC in 2020 and two new clinics in PRC in 2019 and listing expenses to profit for the period.

NON-IFRS FINANCIAL MEASURES

To supplement the Group’s condensed consolidated financial information 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 (the “**Adjusted Net Profit After Tax**”) for the period (excluding effects from non-cash related items and one-off events which include, but are not limited to, pre-operating expenses of new clinics and listing expenses), 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 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 period

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gross profit	75,620	89,468
Add:		
Pre-operating expenses	—	2,720
Adjusted gross profit	75,620	92,188
Profit for the period	16,679	5,359
Add:		
Pre-operating expenses	59	5,785
Listing expenses	—	18,590
Adjusted Net Profit After Tax	16,738	29,734

Notes:

- (1) The Company presents the unaudited non-IFRS financial measures to supplement the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2020 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 our management 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 period. In particular, the Company incurred significant amount of listing expenses relating to the preparation of the shares of the Company to be listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which had a significant impact on the Group's IFRS net profit for the six months ended 30 June 2019. 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. You should not consider the Company's definition of adjusted gross profit and Adjusted Net Profit After Tax in isolation or construe it as an alternative to gross profit and profit for the period 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 Net Profit After Tax as net profit for the period adjusted for the after-tax impact of significant one-off items.

INDEPENDENT AUDITOR'S REPORT

Report on Review of Interim Financial Information

To the Board of Directors of EuroEyes International Eye Clinic Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 7 to 43, which comprises the interim condensed consolidated statement of financial position of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	As at	
		30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Assets			
Non-current assets			
Property, plant and equipment	15	308,882	331,656
Intangible assets	15	4,650	5,305
Goodwill	15	6,775	6,622
Deposits and other receivables		11,162	15,705
Deferred income tax assets		25,257	21,707
Total non-current assets		356,726	380,995
Current assets			
Inventories		29,615	30,790
Trade receivables	16	2,161	2,495
Prepayments		4,096	6,858
Deposits and other receivables		22,496	23,854
Current income tax recoverable		40,370	2,626
Restricted cash		35	–
Cash and cash equivalents	17	697,232	787,108
Total current assets		796,005	853,731
Total assets		1,152,731	1,234,726
Equity			
Equity attributable to owners of the Company			
Share capital	18	25,826	25,826
Shares held for share scheme	19	(1,367)	–
Share premium		625,422	625,422
Other reserves	20	100,440	101,689
Retained earnings		72,487	54,320
Total equity attributable to owners of the Company		822,808	807,257
Non-controlling interests		41,959	43,778
Total equity		864,767	851,035

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	As at	
		30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Liabilities			
Non-current liabilities			
Borrowings	23	5,552	6,456
Lease liabilities	24	164,486	181,607
Deferred income tax liabilities		7,878	8,105
Others		1,028	1,030
Total non-current liabilities		178,944	197,198
Current liabilities			
Trade payables	22	27,236	24,979
Contract liabilities		7,704	6,971
Accruals and other payables		16,664	97,273
Current income tax liabilities		10,833	11,421
Borrowings	23	1,795	1,893
Lease liabilities	24	44,788	43,956
Total current liabilities		109,020	186,493
Total liabilities		287,964	383,691
Total equity and liabilities		1,152,731	1,234,726

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	7	188,833	206,175
Cost of revenue	8	(113,213)	(116,707)
Gross profit		75,620	89,468
Selling expenses	8	(22,290)	(25,573)
Administrative expenses			
– Listing expenses	8	–	(18,590)
– Others	8	(26,404)	(20,984)
Net (impairment losses)/reversal of impairment losses on financial assets		(9)	27
Other gains, net	10	650	239
Operating profit		27,567	24,587
Finance income	11	2,318	9
Finance expenses	11	(3,763)	(3,722)
Finance expenses, net	11	(1,445)	(3,713)
Profit before tax		26,122	20,874
Income tax expense	12	(9,443)	(15,515)
Profit for the period		16,679	5,359
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(887)	(2,916)
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation to presentation currency		(719)	36
Other comprehensive loss for the period		(1,606)	(2,880)
Total comprehensive income for the period		15,073	2,479

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit attributable to:			
– Owners of the Company		18,167	5,182
– Non-controlling interests		(1,488)	177
		16,679	5,359
Total comprehensive income attributable to:			
– Owners of the Company		16,892	2,591
– Non-controlling interests		(1,819)	(112)
		15,073	2,479
Earnings per share attributable to owners of the Company for the period		HK cents	HK cents
– Basic and diluted	13	5.519	2.177

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	(Unaudited)							
	Attributable to owners of the Company							
	Share capital (Note 18) HK\$'000	Shares held for share scheme (Note 19) HK\$'000	Share premium HK\$'000	Other reserves (Note 20) HK\$'000	Retained earnings HK\$'000	Total	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2019	267	–	–	105,179	121,660	227,106	11,799	238,905
Profit for the period	–	–	–	–	5,182	5,182	177	5,359
Other comprehensive loss	–	–	–	(2,591)	–	(2,591)	(289)	(2,880)
Total comprehensive (loss)/income for the period	–	–	–	(2,591)	5,182	2,591	(112)	2,479
Transactions with owners in their capacity as owners:								
Capital contributions from non-controlling interests	–	–	–	–	–	–	12,905	12,905
Balance as at 30 June 2019	267	–	–	102,588	126,842	229,697	24,592	254,289
Balance at 1 January 2020	25,826	–	625,422	101,689	54,320	807,257	43,778	851,035
Profit for the period	–	–	–	–	18,167	18,167	(1,488)	16,679
Other comprehensive loss	–	–	–	(1,275)	–	(1,275)	(331)	(1,606)
Total comprehensive (loss)/income for the period	–	–	–	(1,275)	18,167	16,892	(1,819)	15,073
Transactions with owners in their capacity as owners:								
Acquisition of shares held for share scheme	–	(1,367)	–	–	–	(1,367)	–	(1,367)
Share-based payments (Note 21)	–	–	–	26	–	26	–	26
	–	(1,367)	–	26	–	(1,341)	–	(1,341)
Balance as at 30 June 2020	25,826	(1,367)	625,422	100,440	72,487	822,808	41,959	864,767

