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

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

Stock code 股份代號：1846

Annual Report
年度報告
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
(resigned on 31 March 2021)
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent Non-executive Directors

Mr Hans Helmuth Hennig
Mr Zhengzheng Hu (resigned on 12 April 2021)
Ms Katherine Rong Xin (appointed on 12 April 2021)
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 (resigned on 12 April 2021)
Ms Katherine Rong Xin (appointed on 12 April 2021)

NOMINATION COMMITTEE

Dr Jørn Slot Jørgensen *(Chairman)*
Mr Philip Duncan Wright
Mr Zhengzheng Hu (resigned on 12 April 2021)
Ms Katherine Rong Xin (appointed on 12 April 2021)

AUTHORISED REPRESENTATIVES

Dr Markus Braun
Ms Rosenna Ho

COMPANY SECRETARY

Ms Rosenna Ho

CORPORATE HEADQUARTERS

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Cayman Islands

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AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
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37/F, One Taikoo Place
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Hong Kong

COMPANY WEBSITE

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STOCK CODE

01846

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Result					
Revenue	**473,818**	429,692	397,394	325,956	260,943
Gross profit	**214,100**	177,721	161,100	115,733	85,119
Profit/(Loss) for the year	**64,073**	(3,686)	39,692	75,554	16,643
Adjusted net profit after tax for the year[(1)]	**70,614**	50,283	50,885	21,888[(5)]	16,643
Profit/(loss) attributable to owners of the Company	**65,580**	(3,440)	35,456	76,753	20,393
Adjusted profit attributable to owners of the Company[(1)(2)]	**71,908**	47,739	46,648	23,087	20,393
Gross profit margin(%)	**45.2**	41.4	40.5	35.5	32.6
Net (loss)/profit margin(%)	**13.5**	(0.9)	10.0	23.2	6.4
Adjusted net profit margin(%)[(1)(3)]	**14.9**	11.7	12.8	6.7	6.4
Earnings/(loss) per share[(4)]					
basic	**19.935**	(1.341)	15.216	33.438	8.935
diluted	**17.458**	(1.341)	15.216	33.438	8.935
Adjusted earnings per share[(4)]					
basic	**21.859**	18.610	20.020	10.058	8.935
diluted	**19.143**	18.610	20.020	10.058	8.935
Assets and liabilities					
Total assets	**1,314,181**	1,234,726	590,593	450,613	325,425
Total liabilities	**(324,569)**	(383,691)	(351,688)	(255,338)	(228,718)
Equity					
Equity attributable to the owners of the Company	**953,292**	807,257	227,106	194,808	95,931
Non-controlling interests	**36,320**	43,778	11,799	467	776
Total Equity	**989,612**	851,035	238,905	195,275	96,707

Notes:

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

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

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

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

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

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

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

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

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

(5) Adjusted net profit after tax and adjusted profit attributable to owners of the Company for the year ended 31 December 2017 are adjusted for the after-tax impact of the compensation from landlord for early termination of lease contract of approximately HK$53,666,000.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors of EuroEyes International Eye Clinic Limited (the "Company" or "EuroEyes"), I am pleased to present the annual report of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 (the "Year").

2020 will always be remembered as the year the COVID-19 pandemic brought disruption and uncertainty to businesses worldwide. EuroEyes was very fortunate that the Group was able to quickly rebound from the disruptions on its operations. We achieved remarkable earnings increase against the pandemic, and our business in the PRC also made great improvement.

FINANCIAL HIGHLIGHTS

The total revenue of the Group for the Year was approximately HK$473.8 million, of which the revenue in Germany, the People's Republic of the PRC (the "PRC") and Denmark was approximately HK$304.8 million, HK$108.1 million, and HK$60.9 million, respectively, representing an overall 10.3% increase in total revenue as compared to the year ended 31 December of 2019.

The Group's gross profit for the Year was approximately HK$214.1 million, which represented an increase of approximately HK$36.4 million or 20.5% year-on-year. The gross profit margin for the year ended 31 December 2020 was 45.2%, which represented an increase of 3.8 percentage points as compared to the corresponding period of 2019. Excluding the effects from non-recurring items, the Group's adjusted gross profit for the year ended 31 December 2020 increased 18.3% year-on-year as compared to the year ended 2019.

The Group's net profit after tax for the year ended 2020 was approximately HK$64.1 million, represented an increase of approximately 18.4 times compared to the net loss after tax of approximately HK$3.7 million for the year ended 31 December 2019. The Group's adjusted net profit after tax was approximately HK$70.6 million, represented an increase of 40.4% year-on-year compared to approximately HK$50.3 million for the year ended 31 December 2019.

BUSINESS REVIEW AND OUTLOOK

Despite the challenges brought on by the COVID-19 pandemic, the Group made timely internal optimizations, worked tirelessly to provide patients with high-quality services, and remained on target with its expansion plan in the PRC market.

The Group repositioned itself to focus largely on its unique feature, that is, the high profit margin lens surgery (intraocular surgery), which led to a strong increase in our revenue. Our profitability has also improved during 2020. In the PRC, we optimized the business operation to further enhance our competitiveness in lens surgery, and we have changed the customer acquisition method to significantly reduce selling expenditure.

The Group's Chongqing clinic, which services the southwest part of the PRC, will commence operations in April, 2021. It will be the Group's 7th clinic in the PRC and is going to bring high-quality vision correction services to the mountain city.

Looking forward, Euroeyes will remain committed to its expansion plan as it strives to satisfy future demands for surgical eye treatment in Europe and the PRC. We will continue to seek the chances in expanding our scope of service and presence worldwide. We will further increase our utilization rate of existing clinics, improve the profitability through strengthening the Group's competitive advantages, and make every effort to maximize its return to shareholders and investors.

APPRECIATION

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

Dr Jørn Slot Jørgensen
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the Group confronted challenges head-on, made timely operational optimization and vigorously seized market opportunities, to achieve remarkable results in terms of minimizing the negative impacts of the coronavirus disease 2019 ("COVID-19") on its businesses, while further strengthening its differentiated competitive strategy in lens surgeries, and significantly improving profitability. As a result, for the year ended 31 December 2020, the total revenue of the Group amounted to approximately HK$473.8 million, which represented an increase of approximately 10.3% as compared to the year ended 31 December 2019. The Group's gross profit increased from approximately HK$177.7 million for the year ended 31 December 2019 to approximately HK$214.1 million for the year ended 31 December 2020, representing an increase of approximately 20.5% as compared to the year ended 31 December 2019. The Group has vigorously improved its profitability during 2020. The operating profit of the Group for the year ended 31 December 2020 was approximately HK$111.1 million, which represented an increase of approximately 2.7 times as compared to HK$30.4 million for the year ended 31 December 2019. The Group's net profit after tax increased to approximately HK$64.1 million for the year ended 31 December 2020, which represented an increase of approximately 18.4 times as compared to the net loss after tax of approximately HK$3.7 million for the year ended 31 December 2019. After adjusting for non-recurring item, the Group's Adjusted Net Profit After Tax increased to approximately HK$70.6 million for the year ended 31 December 2020, which represented an increase of approximately 40.4% as compared to the year ended 31 December 2019. The Group's adjusted net profit margin was approximately 14.9% for the year ended 31 December 2020, which represented an increase of 3.2 percentage points compared to 11.7% for the year ended 31 December 2019.

