EuroEyes International Eye Clinic Limited
德視佳國際眼科有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1846)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARES IN LONDON VISION CLINIC PARTNERS LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 20 January 2022 in relation to the Acquisition (the "**Announcement**"). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcement.

The Board wishes to provide the supplemental information in relation to the Acquisition.

EARN OUT CONSIDERATION SHARES

Under the Share Purchase Agreement, EuroEyes UK may settle the Earn Out Consideration Shares by procuring the Company to either issue the Earn Out Consideration Shares or pay by way of cash. In the event that EuroEyes UK chooses to settle the Earn Out Consideration Shares by allotment and issue of Consideration Shares, the Company shall allot and issue the Earn Out Consideration Shares by seeking a specific mandate from the Shareholders at the relevant time, otherwise EuroEyes UK shall settle the Earn Out Consideration Shares by way of cash payment.

CONSIDERATION ADJUSTMENT

The Consideration for the Acquisition is subject to the Consideration Adjustment, which shall be determined based on the statement of financial position of the Target Group as at the Completion Date. The maximum amount of the Consideration Adjustment as at 31 December 2021 (the "**Accounts Date**") was approximately £3,452,985. Pursuant to the warranties provided by the Partners, there has been no material adverse change in the turnover or financial position of the Target Company since the Accounts Date and the Target Company has conducted its business in the normal course and as a going concern. The maximum amount of the Consideration Adjustment as at the Accounts Date could be taken as a reference for the maximum amount of the Consideration Adjustment. Therefore, after taking into account the maximum Consideration Adjustment as at the Accounts Date, the maximum Consideration for the Acquisition shall be approximately £34,327,985.

BENCHMARKED PRICE

The Completion Consideration Shares will be issued at the issue price of HK$8.323 per Completion Consideration Share which represents:

(i) a discount of approximately 6.7% to the closing price of HK$8.92 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement; and

(ii) a discount of approximately 7.8% to the average closing price of HK$9.03 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the trading day immediately preceding the date of this announcement.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the financial information of the Target Company for the two years ended 31 December 2020 and the eleven months ended 30 November 2021, as extracted from the unaudited management accounts of the Target Company, which was prepared in accordance with the generally accepted accounting practice in the United Kingdom ("**UK GAAP**"), and being adjusted by the Company in order to fully reflect the Target Company's financial positions.

	For the eleven months ended 30 November	**For the year ended 31 December**	
	2021	**2020**	**2019**
	(unaudited)	**(unaudited)**	**(unaudited)**
	(in £'000)	***(in £'000)***	***(in £'000)***
Revenue	9,177	7,127	8,816
Net profit before taxation	3,346	1,272	2,680
Net profit after taxation	3,036	1,161	2,420
Adjusted revenue *(Notes 1, 4)*	8,942	6,692	8,384
Adjusted net profit before taxation *(Notes 2, 4, 5)*	2,199	94	361
Adjusted net profit after taxation *(Note 3)*	1,781	85	326

Notes:

1. Adjusted to exclude uncorrelated revenue in relation to services provided by Professor Stanga of approximately £432,000, £435,000 and £235,000 for the years ended 31 December 2019, 2020 and the eleven months ended 30 November 2021, respectively.

2. Adjusted to (i) exclude uncorrelated revenue and expenses in relation to services provided by Professor Stanga of approximately £153,000, £84,000 and £56,000 for the years ended 31 December 2019, 2020 and the eleven months ended 30 November 2021, respectively; and (ii) include salaries expenses which were booked as dividends of approximately £1,126,000, £1,104,000 and £1,091,000 for the years ended 31 December 2019, 2020 and the eleven months ended 30 November 2021, respectively.

3. Adjusted to include income tax expenses of approximately £225,000, £102,000 and £118,000 for the years ended 31 December 2019, 2020 and the eleven months ended 30 November 2021, respectively.

4. Professor Stanga was a former retina surgeon of the Target Company, and he terminated his freelance contract with the Target Company in March 2021. The adjustments were made to reflect the performance of the Target Company in the absence of Professor Stanga.