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		54,782	69,062
Interest received		2,318	9
Income tax paid		(51,787)	(38,479)
Net cash generated from operating activities		5,313	30,592
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,784)	(14,780)
Proceeds from disposal of property, plant and equipment		43	–
Net cash used in investing activities		(8,741)	(14,780)
Cash flows from financing activities			
Capital contributions from non-controlling interests		547	1,753
Dividend paid	14(b)	(62,053)	–
Acquisition of treasury shares	19	(1,367)	–
Listing expenses paid and capitalised		–	(4,781)
Lease payments	24(d)	(22,872)	(26,382)
Repayment of borrowings		(1,225)	(1,861)
Net cash used in financing activities		(86,970)	(31,271)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		787,021	148,188
Effects of exchange rate changes on cash and cash equivalents		609	(52)
Cash and cash equivalents at end of period		697,232	132,677
Represented by:			
Cash at bank and in hand		697,232	132,677

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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” or “China”). 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”). This condensed consolidated interim financial information is presented in Hong Kong Dollars (“HK\$”), unless otherwise stated, and is approved for issue by the Board of Directors on 26 August 2020.

This condensed consolidated interim financial information has not been audited.

1.1 Key events during the period

During the six months ended 30 June 2020, the outbreak of COVID-19 and the subsequent quarantine measures imposed by countries created negative impacts to the global economy, business environment and operations of the Group to a certain extent. Measures taken by the governments and the Group included restrictions on travel and people movements as well as temporary closure of businesses. Lower economic activities led to reduced demand for the Group’s services.

On the other hand, governments have announced some measures supporting corporates to mitigate the negative impacts arising from the pandemic. Some lessors have also provided rent concessions to the Group. As such the financial position and performance of the Group were affected in different aspects including a reduction in overall revenue due to suspension of business operations with decreases in relevant expenses and costs especially as a result of certain rent concessions received during the period.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2019, as described in those annual consolidated financial statements, except for the change in accounting policy in relation to the presentation currency as described below. In addition, the accounting policies relating to shares held for share scheme and shared-based payments as well as adoption of certain amended standards are set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

3 ACCOUNTING POLICIES (Continued)

3.1 Foreign currency translation – presentation currency

The consolidated financial statements had previously been presented in Euro (“EUR”) which was voluntarily changed to HK\$ effective from 1 January 2020. The directors of the Company consider that this change of presentation currency to HK\$ provides reliable and more relevant information to existing and potential investors of the Company through alignment of the currency used in presenting the Group’s financial position and performance with that used in the Company’s quoted share price in the Stock Exchange. This also enhances comparability of financial information with other market players in the same industry.

This constitutes a change in accounting policy with the effects of the change being accounted for retrospectively. The comparative figures in this condensed consolidated financial information are presented as if HK\$ had always been the presentation currency.

3.2 Shares held for share scheme

Where the Company purchases its own equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Restricted Share Award Scheme are disclosed as shares held for share scheme and deducted from contributed equity.

No gain or loss is recognised in the profit or loss on the purchase, sales, issue or cancellation of the Company’s own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

3.3 Share-based payments

Share-based compensation benefits are provided to participants via the Restricted Share Award Scheme. Information relating to this scheme is set out in Note 21.

The fair value of shares granted under the scheme is recognised as an expense with a corresponding increase in equity under “capital reserve – share-based payment”. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The shares are acquired by the Company from the market and held for the share scheme until such time as they are vested (see Note 19).



3 ACCOUNTING POLICIES (Continued)

3.4 Amended standards adopted by the Group

A number of amendments to certain standards became applicable for the current reporting period:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform

The Group did not have to significantly change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

The Group elected to early adopt amendment to IFRS 16 "COVID-19 – Related Rent Concessions" which is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to rent concessions that meet the above conditions in respect of lease arrangements for which lease liabilities are recognised. During the six months ended 30 June 2020, an amount of HK\$1,719,000 is credited to the profit or loss as reduction of rental expense to reflect changes in lease liabilities that arise from rent concessions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

4 FINANCIAL RISK MANAGEMENT

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

There have been no significant changes in the risk management policies since year end.

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The subsidiaries of the Group mainly operate in Germany, Denmark and the PRC with most of the transactions carried out in EUR, Danish Krone ("DKK") and Renminbi ("RMB"), respectively. Foreign exchange risk arises when assets and liabilities are denominated in a currency that is not the group entities' functional currency. The assets and liabilities of the group entities 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 mainly arises from the Group's HK\$-denominated listing proceeds deposited with banks in Hong Kong. As at 30 June 2020, if HK\$ had weakened/strengthened by 5% against EUR with all other variables held constant, post-tax profit for the six months ended 30 June 2020 would have been approximately HK\$4,258,000 lower/higher.

(ii) Interest rate risk

As at 30 June 2020, the Group's borrowings and related interest rate risk exposure continue to be insignificant.

(b) Credit risk

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

As at 30 June 2020, the credit risk and credit losses experienced by the Group, based on expected credit loss model of IFRS 9, continue to be low.



4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(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 30 June 2020 is presented in Note 23.

(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 30 June 2020 (Unaudited)	Less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000
Trade payables	27,236	–	–	–
Accruals and other payables	6,981	–	–	–
Borrowings	2,249	2,388	4,532	–
Lease liabilities	46,654	37,180	64,999	91,172
	83,120	39,568	69,531	91,172

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

(ii) Maturities of financial liabilities (Continued)

As at 31 December 2019 (Audited and restated)	Less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000
Trade payables	24,979	–	–	–
Accruals and other payables	85,198	–	–	–
Borrowings	2,312	2,181	4,973	–
Lease liabilities	47,533	42,943	70,514	101,644
	160,022	45,124	75,487	101,644

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information 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.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020



6 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 revenue, gross profit and earnings before net finance expenses, tax, depreciation and amortisation ("EBITDA").