REVENUE BY GEOGRAPHICAL REGIONS

Revenue in Europe

With the resurgence of COVID-19 across Europe in 2020, the Group adopted rapid and effective operational measures to prevent the spread of COVID-19. The Group has taken several precautionary measures at its clinics, such as enhancing the level of sterilization standard across all clinics, conducting more frequent nucleic acid testing for our employees, and inquiring patients of their recent travel history and medical condition. These measures ensured a safe clinic environment for both the Group's employees and patients, which enabled the Group's business to operate in a safe and orderly manner.

The Group's revenue in Germany for the year ended 31 December 2020 was approximately HK$304.8 million, representing approximately 64.3% of the total revenue, and an increase of approximately 14.9% as compared to the year ended 31 December 2019.

The Group's revenue in Denmark for the year ended 31 December 2020 was approximately HK$60.9 million, representing approximately 12.9% of the total revenue, and an increase of approximately 19.5% as compared to the year ended 31 December 2019.

The Group's revenue in Germany increased approximately 21.2% and 26.8% in the third quarter and fourth quarter of 2020, respectively, as compared to the corresponding periods in 2019. The Group's revenue in Denmark increased by approximately 25.0% and 41.9% in the third quarter and fourth quarter of 2020, respectively, as compared to the corresponding periods in 2019.

Revenue in PRC

In 2020, the Group proactively sought management and operational innovation in the PRC region, strengthened its brand management, restructured marketing department and applied a national wide patient management system to improve the effectiveness of our customer relationship management which helped to optimize the Group's customer acquisition process and reduce customer acquisition cost.

The Group's revenue in the PRC for the year ended 31 December 2020 was approximately HK$108.1 million, representing approximately 22.8% of the total revenue, with a slight decrease of approximately 4.7% as compared to the year ended 31 December 2019, which was mainly attributable to the interruption of the Group's operation in the PRC caused by the inter-city travel and work restrictions imposed in many provinces and cities in the PRC since the end of January 2020 until mid-May 2020 in response to the COVID-19 outbreak.

After inter-city and work restrictions came to an end, the business operations in the PRC gradually resumed normal after late May 2020, the Group's revenue in the PRC increased by approximately 19.1% to approximately HK$36.0 million in the third quarter of 2020, and increased by approximately 16.3% to approximately HK$35.7 million in the fourth quarter of 2020, as compared to the corresponding periods in 2019, respectively.

In September 2019, the Group set up the new clinic in Beijing East and the clinic reached breakeven point in June 2020, whose breakeven period was the shortest among the Group's clinics. This was mainly attributable to the Group's market positioning strategy, market accumulation, high quality medical standard and operation optimization.

Revenue by Types of Surgeries

In 2020, the Group has further strengthened its differentiated competitive strategy in advanced lens exchange surgery, which brought positive impact to the income of the Group. For the year ended 31 December 2020, the Group's revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately HK$227.4 million (2019: approximately HK$201.1 million), which represented an increase of approximately 13.1% as compared to the year ended 31 December 2019. The Group's revenue from performing lens exchange surgery accounted for approximately 48.0% (2019: approximately 46.8%) of the total revenue for the year ended 31 December 2020.

For the year ended 31 December 2020, the revenue from performing refractive laser surgery in Germany, Denmark and PRC was approximately HK$133.1 million (2019: approximately HK$117.8 million), HK$52.3 million (2019: approximately HK$43.3 million), and HK$42.0 million (2019: approximately HK$40.0 million), respectively, which represented an increase of approximately 13.0%, 21.1%, and 4.9% as compared to the year ended 31 December 2019, respectively.

For the year ended 31 December 2020, the revenue from performing phakic lens (ICL) surgery was approximately HK$68.3 million (2019: approximately HK$58.9 million), which represented an increase of approximately 15.9% as compared to the year ended 31 December 2019.

Lens exchange surgery and phakic lens (ICL) surgery remained the main sources of income of the Group, representing an aggregate of approximately 62.4% (2019: approximately 60.5%) of the total revenue for the year ended 31 December 2020.

In the third quarter and fourth quarter of 2020, the lens exchange surgery and ICL surgery performed by the Group recorded strong growth. The Group's revenue from performing lens exchange surgery increased by approximately 15.0% and 29.4% to approximately HK$54.7 million and HK$80.2 million in the third quarter and fourth quarter in 2020, respectively. The Group's revenue from ICL surgery increased by approximately 42.7% and 16.9% to approximately HK$21.8 million and HK$19.2 million in the third quarter and fourth quarter in 2020, respectively.

Gross Profit and Net Profit

For the year ended 31 December 2020, the Group's gross profit was approximately HK$214.1 million, which represented an increase of approximately HK$36.4 million, or 20.5%, as compared to the year ended 31 December 2019. The gross profit margin for the year ended 31 December 2020 was approximately 45.2%, which represented an increase of 3.8 percentage points as compared to the year ended 31 December 2019.

The Group's net profit after tax for the year ended 31 December 2020 was approximately HK$64.1 million. After adjusting for non-recurring item, the Group's Adjusted Net Profit After Tax increased to approximately HK$70.6 million, which represented an increase of approximately 40.4% as compared to the year ended 31 December 2019. Such increase was primarily attributable to the growth of lens exchange and ICL surgeries, and the improvement of operational efficiency which significantly reduced the Group's customer acquisition cost.

FINANCIAL REVIEW

1. Revenue

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

	Year Ended 31 December					
	2020	**2020 % of total revenue**	2019	2019 % of total revenue	Change	Change
	HK$'000		HK$'000		HK$'000	%
Provision of vision correction services	**469,165**	**99.0**	424,611	98.8	44,554	10.5
Rental of ophthalmic equipment and operating spaces	**2,163**	**0.5**	3,115	0.7	(952)	(30.6)
Sales of pharmaceutical products	**346**	**0.1**	395	0.1	(49)	(12.4)
Other	**2,144**	**0.4**	1,571	0.4	573	36.5
Total	**473,818**	**100.0**	429,692	100.0	44,126	10.3

The Group's total revenue increased by approximately 10.3% from approximately HK$429.7 million for the year ended 31 December 2019 to approximately HK$473.8 million for the year ended 31 December 2020. The Group's revenue was generated in Germany, the PRC and Denmark. As at 31 December 2020, the Group had a total of 26 clinics and consultation centres worldwide. The following table sets forth the Group's revenue by geographical location for the years indicated:

	Year Ended 31 December					
	2020	**2020**	2019	2019	Change	Change
		% of		% of		
		total		total		
	HK$'000	**revenue**	HK$'000	revenue	HK$'000	%
Germany	**304,788**	**64.3**	265,240	61.7	39,548	14.9
The PRC	**108,114**	**22.8**	113,475	26.4	(5,361)	(4.7)
Denmark	**60,916**	**12.9**	50,977	11.9	9,939	19.5
Total	**473,818**	**100.0**	429,692	100.0	44,126	10.3

For the year ended 31 December 2020, the Group generated approximately 64.3 % (2019: approximately 61.7%) of its revenue in Germany, approximately 22.8% (2019: approximately 26.4%) in the PRC and approximately 12.9% (2019: approximately 11.9%) in Denmark. As compared to the year ended 31 December 2019, the Group's revenue increased by approximately 14.9% in Germany, decreased by approximately 4.7% in the PRC and increased by approximately 19.5% in Denmark.