5. The Partners of the Target Company were remunerated by dividend payments. The adjustments were made to reflect the performance of the Target Company in which the remuneration of the Partners were booked under salaries expenses.

ADJUSTED EBIT AND NORMALISED EBIT

Pursuant to the Share Purchase Agreement, the Adjusted EBIT and the Normalised EBIT are used to calculate the Contingency Cash Consideration and the Earn Out Consideration.

Adjusted EBIT

Adjusted EBIT represents the EBIT of the Target Company which (i) shall be increased by the amount equal to 50% of the revenue which would have been generated by the Target Company for the training courses which are offered to the surgeons of the Company and its subsidiaries free of charge if such courses had been paid in full at the same rate charged to other third parties attending such courses; and (ii) shall be adjusted for the relevant period by applying the Normalised EBIT adjustment mechanism, which shall be applied, if applicable, in line with the conduct of business requirements set out below (without double counting):

Normalised EBIT adjustment mechanism

Specific adjustments which were necessary to adjust the reported EBIT to Normalised EBIT for the Financial Year ended 31 December 2021, and for each Financial Year thereafter for the purposes of the relevant Earn Out Period in order to reflect the future business and growth of the Target Company:

Under the Share Purchase Agreement, EBIT is calculated according to the profit and loss account after taking into account certain adjustments such as the following:

(i) adjustment of revenue and expenses in connection with the services provided by Professor Stanga, who is no longer employed by the Target Company;

(ii) adjustment for COVID-19 effect, for example, government grants; and

(iii) other adjustments (such as research profits, training profits (without double counting), medical supplies, consultancy fees for research, wages and salaries for research staff, directors' salaries, wages and salaries for surgeons, key people's remuneration, rental expenses, and donations)

RETENTION OF PARTNERS

The Target Company has entered into permanent employment contracts with each of Professor Reinstein, Mr Carp and Dr Archer, respectively, and an independent contractor agreement with Mr Engelfried; on 20 January 2022. Their employment shall commence on the day immediately following the completion of the Share Purchase Agreement.

Pursuant to the Share Purchase Agreement:

(i) neither Professor Reinstein nor Dr Reinstein shall be entitled to any Earn Out Consideration in the event that Professor Reinstein is a Bad Leaver (as defined below); and

(ii) Mr Carp shall cease to be entitled to any Earn Out Consideration in circumstances where he is a Bad Leaver.

Under the Share Purchase Agreement:

(i) "**Bad Leaver**" is any Partner who either ceases to be employed by, or ceases to provide consultancy services to, the Company other than in circumstances where he/she is a Good Leaver (as defined below); and

(ii) "**Good Leaver**" is any Partner who either ceases to be employed by, or ceases to provide consultancy service to, the Company in certain circumstances such as (i) death, illness or disability, (ii) wrongful, unfair and/or constructive dismissal other than by virtue of a technical reason or technical breach of process to be wrongful or constructive; (iii) his/her employment being terminated other than without notice or without pay in lieu of notice as a result of repudiatory breach of his/her terms and conditions of employment or gross misconduct; (iv) partner consultancy agreement being terminated as a result of repudiatory breach of the partner consultancy agreement; (v) redundancy; or (vi) in the event of breach by EuroEyes UK or the Company of their respective obligations under the Share Purchase Agreement and such breach failing to be remedied by EuroEyes UK by the specified timeframe and EuroEyes UK confirms in writing that he/she is a Good Leaver.

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

Hong Kong, 28 January 2022

As at the date of this announcement, the Board comprises Dr. Jørn Slot Jørgensen, Dr. Markus Braun, Dr. Ralf-Christian Lerche, Mr. Jannik Jonas Slot Jørgensen as executive Directors; Mr. Marcus Huascar Bracklo as non-executive Director; Mr. Hans Helmuth Hennig, Ms. Katherine Rong Xin and Mr. Philip Duncan Wright as independent non-executive Directors.