The segment information provided to the executive directors of the Company for the reportable segments as at 30 June 2020 and for the six-month period then ended is as follows:

	(Unaudited)				
	Six months ended 30 June 2020				
	Germany segment	China segment	Denmark segment	Inter- segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	130,225	36,420	22,958	(770)	188,833
Cost of revenue	(67,657)	(31,836)	(14,353)	633	(113,213)
Gross profit	62,568	4,584	8,605	(137)	75,620
Adjusted EBITDA	52,877	7,373	4,576	–	64,826
Unallocated					
Corporate expenses					(4,533)
Finance income					2,318
Finance expenses					(3,763)
Depreciation and amortisation					(32,726)
Profit before tax					26,122
Income tax expense					(9,443)
Profit for the period					16,679

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

	(Unaudited) As at 30 June 2020				Total
	Germany segment HK\$'000	China segment HK\$'000	Denmark segment HK\$'000	Inter- segment elimination HK\$'000	HK\$'000
Segment assets	417,651	196,566	25,013	(194,477)	444,753
Unallocated					
Corporate assets					682,721
Deferred income tax assets					25,257
Total assets					1,152,731
Segment liabilities	192,393	145,721	24,046	(85,403)	276,757
Unallocated					
Corporate liabilities					3,329
Deferred income tax liabilities					7,878
Total liabilities					287,964



6 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the six-month period ended 30 June 2019 and as at 31 December 2019 is as follows:

	(Unaudited)				Total HK\$'000
	Six months ended 30 June 2019				
	Germany segment HK\$'000	China segment HK\$'000	Denmark segment HK\$'000	Inter- segment elimination HK\$'000	
Revenue	134,109	52,581	23,668	(4,183)	206,175
Cost of revenue	(70,249)	(36,268)	(14,239)	4,049	(116,707)
Gross profit	63,860	16,313	9,429	(134)	89,468
Adjusted EBITDA	51,810	13,796	7,629	(35)	73,200
Unallocated					
Corporate expenses					(17,626)
Finance income					9
Finance expenses					(3,722)
Depreciation and amortisation					(30,987)
Profit before tax					20,874
Income tax expense					(15,515)
Profit for the period					5,359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

	(Audited and restated) As at 31 December 2019				Total
	Germany segment HK\$'000	China segment HK\$'000	Denmark segment HK\$'000	Inter- segment elimination HK\$'000	HK\$'000
Segment assets	504,512	221,767	16,411	(188,620)	554,070
Unallocated					
Corporate assets					658,949
Deferred income tax assets					21,707
Total assets					1,234,726
Segment liabilities	156,959	158,652	17,607	(83,086)	250,132
Unallocated					
Corporate liabilities					125,454
Deferred income tax liabilities					8,105
Total liabilities					383,691

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

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Germany	200,314	206,176
China	114,084	131,186
Denmark	5,909	6,221
	320,307	343,583



7 REVENUE

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

Breakdown of revenue by category is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers (a)		
– Provision of vision correction services	186,199	203,889
– Sales of pharmaceutical products	120	177
– Others	1,394	806
	187,713	204,872
Rental of ophthalmic equipment and operating spaces	1,120	1,303
	188,833	206,175

All revenue is from external customers, with places from where revenue being derived are set out below:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Germany	129,464	129,935
China	36,420	52,581
Denmark	22,949	23,659
	188,833	206,175

There is no single external customer that contributes to more than 10% of the Group's revenue for each of the six-month periods ended 30 June 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

7 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business categories and geographical regions for each of the six-month periods ended 30 June 2020 and 2019:

	(Unaudited)									Total HK\$'000
	Six months ended 30 June 2020									
	Provision of vision correction services			Sales of pharmaceutical products			Others			
	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	
Revenue by business categories	126,864	36,420	22,915	86	-	34	2,155	-	9	188,483
Eliminations	-	-	-	-	-	-	(761)	-	(9)	(770)
Revenue from external customers	126,864	36,420	22,915	86	-	34	1,394	-	-	187,713
Timing of revenue recognition										
- At a point in time	-	-	-	86	-	34	607	-	-	727
- Over time	126,864	36,420	22,915	-	-	-	787	-	-	186,986
	126,864	36,420	22,915	86	-	34	1,394	-	-	187,713

	(Unaudited)									Total HK\$'000
	Six months ended 30 June 2019									
	Provision of vision correction services			Sales of pharmaceutical products			Others			
	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	
Revenue by business categories	127,729	52,581	23,579	106	-	71	4,971	-	18	209,055
Eliminations	-	-	-	-	-	-	(4,174)	-	(9)	(4,183)
Revenue from external customers	127,729	52,581	23,579	106	-	71	797	-	9	204,872
Timing of revenue recognition										
- At a point in time	-	-	-	106	-	71	8	-	9	194
- Over time	127,729	52,581	23,579	-	-	-	789	-	-	204,678
	127,729	52,581	23,579	106	-	71	797	-	9	204,872



7 REVENUE (Continued)

(b) Contract liabilities movement

Contract liabilities represent 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 periods:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Balance at beginning of the period	6,971	6,045
Advance collected from customers	187,439	204,873
Revenue recognised from contract liabilities		
– existed at the beginning of the period	(6,971)	(6,045)
– occurred during the period	(179,735)	(198,884)
Balance at end of the period	7,704	5,989

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Employee benefit expenses (<i>Note 9</i>)	51,688	46,289
Depreciation of property, plant and equipment (<i>Note 15</i>)	32,358	30,606
Raw materials and consumables	31,383	35,452
Advertising and marketing expenditure	16,474	20,743
Legal and other consulting services fee	7,014	3,979
Electricity and other utility expenses	6,124	5,919
Doctor's fee	5,774	5,955
Clinic, office and consumption expenses	4,491	5,130
Repair and maintenance	4,123	3,996
Transportation costs	2,480	3,101
Auditors' remuneration		
– audit services	428	–
– non-audit services	–	–
Amortisation of intangible assets (<i>Note 15</i>)	368	381
Rent concession related to COVID-19	(1,719)	–
Listing expenses	–	18,590
Others	921	1,713
Total cost of revenue, selling expenses and administrative expenses	161,907	181,854

9 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Wages and salaries	44,212	38,659
Contributions to defined contribution pension schemes	4,867	4,271
Provision for employee benefits and housing scheme	2,583	3,359
Share-based payments	26	–
	51,688	46,289

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020



10 OTHER GAINS, NET

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Compensation relating to employee benefits	385	416
Gain/(loss) on disposal of property, plant and equipment	43	(115)
Others	222	(62)
	650	239

11 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Finance income		
Interest income	2,318	9
Finance expenses		
Interest expenses on		
– borrowings from financial institutions (Note 23(a))	223	98
– borrowing from non-controlling interest	–	71
– lease liabilities	3,695	3,527
Others	(155)	26
	3,763	3,722
Finance expenses, net	(1,445)	(3,713)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

12 INCOME TAX EXPENSE

The Group was subject to different tax jurisdiction mainly in Germany, Denmark, China and Hong Kong with tax rates ranging from 16.5% to 32% during the periods presented.