2. Cost Of Revenue

For the year ended 31 December 2020, the largest component of the Group's cost of sales was employee benefits expenses, representing approximately 31.5% (2019: approximately 31.0%) of the total cost of sales, followed by raw materials and consumables used, representing approximately 30.0% (2019: approximately 29.7%) of the total cost of sales.

	Year Ended 31 December		
	2020	2019	Change
Cost of Sales	**HK$'000**	HK$'000	%
Employee benefit expenses	**81,896**	78,067	4.9
Raw materials and consumables used	**77,925**	74,741	4.3
Depreciation of property, plant and equipment	**54,526**	55,119	(1.1)
Doctor's fee	**13,986**	11,689	19.7
Others [(1)]	**31,385**	32,355	(3.0)
Total	**259,718**	251,971	3.1

Note:

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

The Group's cost of sales increased by approximately HK$7.7 million, or 3.1%, from approximately HK$252.0 million for the year ended 31 December 2019 to approximately HK$259.7 million for the year ended 31 December 2020. The increase was primarily a result of (i) the increase in the total number of surgeries performed by the Group, which resulted in the increase in raw materials and consumables used by approximately HK$3.2 million; (ii) a slight increase in doctor's fee by approximately HK$2.3 million; and (iii) a slight increase in employee benefit expenses by approximately HK$3.8 million.

3. Gross Profit and Gross Profit Margin

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

	Year ended 31 December		
	2020	2019	Change
	HK$'000	HK$'000	%
Revenue	**473,818**	429,692	10.3
Cost of sales	**(259,718)**	(251,971)	3.1
Gross profit	**214,100**	177,721	20.5
Gross profit margin	**45.2%**	41.4%	
Adjusted gross profit (see "Non-IFRS Financial Measures" section)	**214,100**	180,959	18.3
Adjusted gross profit margin	**45.2%**	42.1%	

The adjusted gross profit increased by approximately HK$33.1 million, or 18.3%, from approximately HK$181.0 million for the year ended 31 December 2019 to approximately HK$214.1 million for the year ended 31 December 2020. The adjusted gross profit margin for the year ended 31 December 2020 was approximately 45.2% (2019: approximately 42.1%), which represented an increase of 3.1 percentage points as compared to the year ended 31 December 2019.

The increase in the gross profit margin was primarily due to the increase of number of surgeries performed by the Group, and the improvement of capacity utilisation rate.

4. Selling Expenses

The Group's selling expenses decreased by approximately HK$14.2 million, or 23.5%, from approximately HK$60.2 million for the year ended 31 December 2019 to approximately HK$46.0 million for the year ended 31 December 2020. The Group's advertising and marketing expenditure decreased by approximately HK$15.9 million, or 32.5%, from approximately HK$49.0 million for the year ended 31 December 2019 to approximately HK$33.1 million for the year ended 31 December 2020. The decrease in advertising and marketing expenditure was primarily attributable to the effective marketing strategy adopted by the Group which further optimised the customer acquisition cost.

	Year ended 31 December		
	2020	2019	Change
	HK$'000	HK$'000	%
Advertising and marketing expenditure	**33,077**	49,011	(32.5)
Employee benefit expenses	**7,773**	6,661	16.7
Depreciation of property, plant and equipment	**3,279**	2,913	12.6
Others	**1,915**	1,624	17.9
Total	**46,044**	60,209	(23.5)

5. Administrative Expenses

The Group's administrative expenses decreased by approximately HK$27.6 million, or 31.3%, from approximately HK$88.1 million for the year ended 31 December 2019 to approximately HK$60.5 million for the year ended 31 December 2020. The decrease was primarily due to the one-time listing expenses of approximately HK$42.2 million being recognised in 2019.

Among the administrative expenses of the Group for the year ended 31 December 2020, employee benefits expenses amounted to approximately HK$27.3 million, representing an increase of approximately HK$8.3 million, or 43.7%, as compared to the year ended 31 December 2019, which was primarily due to the increase in employee salaries and bonuses.

	Year ended 31 December		
	2020	2019	Change
Administrative Expenses	**HK$'000**	HK$'000	%
Employee benefits expenses	**27,343**	19,025	43.7
Legal, consulting and other service fee	**14,217**	6,608	115.1
Depreciation of property, plant and equipment	**8,766**	7,854	11.6
Office and consumption expenses	**3,262**	3,852	(15.3)
Listing expenses	**–**	42,219	(100.0)
Others	**6,903**	8,531	(19.1)
Total	**60,491**	88,089	(31.3)

6. Finance Income and Expenses, Net

The Group's finance income increased by approximately HK$51,000, or 2.1%, from approximately HK$2.5 million for the year ended 31 December 2019 to approximately HK$2.52 million for the year ended 31 December 2020. The Group's finance expenses increased by approximately HK$3.4 million, or 29.1%, from approximately HK$11.6 million for the year ended 31 December 2019 to approximately HK$14.9 million for the year ended 31 December 2020. The increase was primarily due to the increase in foreign exchange losses arosing from the Group's HK$ denominated listing proceeds deposited with banks in Hong Kong.

7. Borrowings

As at 31 December 2020, the Group had outstanding borrowings of approximately HK$7.1 million (2019: approximately HK$8.3 million), of which approximately HK$2.0 million (2019: approximately HK$1.9 million) shall be repaid within one year and approximately HK$5.1 million (2019: approximately HK$6.5 million) shall be repaid within two to five years. The borrowings are related to the property, plant and equipment financed from a financial leasing company. The decrease in the Group's borrowings for the year ended 31 December 2020 was mainly due to the payment of regular rent to the financial leasing company.

As at 31 December 2020, the borrowings were denominated in EUR. Approximately HK$7.1 million (2019: approximately HK$8.3 million) of the borrowings held by the Group were at fixed rates which ranged from 1.77% to 6.12% per annum (2019: 1.77% to 6.12% per annum).

8. Foreign Exchange Risk

The subsidiaries of the Company mainly operate in Germany, Denmark and the PRC with most of the transactions being settled in Euro ("EUR" or "€"), Danish Krone ("DKK"), and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2020 and 2019, the financial assets and liabilities of the subsidiaries of the Group 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 Hong Kong. As at 31 December 2020, if HK$ had weakened/strengthened by 5% against EUR with all other variables being held constant, the total net asset of the Group would have been approximately HK$4.0 million (2019: approximately HK$32.7 million) lower/higher; post-tax profit for the year ended 31 December 2020 would have been approximately HK$4.0 million lower/higher (2019: post-tax loss for the year would have been approximately HK$32.7 million higher/lower).

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

9. Charges on Group Assets

As at 31 December 2020, borrowings of approximately HK$7.1 million (2019: approximately HK$8.3 million) were secured by property, plant and equipment with net book value of approximately HK$7.1 million (2019: approximately HK$10.2 million) for the finance lease.

10. Capital Commitments

Save for the capital commitment of approximately HK$0.4 million (2019: approximately HK$8.3 million) in relation to the addition of property, plant and equipment as at 31 December 2020, the Group had no significant capital commitments.

11. Contingent Liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

12. Significant Investments, Material Acquisitions and Disposals

There were no significant investments held, material acquisitions or disposals of subsidiaries associates and joint ventures by the Group during the year ended 31 December 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, material acquisitions and disposals as at 31 December 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 31 December 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 year ended 31 December 2020, the principal source of liquidity of the Company was cash generated from the business operations of the Company and proceeds from the Company's global offering. As at 31 December 2020, the Group had cash and cash equivalents of approximately HK$761.9 million.

The Group's current ratio (calculated as current assets over current liabilities) was approximately 7.1 as at 31 December 2020 (2019: approximately 4.6).

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as long-term borrowings divided by the total capital. The total capital is calculated as "equity" as shown in the consolidated statement of financial position plus long-term borrowings. The Group's gearing ratio as at 31 December 2020 was approximately 0.51% (2019: approximately 0.75%).

15. Use of Net Proceeds from the Global Offering

On 15 October 2019, the shares of the Company were listed on the Main Board of the Stock Exchange. In connection with the Listing, the Company issued 91,234,000 shares at a price of HKD7.50. The aggregate net proceeds from the Company's global offering (after deducting underwriting fees and expenses) amounted to approximately 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 31 December 2020:

Use of net proceeds	Percentage of the net proceeds (%)	Planned application (HK$'000)	Actual usage up to 31 December 2020 (HK$'000)	Unutilised net proceeds as at 31 December 2020 (HK$'000)	Expected timeline for fully utilising the unutilised amount (Note 1)
For establishing clinics in major cities in the PRC	40.0	264,266	16,985	247,281	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	1,917	110,396	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	20,405	640,259	

Note: 1. 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:

Differentiated Competitive Strategy of Advanced Lens Exchange and ICL Surgery

Benefited from the increased awareness of patients towards lens exchange and ICL surgery and growth of penetration rate, the lens exchange and ICL market has a great expansion potential. The Group will reinforce the strategy of taking advanced lens exchange and ICL surgery as the core business and continuing to provide high-quality services to patients, and maintaining a consistent medical satisfaction.

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 the second quarter of 2020, and the clinic in Chongqing will commence operations in April 2021. It is the Group's seventh clinic in the PRC and brings high-quality vision correction services to the mountain city.

The construction of the new flagship clinic in Copenhagen is expected 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 meet the increasing demand for the Group's services in Denmark, which will support the continuous growth of the Group's business in Denmark.

PRC Businesses Operation Outlook

The Group's clinic in Beijing East has achieved breakeven, and its breakeven period was the shortest among the Group's clinics. It opened in September 2019 and reached breakeven point in June 2020. The successful experience will support the Group to continue to implement the expansion plan of multiple clinics in core metropolitan cities, and one or two new clinics in second-tier cities.

Meanwhile, the Group will further improve the profitability of existing clinics through strengthening the Group's competitive advantages, increasing the lens exchange and ICL operations, as well as effective chain operation management.

PROFILE OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Dr Jørn Slot Jørgensen ("Dr Jørgensen"), aged 66, is the chairman, executive Director and chief executive officer of the Company and is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as a Director on 13 August 2018 and subsequently re-designated as an executive Director, and appointed as chairman of the board of Directors (the "Board"), on 25 March 2019. He is also a founder of the Group and is mainly responsible for formulating its overall development strategies and business plans and overseeing the management and strategic development of the Group.

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

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

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

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

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

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

Dr Markus Braun, aged 47, is an executive Director and chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. He was appointed a Director on 14 December 2018 and subsequently re-designated as an executive Director on 25 March 2019.

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

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

Dr Ralf-Christian Lerche, aged 52, is an executive Director and senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of surgeons and conservative ophthalmologists, handling patients' complaints and advising on medical trends and practices. He also moderates the discussion and scientific round at the Group's annual doctors meeting and oversees the Group's medical operations. Dr Lerche is a freelancer and has entered into a contract for service with the Group.

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

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

Mr Jannik Jonas Slot Jørgensen, aged 29, is an executive Director and vice president, Denmark of the Company. He joined the Group in March 2012 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the business development and marketing of the Group's business in Denmark and the PRC. Mr Jørgensen is also a director of Guangzhou Deshijia Eye Clinic Co., Ltd., a subsidiary of the Company.

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

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

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

NON-EXECUTIVE DIRECTOR

Mr Marcus Huascar Bracklo, aged 56, is a non-executive Director and strategic advisor of the Company and he is also a member of the Audit Committee. He first joined the Group in July 2012 and was appointed a non-executive Director on 25 March 2019, and is primarily responsible for advising on strategy and business development of the Group. He is also a director of Shanghai Deshijia, a subsidiary of the Company.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Hans Helmuth Hennig, aged 63, was appointed as an independent non-executive Director of the Company on 25 March 2019 and is the chairman of the Remuneration Committee and a member of the Audit Committee. He is mainly responsible for providing independent judgment to bear on policy, performance, accountability, key appointments and standard of conduct of the Group. Mr Hennig worked with Jebsen & Co. Ltd. ("Jebsen"), a privately-held marketing, distribution and investment company established in Greater China, from September 1983 to May 2020. In May 1990, Mr Hennig was promoted to the role of General Manager-Corporate Development of Jebsen where he was responsible for developing the business strategy of the Group. He was then further appointed as a director of the board of directors of Jebsen in January 1994. In January 1997, Mr Hennig became group deputy managing director of Jebsen up until March 2000, with his last position as group managing director of Jebsen, where he was responsible for the overall business operations, strategies and development of Jebsen.

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

Ms Katherine Rong Xin, aged 57, was appointed as an independent non-executive Director of the Company on 12 April 2021 and is a member of both of the Remuneration Committee and the Nomination Committee. She is mainly responsible for supervising and providing independent advice to the Board.

Ms. Xin has been a professor of management since September 2001 and Associate Dean since 2011 at the China Europe International Business School (中歐國際工商學院). From August 2006 to December 2009, Ms. Xin worked as a professor of management at the International Institute for Management Development in Lausanne, Switzerland . She worked as an associate professor of management at The Hong Kong University of Science and Technology from September 1999 to August 2001. From September 1995 to August 1999, she served as an assistant professor of management at the University of Southern California. Ms. Xin served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., (上海布洛斯酒店管理有限公司), a company mainly engaged in boutique hotel management in China under the Blossom Hill (花間堂) brand, from March 2012 to April 2017. She is currently an independent non-executive director of Fosun Tourism Group (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1992)) and E Fund Management Co. Ltd. (a company established in Guangzhou, China with limited liability), respectively.

Ms. Xin was awarded the Chinese Most Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for six consecutive years from 2014 to 2019.

Ms. Xin graduated from Auhui University (安徽大學) in July 1984 with a bachelor's degree in English. She received a master's degree in applied linguistics from Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in July 1986, and a master's degree in business administration from California State University in June 1991. She obtained a doctor's degree in business administration from the University of California in June 1995.

Mr Philip Duncan Wright, aged 67, was appointed as an independent non-executive Director of the Company on 25 March 2019 and is the chairman of the Audit Committee and a member of the Nomination Committee. He is mainly responsible for financial oversight and supervising and providing independent advice to the Board.