Taxation on profits has been calculated on the estimated assessable profit or loss for the period 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 statement of comprehensive income represents:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	13,455	18,182
Deferred income tax credit	(4,012)	(2,667)
	9,443	15,515



13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	18,167	5,182
Weighted average number of ordinary shares in issue ('000)	329,160	238,000*
Basic earnings per share (HK cents)	5.519	2.177

Diluted earnings per share equal basic earnings per share as potential ordinary shares are antidilutive for the six months ended 30 June 2020 (six months ended 30 June 2019: no potential ordinary shares).

* adjusted retrospectively as a result of share subdivision and capitalisation issue in September 2019

14 DIVIDENDS

- (a) The Board of Directors of the Company does not recommend any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).
- (b) The special dividend of EUR 7,400,000 (equivalent to approximately HK\$62,053,000) being declared on 23 September 2019 was paid during the six months ended 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

15 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

	(Unaudited)		
	Property, plant and equipment HK\$'000	Intangible assets HK\$'000	Goodwill HK\$'000
Six months ended 30 June 2020			
Opening net book amount	331,656	5,305	6,622
Additions	12,351	–	–
Depreciation/amortisation charge	(32,358)	(368)	–
Exchange differences	(2,767)	(287)	153
Closing net book amount	308,882	4,650	6,775
Six months ended 30 June 2019			
Opening net book amount	329,334	6,207	6,798
Additions	32,901	–	–
Depreciation/amortisation charge	(30,606)	(381)	–
Disposals	(115)	–	–
Exchange differences	(2,332)	(50)	(54)
Closing net book amount	329,182	5,776	6,744

As at 30 June 2020, borrowings with amount of HK\$7,347,000 (31 December 2019: HK\$8,262,000) were secured by property, plant and equipment with net book value of HK\$8,845,000 (31 December 2019: HK\$10,208,000) (Note 23(a)).

The right-of-use assets included in property, plant and equipment as at 30 June 2020 amounted to HK\$188,619,000 (31 December 2019: HK\$206,577,000)



16 TRADE RECEIVABLES

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Total trade receivable, gross	2,309	2,670
Less: provision for impairment	(148)	(175)
Total trade receivables, net	2,161	2,495

The majority of the Group's sales requires advance payments from customers. The remaining amounts are mainly due from insurance companies who pay the Group on a regular basis. As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade receivables based on the invoice date was as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Within 6 months	2,309	2,670

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

16 TRADE RECEIVABLES (Continued)

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Balance at beginning of the period	175	860
Provision/(reversal of provision) for impairment	9	(27)
Receivables written off as uncollectible	(36)	(655)
Balance at end of the period	148	178

17 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Term deposits with maturity within 3 months	–	649,518
Cash at bank	697,136	137,058
Cash on hand	96	532
	697,232	787,108

The Group earns interests on cash at bank with no fixed maturity date at floating bank deposit rates, which range from 0% to 0.30% per annum at 30 June 2020 (31 December 2019: 0% to 0.30% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020



18 SHARE CAPITAL

	Six months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	Number of shares	Number of shares	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Authorised:				
Balance at beginning and end of the period	1,000,000,000	50,000	78,451	392
Issued and fully paid:				
Balance at beginning and end of the period	329,234,000	34,000	25,826	267

19 SHARES HELD FOR SHARE SCHEME

These shares are shares of the Company that are held by an independent professional trustee (the "Trustee") for the purpose of issuing shares under the Restricted Share Award Scheme and other equity-based incentive schemes adopted by the Company (see Note 21 for further information).

	Number of shares	Amount
	(unaudited)	HK\$'000
	(unaudited)	(unaudited)
As at 1 January 2020	–	–
Acquisition of shares by the Trustee	250,000	1,367
As at 30 June 2020	250,000	1,367

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

20 OTHER RESERVES

	(Unaudited)				Total HK\$'000
	Capital reserve– contributed surplus HK\$'000	Capital reserve– share-based payments HK\$'000	Currency translation reserve HK\$'000	Other HK\$'000	
At 1 January 2019	92,132	5,980	8,071	(1,004)	105,179
Exchange differences	–	–	(2,591)	–	(2,591)
At 30 June 2019	92,132	5,980	5,480	(1,004)	102,588
At 1 January 2020	92,132	5,980	4,581	(1,004)	101,689
Share-based payments (<i>Note 21</i>)	–	26	–	–	26
Exchange differences	–	–	(1,275)	–	(1,275)
At 30 June 2020	92,132	6,006	3,306	(1,004)	100,440

21 SHARE-BASED PAYMENTS

On 19 March 2020, the Company adopted a share scheme with a term of 10 years to incentivise skilled and experienced personnel, and to recognise the contributions of the participants, to the Group (the "Restricted Share Award Scheme").

Under the scheme the grantees receive the shares of the Company with a vesting period of two years.

The following table shows the restricted shares granted and outstanding at the beginning and end of the reporting period:

	Average fair value per share (HK\$) (Unaudited)	Number of shares (Unaudited)
As at 1 January 2020	–	–
Granted during the period	6.34	161,661
As at 30 June 2020	6.34	161,661

The fair value of the awards at grant date was estimated by the market price of the Company's shares on that date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020



22 TRADE PAYABLES

As at 30 June 2020 and 31 December 2019, the ageing analysis of trade payables based on invoice dates was as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Within 3 months	20,865	18,340
Over 3 months but within 6 months	2,022	2,722
Over 6 months but within 1 year	1,673	3,917
Over 1 year but within 2 years	2,676	–
	27,236	24,979

Trade payables are unsecured and usually paid within 90 days of recognition.