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

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

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

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

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

SENIOR MANAGEMENT

Dr Jørn Slot Jørgensen, aged 66, is the chief executive officer of the Company. He is also the founder of the Group and is mainly responsible for formulating the overall development strategies and business plans and overseeing the management and strategic development of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Jørn Slot Jørgensen" in this section.

Dr Markus Braun, aged 47, is the chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Markus Braun" in this section.

Dr Ralf-Christian Lerche, aged 52, is the senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and is primarily responsible for supervising and overseeing the Group's medical operations in Germany. For more information, see the paragraph headed "– Executive Directors – Dr Ralf-Christian Lerche" in this section.

Prof Dr Michael Christian Knorz, aged 62, is the senior vice president, medical affairs (international) of the Company. He has worked with the Group since July 2015 and is primarily responsible for supervising and overseeing the Group's medical operations worldwide. Prof Knorz also serves as the Group's consulting surgeon in the PRC and has been a member of the Group's international medical advisory board since October 2017. Prof Knorz is a freelancer and has entered into a contract for service with the Group.

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

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

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

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

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

Mr Keith Nicholas McKay, aged 52, is the senior vice president, operations (Germany) of the Company. He joined the Group in March 2005 and is primarily responsible for supervising and overseeing the Group's operations in Germany.

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

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

Dr Lars Jannik Boberg-Ans, aged 64, is senior vice president, Denmark of the Company. He joined the Group in September 1997 and is primarily responsible for supervising and overseeing the overall operations of the Group's business in Denmark. He is also a director and the chief executive officer of EUROEYES ApS, a wholly-owned subsidiary of the Company.

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

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

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

Mr Jannik Jonas Slot Jørgensen, aged 29, is vice president, Denmark of the Company. He joined the Group in March 2012 and is primarily responsible for supervising and overseeing the business development and marketing of the business. For more information, please see the paragraph headed "– Executive Directors – Mr Jannik Jonas Slot Jørgensen" in this section.

Ms Yan Wang (alias Jenny Wang), aged 51, is the vice president, China of the Company. Ms Wang joined the Group in August 2014, and is primarily responsible for supervising and overseeing the overall operations of the Group's business in the PRC.

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

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

COMPANY SECRETARY

Ms Rosenna Ho, aged 37, is the company secretary of the Company. She was appointed as Company Secretary of the Company on 30 April 2020 and is also the sole director of EuroEyes Holdings Limited, Euroeyes Holdings Asia Limited and EuroEyes Hong Kong Holdings Limited, all of which are subsidiaries of the Company.

Ms. Ho has over 10 years of experience in compliance and listed company secretarial practice.

Ms. Ho obtained her Master's degree in Professional Accounting and Corporate Governance from City University of Hong Kong and is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute in the United Kingdom.

The Board is pleased to present their report and audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

An analysis of the Group's performance for the year ended 31 December 2020 by geographical segment is set out in note 5 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated financial statements on pages 92 to 180 of this annual report.

The Board recommend the payment of final dividend of HK$0.02988 per ordinary share for the year ended 31 December 2020, totally amounting to approximately HK$9,837,512. The proposed final dividend is subject to the approval of the relevant resolution at the forthcoming annual general meeting of the Company.

DIVIDEND POLICY

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

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

The Company has adopted a general annual Dividend Policy of declaring and paying dividends on an annual basis of not more than 20% of the Group's distributable net profit attributable to its equity shareholders in the future.

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

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

BUSINESS REVIEW

A fair review of the Group's business for the year and an indication of the likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 7 and 8 to 17 of this annual report respectively. A discussion and analysis of the Group's performance during the year using certain financial key performance indicators are set out in the section headed "Five-Year Financial Summary" on pages 4 to 5 of this annual report.

KEY RISKS AND UNCERTAINTIES

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

Concentrated senior management personnel

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

Financial instability affecting demand for vision correction services

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

Inability to reduce operational costs

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

Exposure to reputational risks

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Discussion on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report" on pages 63 to 85 of this annual report.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

RELATIONSHIP WITH KEY STAKEHOLDERS

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

STAFF

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

CUSTOMERS

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

SUPPLIERS

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

FIVE-YEAR FINANCIAL SUMMARY

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND RESERVES

Details of the movements in the Company's share capital and reserves during the reporting period are set out in notes 22 and 24 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the reserves of the Company available for distribution to shareholders under the Companies Law of the Cayman Islands amounted to HK$1,102,301,000 (2019: HK$1,061,394,000).

CHARITABLE DONATIONS

During the year ended 31 December 2020, no charitable donations were made by the Group. However, the Group supported charitable causes, details of which are set out in the Environmental, Social and Governance Report on pages 63 to 85 of this annual report.

BORROWINGS

The Group's borrowings as at 31 December 2020 is set out in note 28 to the consolidated financial statements of this annual report.

TAX RELIEF

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

PENSION SCHEME

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

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to the written resolutions dated 23 September 2019 (the "Adoption Date") of the then shareholders (the "Share Option Scheme") and shall be valid until 23 September 2029.

(a) Purpose, duration and administration

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

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

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

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

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

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

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

(b) Eligible Persons

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

(c) Determination of eligibility

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

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

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

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

(d) Grant of share options

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

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

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

(e) Subscription price of Shares

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

(i) the nominal value of share;

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

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

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

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

(f) Exercise of share options

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Lapse of share options

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

(i) the expiry of the option period;

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

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

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

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

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

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

(h) Maximum number of shares

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

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

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

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

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

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

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

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

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

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

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 31,733,400 Shares, representing approximately 9.6% of the total number of Shares in issue.

RESTRICTED SHARE AWARD SCHEME

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

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

During the year ended 31 December 2020, a total of 433,570 shares of the Company were granted to the eligible participants under the Restricted Share Award Schemes.

Details of the restricted shares granted under the Restricted Share Award Scheme during the reporting period are set out under note 25 of this annual report.

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

PERMITTED INDEMNITY

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

The Company has taken out and maintained appropriate liability insurance for the Directors during the reporting period as at 31 December 2020.

DIRECTORS

Executive Directors

Dr Jørn Slot Jørgensen *(Chairman and Chief Executive Officer)*	
Dr Markus Braun *(Chief Financial Officer)*	
Dr Ralf-Christian Lerche	(appointed on 25 March 2019)
Prof Dr Thomas Friedrich Wilhelm Neuhann	(resigned on 31 March 2021)
Mr Jannik Jonas Slot Jørgensen	(appointed on 25 March 2019)

Non-executive Director

Mr Marcus Huascar Bracklo	(appointed on 25 March 2019)

Independent non-executive Directors

Mr Hans Helmuth Hennig	(appointed on 25 March 2019)
Mr Zhengzheng Hu	(resigned on 12 April 2021)
Mr Philip Duncan Wright	(appointed on 25 March 2019)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out in the section headed "Profile of Directors, Senior Management and Company Secretary" on pages 18 to 26 of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

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

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration paid to and/or entitled by each of the Directors and the five highest paid individuals for the year ended 31 December 2020 is set out in note 8 to the consolidated financial statements. No Director has waived or has agreed to waive any emoluments and no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the reporting period.

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

CONTRACTS OF SIGNIFICANCE

Save as disclosed in notes 8(d) and 35 to the consolidated financial statements, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

NON-COMPETITION UNDERTAKING

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

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

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that Dr Jørgensen has complied with his undertakings given under the deed of non-competition during the reporting period. As at 31 December 2020, no new business opportunity has been notified by Dr Jørgensen.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

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

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

As at 31 December 2020, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company pursuant to section 352 of the SFO or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

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

Name of Director/ Chief Executive	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Jørgensen	Beneficial owner and interest of spouse	177,032,100(L) (Note 2)	53.77%
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 (resigned on 31 March 2021)	Interest of spouse	6,685,000(L) (Note 4)	2.03%
Mr Jannik Jonas Slot Jørgensen	Beneficial owner	5,774,000(L)	1.75%
Mr Marcus Huascar Bracklo	Beneficial owner	238,000(L)	0.07%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2020 was 329,234,000.

2. Out of 177,032,100 shares that Dr Jørgensen was interested, 4,007,000 shares were held by EuroEyes Holding AG which is owned as to 100% by Dr Jørgensen and 294,100 shares were held by Dr Susanne Jørgensen, the spouse of Dr Jørgensen.

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

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

Save as disclosed above, as at 31 December 2020, so far as is known to any Directors or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2020, other than interests disclosed above in respect of the Directors and the chief executive of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Interests in shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Susanne Jørgensen	Beneficial owner and interest of spouse	177,032,100(L) (Note 2)	53.77%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2020 was 329,234,000.

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

Save as disclosed above, as at 31 December 2020, the Directors have not been notified by any person (other than the Directors or the chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES

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

As at 31 December 2020, the Group had 215 full-time employees. In addition, the Group also engages certain surgeons, conservative ophthalmologists and a member of the senior management via freelance arrangements.

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

EMOLUMENT POLICY

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

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 35 to the consolidated financial statements. None of which is required to be disclosed under Rule 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the reporting period, the related party transactions disclosed in notes 8(d) and 35 to the consolidated financial statements either did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, or only constituted fully exempt connected transactions or continuing connected transactions by virtue of the de minimis exemption under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate amount of revenue attributable to the Group's five largest customers represented less than 20% of the Group's total revenue.

During the reporting period, purchase from the Group's largest supplier amounted to approximately HK$33.0 million, representing approximately 24.5% of the Group's total cost of raw materials and consumables used, advertising and marketing expenditure, electricity and other utility expenses and clinic, office and consumption expenses for the same period, while purchases from the Group's top five suppliers amounted to approximately HK$53.5 million, representing approximately 39.8% of the Group's total cost of raw materials and consumables used, advertising marketing expenditure, electricity and other utility expenses and clinic, office and consumption expenses for the same period.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any direct/indirect interest in these major suppliers or customers during the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

For details of the Corporate Governance Report, please refer to pages 50 to 62 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The text of the Environmental, Social and Governance Report 2020 is set out on pages 63 to 85 of this annual report.

LITIGATION AND ARBITRATION

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2020 which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2020 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed the annual results for the year ended 31 December 2020.

AUDITOR

The financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, Certified Public Accountants, in accordance with International Standards on Auditing, who will retire and, being eligible, have offered themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

INFORMATION TO SHAREHOLDERS

Closure of register of members

Right to attend and vote at the 2020 AGM: the register of members of the Company will be closed from 17 May 2021 to 21 May 2021 (both days inclusive) for the purpose of determining this right. In order to be entitled to attend and vote at the 2020 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 May 2021.

Entitlement to the proposed final dividend: the register of members of the Company will also be closed from 27 May 2021 to 28 May 2021 (both days inclusive) for the purpose of determining this entitlement. In order to be qualified for the proposed final dividend (if approved by the shareholders at the 2020 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's Share Registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on 26 May 2021. It is expected that the proposed final dividend will be paid on or around 11 June 2021 to those Shareholders whose names appear on the register of members of the Company at the close of business on 28 May 2021.

By order of the Board

Dr Jørn Slot Jørgensen
Chairman

Hong Kong, 16 March 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

The Company has applied and complied with the principles set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2020, save for the deviation discussed below.

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

THE BOARD AND THE DIRECTORS

Board Composition

The composition of the Board during the year ended 31 December 2020 and up to the date of this annual report is set out below:

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 (resigned on 31 March 2021)
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent non-executive Directors

Mr Hans Helmuth Hennig
Mr Zhengzheng Hu (resigned on 12 April 2021)
Mr Philip Duncan Wright
Ms Katherime Rong Xin (appointed on 12 April 2021)

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

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

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

After the annual assessment by the Nomination Committee, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategies. The Directors and their biographical details as at the date of this annual report are set out on pages 18 to 22 of this annual report.

Chairman and Chief Executive Officer

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

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

Board Diversity

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

The Company has taken steps to enhance diversity at Board level by appointing a female Director to our Board. The Board will continue to take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for its appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the core markets of the Group, with different ethnic backgrounds, and reflecting the Group's strategy. The Nomination Committee will continue use its best efforts to identify and recommend suitable female candidates to act as a Director to the Board for its consideration, subject to the Board (i) being satisfied with the competence and experience of the relevant candidate after conducting a reasonable review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its shareholders as a whole when making the relevant appointment.

Roles and Responsibility of the Board

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

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

Delegation to Management

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

Corporate Governance Functions

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

Appointment, Re-election, Rotation and Removal of Directors

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

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

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

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

Induction and Continuing Professional Development of Directors

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. In accordance with Code Provision A.6.5 of the Corporate Governance Code regarding continuous professional development, the Company had received the training record from each of the executive Directors, namely Dr Jørn Slot Jørgensen, Dr Markus Braun, Dr Ralf-Christian Lerche, Prof Dr Thomas Friedrich Wilhelm Neuhann (resigned on 31 March 2021) and Mr Jannik Jonas Slot Jørgensen, the non-executive Director, namely Mr Marcus Huascar Bracklo and each of the independent non-executive Directors, namely Mr Hans Helmuth Hennig, Mr Zhengzheng Hu (resigned on 12 April 2021) and Mr Philip Duncan Wright, who had attended training sessions and seminars as well as read materials on corporate governance, updates on laws, rules and regulations and accounting/financial/management or other professional skills to develop and refresh their knowledge and skills on the roles, functions and duties of a listed company director during the reporting period.

Supply of and Access to Information

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

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

Number of meetings and Directors' attendance

The Directors actively participated in meetings and a summary of the attendance records of each Director during the year ended 31 December 2020 are set out below:

	Attendance/Number of Meetings				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting
Executive Directors					
Dr Jørn Slot Jørgensen	2/2	1/1	1/2	N/A	1/1
Dr Markus Braun	2/2	N/A	N/A	N/A	1/1
Dr Ralf-Christian Lerche	2/2	N/A	N/A	N/A	1/1
Prof Dr Thomas Friedrich Wilhelm Neuhann (resigned on 31 March 2021)	0/2	N/A	N/A	N/A	1/1
Mr Jannik Jonas Slot Jørgensen	2/2	N/A	N/A	N/A	1/1
Non-executive Director					
Mr Marcus Huascar Bracklo	2/2	N/A	N/A	2/2	1/1
Independent non-executive Directors					
Mr Hans Helmuth Hennig	2/2	N/A	2/2	2/2	1/1
Mr Zhengzheng Hu (resigned on 12 April 2021)	2/2	1/1	2/2	N/A	1/1
Mr Philip Duncan Wright	2/2	1/1	N/A	2/2	1/1

According to article 62 of the articles of association of the Company, Annual General Meeting of the Company shall be held in each year other than the year of the Company's adoption of the amended and restated memorandum and articles of association of the Company.