23 BORROWINGS

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Non-current		
Long-term borrowings – secured (a)	5,552	6,456
Current		
Current portion of long-term borrowings – secured (a)	1,795	1,806
Bank overdraft	–	87
	1,795	1,893
Total borrowings	7,347	8,349

(a) As at 30 June 2020, these borrowings from financial institutions carried interests ranging from 5.71% to 6.12% per annum (31 December 2019: 1.77% to 6.12% per annum) and were secured by certain property, plant and equipment of the Group (Note 15). The repayment terms of the borrowings are 5 years from 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

23 BORROWINGS (Continued)

The Group borrowings were repayable as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Within 1 year	1,795	1,893
Over 1 year but within 2 years	1,917	1,858
Over 2 years but within 5 years	3,635	4,598
	7,347	8,349

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Floating rate – expiring beyond one year	8,715	8,725



24 LEASES

(a) Amounts recognised in the statements of financial position

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Right-of-use assets**		
Properties	181,263	196,875
Medical equipment	7,356	9,702
Total	188,619	206,577

** included in the line item "property, plant and equipment" in the statements of financial position

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Lease liabilities		
Non-current	164,486	181,607
Current	44,788	43,956
Total	209,274	225,563

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

24 LEASES (Continued)

(b) Amounts recognised in the statements of comprehensive income and statements of cash flows

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation charge of right-of-use assets		
Properties	17,937	20,451
Medical equipment	2,711	1,790
	20,648	22,241
Interest expenses on lease liabilities (included in finance expenses)	3,695	3,527

The total cash outflow for leases for the six months ended 30 June 2020 was HK\$22,872,000 (six months ended 30 June 2019: HK\$26,382,000).



24 LEASES (Continued)

(c) Commitments and present value of lease liabilities are shown in the table below:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Commitments in relation to leases are payable as follows:		
– Within one year	46,654	47,533
– Later than one year but not later than two years	37,180	42,943
– Later than two years but not later than five years	64,999	70,514
– Later than five years	91,172	101,644
Minimum lease payments	240,005	262,634
Future finance charge	(30,731)	(37,071)
Total lease liabilities	209,274	225,563
The present value of lease liabilities is as follows:		
– Within one year	44,788	43,956
– Later than one year but not later than two years	34,548	40,605
– Later than two years but not later than five years	57,295	61,946
– Later than five years	72,643	79,056
	209,274	225,563

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

24 LEASES (Continued)

(d) The movements of lease liabilities are shown in the table below:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Balance at beginning of the period	225,563	233,853
Lease payments	(22,872)	(26,382)
Accrued interests	3,695	3,527
Increase in right-of-use assets	4,337	9,357
Lease modification	188	–
Rent concession related to COVID-19 (Note 8)	(1,719)	–
Exchange differences	82	36
Balance at end of the period	209,274	220,391

25 COMMITMENTS

(a) Capital commitments

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Leasehold improvement	4,976	8,346



26 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
Baigo Capital GmbH	Common shareholder and director – Mr Marcus Huascar Bracklo

(a) Transactions with related parties

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales of goods to:		
– Dr Jørgensen und Kollegen GbR	9	–
Rendering of services to:		
– Dr Jørgensen und Kollegen GbR	787	789
– JJ Beteiligungs-GmbH	–	9
	796	798
Purchase of goods from:		
– Dr Jørgensen und Kollegen GbR	–	771
Rendering of services from:		
– JJ Beteiligungs-GmbH	–	159
	–	930

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited) (Restated)
Trade receivables:		
– Dr Jørgensen und Kollegen GbR	113	–
Other receivables:		
– Dr Jørgensen und Kollegen GbR	–	9
Trade payables:		
– Baigo Capital GmbH	–	3,429

(c) Key management compensation

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	5,086	3,527
Directors' fees	1,574	780
Share-based payments	3	–
	6,663	4,307



27 EVENTS AFTER THE REPORTING PERIOD

The Group is pleased to announce that, on 17 August 2020, the Group submitted (i) an indicative non-binding offer letter to Prof. Knorz in relation to the possible acquisition of the entire equity interest in Augenarztliche Privatpraxis Prof. Dr. Michael C. Knorz, an ophthalmological private practice in Germany which specialises in lens exchange surgery; and (ii) an indicative non-binding offer letter to Knorz Vermögensverwaltung GmbH ("**Knorz GmbH**"), a Group owned by Prof. Knorz and his family members, and University Medical Centre Mannheim (*Universitätsklinikum Mannheim*) of Heidelberg University in relation to the possible acquisition of at least 55% and up to 100% equity interest in FreeVis LASIK Zentrum Mannheim GmbH, a German limited liability company which operates an eye clinic in Mannheim, Germany that specialises in refractive laser surgery (the "**Possible Acquisitions**"). On 26 August 2020, the Group received a letter from Prof. Knorz and Knorz GmbH indicating their willingness to negotiate with the Group based on the terms offered in the non-binding offer letters in relation to the Possible Acquisitions, respectively.

The financial impacts of these acquisitions to the Group are expected to be relatively insignificant based on the latest financial information of the target companies.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2020, the total revenue of the Group was approximately HK\$188.83 million. Affected by the coronavirus disease 2019 (“**COVID-19**”) outbreak, the Group’s revenue declined for the six months ended 30 June 2020 by 8.4% as compared to the corresponding period in 2019.

The Group’s revenue is primarily derived from three geographical locations, being Germany, Denmark and the PRC. The Group’s revenue in Germany for the six months ended 30 June 2020 was approximately HK\$129.46 million, representing 68.5% of the total revenue, and a decrease of 0.4% as compared to the corresponding period in 2019. The Group maintained a stable performance in Germany despite the COVID-19 outbreak, and the Group’s position as a market leader in Germany has not been significantly affected by the pandemic.

The Group’s revenue in Denmark for the six months ended 30 June 2020 was approximately HK\$22.95 million representing 12.2% of the total revenue, and a decrease of 3.0% as compared to the corresponding period in 2019. Despite the interruption of the Group’s business in Denmark for a certain period due to the COVID-19 outbreak, overall the Group maintained a stable performance in Denmark.

The Group’s revenue in the PRC for the six months ended 30 June 2020 was approximately HK\$36.42 million, representing 19.3% of the total revenue, and a decrease of 30.7% as compared to the corresponding period in 2019, which was mainly attributable to the interruption of the Group’s operation in the PRC for a substantial period caused by the travel and work restrictions imposed in many provinces and cities in the PRC since the end of January 2020 in response to the COVID-19 outbreak. The Group’s clinics in the PRC suspended surgical operations since the end of January 2020 and only resumed performing surgical operations by the end of March 2020. Furthermore, the intercity-travel quarantine policy has also affected the Group’s business operation in the PRC until mid-May 2020.