Board Committees

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

Audit Committee

The Audit Committee was established by the Board with its written terms of reference in compliance with Code Provision C.3.3 of the Corporate Governance Code. The primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the Group's financial reporting process, risk management and internal control systems, and providing advices and comments to the Board. During the reporting period and as at the date of this annual report, the Audit Committee consists of Mr Philip Duncan Wright as its chairman, and Mr Marcus Huascar Bracklo and Mr Hans Helmuth Hennig as its members, all of whom are independent non-executive Directors or non-executive Director. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2020. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters.

The Audit Committee held one meeting with the auditor of the Company to consider significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the scope of work and appointment of external auditor.

Remuneration Committee

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

During the reporting period, the Remuneration Committee consists of Mr Hans Helmuth Hennig as its chairman, and Dr Jørn Slot Jørgensen and Mr Zhengzheng Hu (resigned on 12 April 2021) as its members, all of whom are independent non-executive Directors or the chairman.

Subsequent to the year ended 31 December 2020, on 12 April 2021, Mr. Zhengzheng Hu resigned and Ms. Katherine Rong Xin was appointed as an independent non-executive director and a member of the Remuneration Committee of the Company.

Nomination Committee

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

During the reporting period and as at the date of this annual report, the Nomination Committee consists of Dr Jørn Slot Jørgensen as its chairman, and Mr Philip Duncan Wright and Mr Zhengzheng Hu (resigned on 12 April 2021) as its members, both of whom are independent non-executive Directors.

Subsequent to the year ended 31 December 2020, on 12 April 2021, Mr. Zhengzheng Hu resigned and Ms. Katherine Rong Xin was appointed as an independent non-execuitive Director and a member of Nomination Committee of the Company.

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

Nomination Policy

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

(1) Appointment of Directors

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

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

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

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

(2) Re-appointment of Directors

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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

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

COMPANY SECRETARY

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

	Number of individuals
Emolument bands	
Nil to HKD1,000,000 (Nil approximately to €104,877)	N/A
HKD1,000,001 to HKD1,500,000 (approximately €104,878 to €157,314)	N/A
HKD1,500,001 to HKD2,000,000 (approximately €157,315 to €209,754)	N/A
HKD2,000,001 to HKD2,500,001 (approximately €209,755 to €262,192)	1
HKD2,500,001 to HKD3,000,000 (approximately €262,193 to €314,630)	1

REMUNERATION OF EXTERNAL AUDITOR

During the reporting period, the remuneration paid or payable to the external auditor of the Company in respect of the annual audit for the year ended 31 December 2020 amounted to approximately HKD2,925,000. The external auditor did not provide non-audit services to the Group and there was no remuneration paid or payable to the external auditor of the Company for non-audit services during the year ended 31 December 2020.

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

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

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2020 to give true and fair presentation of the financial position of the Company in accordance with all applicable International Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

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

The statements as to the auditor's responsibility of financial reporting is set out in the independent auditor's report on pages 86 to 91 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

- It regularly provides the Directors with the latest information on the Company's performance, status and prospects so that the entire Board and Directors can perform their responsibilities;

- It adopts different policies to ensure compliance with the Listing Rules, including rules regarding risk management, continuing connected transactions and information disclosure;

- It has implemented an internal control policy on financial management;

- It has implemented a series of internal rules and regulations relating to the business operation, including quality control, sales and marketing, human resources and information technology systems;

- It has implemented policies on social insurance funds and housing provident funds to ensure compliance with regulations in the future; and

- It has adopted inside information policy which sets out guidelines to the employees of the Group to ensure inside information is to be disseminated to the public in equal, timely and effectively manner in accordance with the SFO, the Listing Rules and all other applicable rules and regulations.

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

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

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

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

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meetings

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

Procedures for directing shareholders' enquiries to the Board

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

EuroEyes International Eye Clinic Limited
Suite A155, 16/F, Tower 5
The Gateway, Harbour City
15 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

Procedures for putting forward proposals at shareholders' general meetings

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

CONSTITUTIONAL DOCUMENTS

During the reporting period, the Company had not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the websites of HKEX and the Company.

INVESTORS' RELATIONSHIP

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

On 23 September 2019, the Company adopted a shareholders' communication policy. Under the policy, the Company communicates with its shareholders and investors through various means. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the websites of the Company (www.euroeyes.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) could keep the shareholders updated of the Company's financial position and latest development. Shareholders are highly recommended to pay attention to the information available to the public. Annual General Meeting and other general meetings could provide an effective forum for the shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming Annual General Meeting. The Directors or their delegates, appropriate senior executive and the external auditor of the Company would be available at the forthcoming Annual General Meeting to answer shareholders' questions about the annual results for the year ended 31 December 2020 and the business of the Group.

INQUIRY TO THE BOARD

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

Germany headquarters:
Valentinskamp 90
20355 Hamburg
Germany

Hong Kong office:
Suite A155, 16/F, Tower 5
The Gateway, Harbour City
15 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

Email: ir@euroeyes.com

Further information

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

INTRODUCTION

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 Group has become one of the leading brands in the vision correction industry that combines German ophthalmology excellence and years of professional experience with bespoke customer care service.

This ESG Report summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

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

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

SCOPE OF REPORTING

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

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report on pages 50 to 62 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2020 ("FY2020").