Although the Group’s revenue in the PRC was decreased compared to the corresponding period in 2019 due to various reasons, including the precautionary measures and control policies adopted by the PRC government in response to the COVID-19 outbreak, the Group believes that such impact is temporary and does not have a significant adverse impact on the Group’s business operations and development in the PRC.

The Group’s business in the PRC has resumed normal operation since late May 2020.

The Group's revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately HK\$89.69 million, accounting for 47.5% of the total revenue for the six months ended 30 June 2020, among which, the revenue from performing trifocal lens surgery was approximately HK\$84.37 million. The revenue from performing phakic lens (ICL) surgery was approximately HK\$26.51 million. Lens exchange surgery and phakic lens (ICL) surgery remained the main sources of income of the Group, representing an aggregate of 61.5% of the total revenue for the six months ended 30 June 2020.

For the six months ended 30 June 2020, the Group's gross profit was approximately HK\$75.62 million, representing a decrease of approximately HK\$13.85 million or 15.5% as compared to the corresponding period in 2019. This is mainly attributable to the interruption and suspension of business operation of the Group's clinics in Germany, Denmark and the PRC due to the COVID-19 outbreak.

The Group's net profit after tax for the six months ended 30 June 2020 was approximately HK\$16.68 million. After adjusting for non-recurring item, the Group's Adjusted Net Profit After Tax was approximately HK\$16.74 million.

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 during the periods indicated:

	Six months ended 30 June			
	2020		2019	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Provision of vision correction services	186,199	98.6%	203,889	98.9%
Rental of ophthalmic equipment and operating spaces	1,120	0.6%	1,303	0.6%
Sales of pharmaceutical products	120	0.1%	177	0.1%
Others	1,394	0.7%	806	0.4%
Total	188,833	100.0%	206,175	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total revenue for the six months ended 30 June 2020 decreased by approximately HK\$17.34 million as compared to the corresponding period in 2019, representing a year-on-year decrease of 8.4%, which was mainly due to the temporary interruption and suspension of business operation of the Group's clinics in Germany, Denmark and the PRC as a result of the COVID-19 outbreak.

The Group's revenue was generated from Germany, the PRC and Denmark. As at 30 June 2020, the Group had a total of 26 clinics and consultation centres worldwide. The following table sets forth the Group's revenue by geographical locations during the periods indicated:

	Six months ended 30 June			
	2020		2019	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Germany	129,464	68.5%	129,935	63.0%
The PRC	36,420	19.3%	52,581	25.5%
Denmark	22,949	12.2%	23,659	11.5%
Total	188,833	100.0%	206,175	100.0%

For the six months ended 30 June 2020, the Group generated 68.5% of its revenue from Germany, 19.3% from the PRC and 12.2% from Denmark. As compared to the six months ended 30 June 2019, the Group's revenue decreased by 0.4% for Germany, 30.7% for the PRC and 3.0% for Denmark.

2. Cost of Revenue

For the six months ended 30 June 2020, the largest cost of revenue incurred continued to be employee benefit expenses, representing 31.4% of the Group's total cost of revenue, followed by raw materials and consumables, representing 27.7% of the Group's total cost of revenue.

	Six months ended 30 June		
	2020	2019	Change
	HK\$'000	HK\$'000	%
Employee benefit expenses	35,548	35,240	0.9%
Raw materials and consumables	31,382	35,452	-11.5%
Depreciation of property, plant and equipment	26,456	25,856	2.3%
Doctor's fee	5,774	5,955	-3.0%
Others ⁽¹⁾	14,053	14,204	-1.1%
Total	113,213	116,707	-3.0%

Note:

- (1) Others mainly included clinic, office and consumption expenses, transportation costs, repair and maintenance electricity and other utility expenses, etc.



The total cost of revenue of the Group for the six months ended 30 June 2020 amounted to approximately HK\$113.21 million, representing a decrease of approximately HK\$3.49 million as compared to the corresponding period in 2019, which is primarily attributable to the interruption of the Group's business due to the COVID-19 outbreak and the fact that the Group obtained more favourable purchase prices for raw materials and consumables from its major suppliers.

3. Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin during the periods indicated:

	Six months ended 30 June		Change %
	2020 HK\$'000	2019 HK\$'000	
Revenue	188,833	206,175	-8.4%
Cost of revenue	(113,213)	(116,707)	-3.0%
Gross profit	75,620	89,468	-15.5%
Gross profit margin	40.0%	43.4%	
Adjusted gross profit (see "Non-IFRS Financial Measures" section)	75,620	92,188	-18.0%
Adjusted gross profit margin	40.0%	44.7%	

The gross profit of the Group for the six months ended 30 June 2020 decreased by approximately HK\$13.85 million or 15.5% as compared to the corresponding period in 2019. The adjusted gross profit margin for the six months ended 30 June 2020 was 40.0%, representing a decrease of 4.7 percentage points as compared to the corresponding period in 2019.

4. Selling Expenses

The Group's selling expenses for the six months ended 30 June 2020 amounted to approximately HK\$22.29 million, representing a decrease of approximately HK\$3.28 million or 12.8% as compared to the corresponding period in 2019, which was primarily due to the decrease in marketing activities as a result of the COVID-19 outbreak. For the six months ended 30 June 2020, the selling expenses amounted to 11.8% of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2020 amounted to approximately HK\$26.40 million, representing a decrease of approximately HK\$13.17 million or 33.3% as compared to the corresponding period in 2019, which was primarily due to the one-time listing expenses being recognised in 2019.

Among the administrative expenses of the Group for the six months ended 30 June 2020, employee benefits expenses amounted to approximately HK\$12.64 million, representing an increase of approximately HK\$4.57 million or 56.6% as compared to the corresponding period in 2019, which was primarily due to the increase in expenses relating to administrative personnel and Directors' fee; legal and other consulting services fee amounted to approximately HK\$6.32 million, representing an increase of approximately HK\$2.56 million or 68.2% as compared to the corresponding period in 2019, which was primarily due to the increase in the legal and professional fee incurred by the Group for compliance and legal advisory services.

	Six months ended 30 June		
	2020 HK\$'000	2019 HK\$'000	Change %
Listing expenses	–	18,590	-100.0%
Employee benefits expenses	12,642	8,072	56.6%
Depreciation of property, plant and equipment	4,311	3,518	22.5%
Legal and other consulting services fee	6,321	3,757	68.2%
Office and consumption expenses	1,249	1,852	-32.6%
Others	1,881	3,785	-50.3%
Total	26,404	39,574	-33.3%

6. Finance Income and Expenses, net

The finance income of the Group for the six months ended 30 June 2020 amounted to approximately HK\$2.32 million, representing an increase of approximately 25,655.6% as compared to the corresponding period in 2019, which was primarily due to the increase in income relating to interests arising from the proceeds of the Company's global offering.

The finance expenses of the Group increased by 1.1% from approximately HK\$3.72 million for the six months ended 30 June 2019 to approximately HK\$3.76 million for the six months ended 30 June 2020.

7. Borrowings

As at 30 June 2020, the Group had outstanding borrowings of approximately HK\$7.35 million, of which approximately HK\$1.80 million shall be repaid within one year. The decrease in the total borrowings of the Group for the six months ended 30 June 2020 was due to the repayment of borrowings.



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 RMB, respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currencies. As at 30 June 2020, 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.

Management believes that the foreign exchange risk mainly arises from the Group's HK\$- denominated listing proceeds deposited with banks in Hongkong. As at 30 June 2020, if HK\$ had weakened/strengthened by 5% against EUR with all other variables being held constant; post-tax profit for the six months ended 30 June 2020 would have been HK\$4,258,000 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 30 June 2020, borrowings of approximately HK\$7.35 million (as at 31 December 2019: approximately HK\$8.26 million) were secured by property, plant and equipment with net book value of approximately HK\$8.85 million (as at 31 December 2019: approximately HK\$10.21 million).

10. Capital Commitments

Save for the capital commitment of approximately HK\$4.98 million (as at 31 December 2019: approximately HK\$8.35 million) in relation to the addition of property, plant and equipment as at 30 June 2020, the Group had no significant capital commitment.

11. Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.

12. Material Investments, Acquisitions and Disposals

There were no significant investments held, acquisitions or disposals of subsidiaries, associates and joint ventures by the Group for the six months ended 30 June 2020. 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 30 June 2020.

13. 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 which will be funded by the proceeds from the Company's global offering, the Group did not have other plans for material investments or capital assets as at 30 June 2020.

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 six months ended 30 June 2020, the principal source of liquidity of the Company was cash generated from the business operations of the Company and the proceeds from the Company's global offering. As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$697.23 million.

The current ratio (calculated by dividing the Group's current assets by its current liabilities) was 7.3 times as at 30 June 2020 as compared to 4.6 times as at 31 December 2019.

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 condensed consolidated statement of financial position to its long-term borrowings. The Group's gearing ratio as at 30 June 2020 was 0.64% (as at 31 December 2019: 0.75%).

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"). The Company issued 91,234,000 shares at a price of HK\$7.50. The aggregate net proceeds from the Company's global offering (after deducting underwriting fees and expenses) amounted to approximately HK\$660.66 million, 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 30 June 2020:

Use of net proceeds	Percentage of the net proceeds (%)	Planned application (HK\$'000)	Actual usage up to 30 June 2020 (HK\$'000)	Unutilised net proceeds as at 30 June 2020 (HK\$'000)	Expected timeline for fully utilising the unutilised amount
For establishing clinics in major cities in the PRC	40.0	264,266	4,243	260,023	By 31 December 2025
For potential acquisition of clinic groups in Europe	33.0	218,019	–	218,019	By 31 December 2024
For the expansion of marketing efforts	17.0	112,313	1,804	110,509	By 31 December 2024
Working capital and general corporate purposes	10.0	66,066	1,503	64,563	By 31 December 2024
	100.0	660,664	7,550	653,114	

Note:

- The expected timeline for utilisation of the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement.



OUTLOOK AND STRATEGIES

Despite the worldwide COVID-19 outbreak, the Group continues to adopt its strategy to maintain the rapid and sustainable development of the Group's business in the future.

Specifically, the Group will focus on the following business strategies:

External acquisitions to further enhance the Group's performance

The Group is pleased to announce that, on 17 August 2020, the Group submitted (i) an indicative non-binding offer letter to Prof. Knorz in relation to the possible acquisition of the entire equity interest in Augenarztliche Privatpraxis Prof. Dr. Michael C. Knorz, an ophthalmological private practice in Germany which specialises in lens exchange surgery; and (ii) an indicative non-binding offer letter to Knorz Vermögensverwaltung GmbH ("**Knorz GmbH**"), a Group owned by Prof. Knorz and his family members, and University Medical Centre Mannheim (*Universitätsklinikum Mannheim*) of Heidelberg University in relation to the possible acquisition of at least 55% and up to 100% equity interest in FreeVis LASIK Zentrum Mannheim GmbH, a German limited liability company which operates an eye clinic in Mannheim, Germany that specialises in refractive laser surgery (the "**Possible Acquisitions**"). On 26 August 2020, the Group received a letter from Prof. Knorz and Knorz GmbH indicating their willingness to negotiate with the Group based on the terms offered in the non-binding offer letters in relation to the Possible Acquisitions, respectively.

The Possible Acquisitions are in line with the Group's growth strategy in Germany. The Possible Acquisitions will further expand the Group's current footprint in Germany while enhancing its market leader status. The Directors believe that the Possible Acquisitions will support the long-term growth of the Group's revenue and profit.

For details of the Possible Acquisitions, please refer to the announcement of the Company dated 26 August 2020.

Opening of new clinics

The construction of the Group's clinic in Chongqing has resumed after the local restrictions in response to the COVID-19 outbreak were lifted in Q2 of 2020. It is expected that the new clinic in Chongqing will open in Q4 of 2020. The new clinic will further enhance the Group's presence in the PRC. The new clinic in Chongqing will serve as the surgical center for providing quality ophthalmological services to patients in the southwestern part of the PRC.

The construction of a new flagship clinic in Copenhagen is anticipated to be completed in 2021, in substitution of the Group's existing clinic. This new clinic is larger in scale. With its prominent location in the center of Copenhagen, it will help to meet the increasing demand for the Group's services in Denmark, which will support the continuous growth of the Group's business in Denmark.

MANAGEMENT DISCUSSION AND ANALYSIS

Offering new lines of services in different region

Furthermore, in view of the increasing prevalence of myopia in the PRC, the Group has introduced correction treatment for young myopia patients by offering orthokeratology services, which further expands the Group's line of services and enables it to serve patients across age groups.

As the EDOF ICL has been approved in Europe, the Group will start using such technology in its clinics in Germany in Q3 of 2020. By adopting the new technology of EDOF ICL implantation, the Group will be able to treat a wider population to cover younger presbyopia patients.

Strengthening the Group's international medical advisory board with the addition of world renowned medical professional

The Group is pleased to announce that Prof Burkhard Dick has joined the EuroEyes international medical advisory board. Prof Dick is one of the most influential eye surgeons in Germany. He is a pioneer surgeon in performing bladeless laser cataract surgery in Europe. He was also the president of the German Society for Cataract & Refractive Surgeons (DGII) from 2016 to 2020 and represented Germany in the International Society of Refractive Surgery (ISRS).

By strengthening the Group's medical advisory board, the quality and service standard of refractive surgery will be further enhanced under the direction of the medical advisory board, hence supporting the growth of the Group's business globally.



RESULTS AND APPROPRIATIONS

The results of the Group for the six months ended 30 June 2020 are set out in the condensed consolidated statement of comprehensive income on pages 9 to 10.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (for the corresponding period in 2019: nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company 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) ("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 Jørn Slot Jørgensen ("Dr Jørgensen")	Interest in a controlled corporation; Beneficial owner and interest of spouse	173,813,500 (L) (Note 2)	52.79%
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	5,471,400 (L)	1.66%
Mr Marcus Huascar Bracklo	Beneficial owner	238,000 (L)	0.07%

OTHER INFORMATION

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 30 June 2020 was 329,234,000.
2. Out of 173,813,500 shares that Dr Jørgensen was interested, 1,262,000 shares were held by EuroEyes Holding AG which is owned as to 100% by Dr Jørgensen and 120,500 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 30 June 2020, so far as is known to any Directors or the chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of 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 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 THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, other than interests disclosed above in respect of the Director 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 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 shareholder	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note1)
Dr Susanne Jørgensen	Beneficial owner and interest of spouse	173,813,500 (L) (Note 2)	52.79%
Ling Rui International Trading Company Limited	Beneficial owner	19,721,000 (L) (Note 3)	5.99%
CHINAEYES Limited	Interest in a controlled corporation	19,721,000 (L) (Note 3)	5.99%
TOPGOOD Inc.	Interest in a controlled corporation	19,721,000 (L) (Note 3)	5.99%
AIRUIKANG Holdings Limited	Interest in a controlled corporation	19,721,000 (L) (Note 3)	5.99%
Mr Xu Xuyang	Interest in a controlled corporation	19,721,000 (L) (Note 3)	5.99%

Notes:

(L) denotes long position.

- The total number of issued shares of the Company as at 30 June 2020 was 329,234,000.
- 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 the provision of Part XV of the SFO.
- 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 30 June 2020, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company regarding non-compliance of the Model Code, that they fully complied with the provisions contained in the Model Code and its code of conduct regarding directors' securities transactions during the six months ended 30 June 2020.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 23 September 2019 (the "**Scheme**") and shall be valid until 23 September 2029. Pursuant to the Scheme, certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares. The purpose of the Scheme is to provide incentives or rewards to employees for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources. A summary of the principal terms of the Scheme is set out in the paragraph headed "E. Share Option Scheme" in Appendix IV of the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. No share option has been granted, exercised, cancelled or lapsed since the adoption of the Scheme and there was no share option outstanding as at 30 June 2020.

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "**Restricted Share Award Scheme**") on 19 March 2020 as an incentive to attract, motivate and retain, among other, Directors and employees of the Group. The Restricted Share Award Scheme will be valid and effective for a period of ten year commencing from the adoption date, being 19 March 2020. 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.

On 19 March 2020, 250,000 shares of the Company were purchased through BOCI Trustee (Hong Kong) Limited, the trustee engaged by the Company (the "**Trustee**") for administering the Restricted Share Award Scheme at an average price per share of HK\$5.45 on the Stock Exchange, for satisfying the vesting of the relevant restricted share awards.

During the six months ended 30 June 2020, a total of 161,661 shares of the Company were granted to the eligible participants under the Restricted Share Award Scheme. The restricted share award represents a contingent right by the grantee under the Restricted Share Award Scheme to receive shares of the Company or cash payment in satisfaction of the restricted share award upon its vesting. The restricted share awards granted will be vested for two years.

As at 30 June 2020, no shares were vested to the eligible participants of the Group, while the total number of shares held by the Trustee was 250,000. Details of the restricted shares granted under the Restricted Share Award Scheme during the reporting period are set out under Note 21 to the condensed consolidated financial statements of this report.

The Directors believe that the compensation packages offered by the Group to staff members are competitive in comparison with market standards and practices.

CORPORATE GOVERNANCE

Except for the deviation from code provision A.2.1 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “**CG Code**”), the Company’s corporate governance practices have complied with the CG Code during the six months ended 30 June 2020 and up to the date of this report. CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Dr. Jørgensen is the chairman and also acts as the chief executive officer of the Company given that he has considerable experience in the business of providing ophthalmic services in Germany, Denmark and the PRC. Dr. Jørgensen is the founder of the Group 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 of the Company 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 has implemented, 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.

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, the trustee of the Restricted Share Award Scheme purchased 250,000 shares at a total consideration of approximately HK\$1,367,000 on the Stock Exchange pursuant to the rules and the trust deed of the Restricted Share Award Scheme. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

EMPLOYEES

As at 30 June 2020, the Group had 251 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 six months ended 30 June 2020, 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 the 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, the Labour Law of the PRC and the Labour Contract Law of the PRC, German Civil Code and relevant collective agreements and statutes of Denmark.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2020 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

By Order of the Board
EuroEyes International Eye Clinic Limited
Dr. Jørn Slot Jørgensen
Chairman and Executive Director

Hong Kong, 26 August 2020

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