STAKEHOLDER ENGAGEMENT

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

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

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

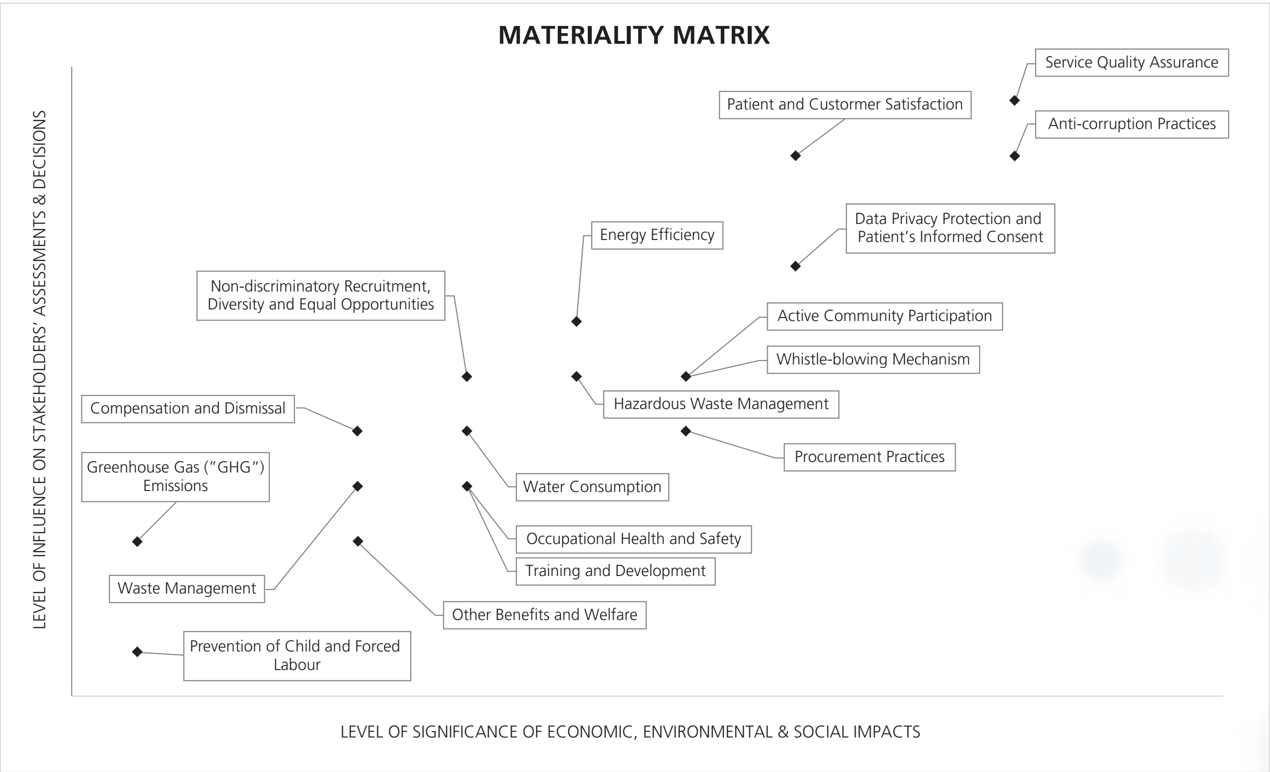
Stakeholders	Engagement Methods	Expectations
The Stock Exchange	• The Stock Exchange website • Trainings and seminars • Announcements and circulars	• Compliance with Listing Rules and other relevant local laws and regulations
Government and other regulatory authorities	• Routine reports • Written or electronic correspondences • Visits and government inspections	• Compliance with local laws and regulations • Stability in business operations
Shareholders and investors	• General meeting and other shareholders' meetings • Annual and interim reports • Announcements and circulars • Company website	• Sustainable profitability • Corporate governance • Legal compliance • Shareholder return
Employees	• Training, seminars, and briefings • Employee suggestion boxes • Internal Emails and memos • Regular meetings	• Remuneration, compensation and benefits • Safe working environment • Career development
Patients and customers	• Customer service hotline and email • Visits to clinics	• Patient and customer satisfaction • Great post-operative care • High-quality services
Suppliers	• Site visits • Engagement and cooperation • Business meetings and discussion	• Fair and open procurement • On-time payment • Sustainable relationship
Media and the public	• ESG Report • Newsletters on company website • Reports and announcements	• Transparency of ESG issues and financial disclosure • Legal compliance • Corporate governance
Community	• Community activities (e.g. EuroEyes Cyclassics) • Employee voluntary activities • Charitable donations	• Active participation to worthy causes • Community development

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

MATERIALITY ASSESSMENT

The Board and key members of the management of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing the relevant importance to its businesses and stakeholders. To ensure that the disclosures in the ESG Report reflect the Group's efforts to tackle sustainability issues, a materiality assessment has been conducted to identify ESG issues that are material to different stakeholders.

The Group compiled a questionnaire according to the material ESG aspects identified and approached various groups of stakeholders to complete the said questionnaire in order to fully reflect different stakeholders' opinions. The outcome of the materiality assessment is presented in the form of a materiality matrix, as shown below:



For FY2020, the Group confirmed that it has established appropriate and effective management policies and internal control systems to identify and handle ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by email to ir@euroeyes.com or by writing to Suite A155, 16/F, Tower 5, The Gateway, Harbour City, 15 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

As the society demands for greater acceleration in the progress of environmental protection, the Group strives to closely monitor its environmental and social impacts and incorporate environmental sustainability measures into its daily business operations.

The Group's impact on the environment through emissions is relatively low given its clinic-based operations. Nevertheless, the Group continues to review its existing guidelines and seeks to introduce new policies with the intention of mitigating any potential (direct and indirect) negative environmental impacts arising from its business operations. The Group's Code of Conduct and Business Ethics has a section headed "Environmental Protection", which states that the Group strives to be environmentally responsible by adopting sound environmental practices and by supporting practical environmental-related measures and policies to protect and preserve the environment.

During FY2020, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group including but not limited to, the Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of the laws of Hong Kong), the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Water Pollution Law of the People's Republic of China, the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Regulations on the Administration of Medical Wastes of the People's Republic of China, the Ordinance on Hazardous Substances (Gefahrstoffverordnung) and the Federal Water Act of Germany and the Environmental Protection Act of Denmark.

Air Emissions

Air emissions were generated from the use of company vehicles for daily commute. As the Group's core business activity focuses on the provision of vision correction services, no significant air emissions were produced in its daily operations. The increase in the level of air emissions for FY2020 as compared to FY2019 was due to the inclusion of more company vehicles as a result of a more mature data collection system.

Summary of air emissions performance:

Air Emissions	Unit	FY2020	FY2019
Nitrogen oxides (NOx)	kg	37.75	0.87
Sulphur oxides (SOx)	kg	0.1079	0.0053
Particulate Matter (PM)	kg	3.51	0.06

GHG Emissions

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

Scope 1-Direct GHG emissions

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

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

Scope 2-Indirect GHG Emissions

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

Scope 3-Other Indirect GHG Emissions

Office paper waste disposal accounted for other indirect GHG emissions. Measures implemented to reduce paper waste disposal can be found in the section headed "Waste Management".

Total GHG emissions have increased by approximately 19.09% from approximately 830.60 tCO_2e in FY2019 to approximately 989.20 tCO_2e in FY2020. This was mainly due to an increase in the use of electricity as a result of an increased number of surgeries performed. The Group will continue to actively promote environmentally friendly measures to help reduce GHG emissions.

Summary of GHG emissions performance:

Indicator[1]	**Unit**[2]	**FY2020**	**FY2019**
Scope 1 – Direct GHG Emissions		19.04	0.95
• Petrol Consumption	tCO_2e	12.79	0.95
• Diesel Consumption	tCO_2e	6.25	–
Scope 2 – Indirect GHG Emissions			
• Purchased Electricity	tCO_2e	969.24	777.45
Scope 3 – Other Indirect GHG Emissions			
• Paper Waste Disposal	tCO_2e	0.92	52.20
Total GHG Emissions	tCO_2e	989.20	830.60
Total GHG Emissions Intensity[3]	tCO_2e/million revenue (HK$)	2.09	1.93[4]

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report-Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the HK Electric Investments Sustainability Report 2019 published by the HK Electric, the latest published Baseline Emission Factors for Regional Power Grids in China, Agorameter Documentation Version 10 published by Agora Energiewende and Energy Statistics 2019 published by Danish Energy Agency.

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

3. For FY2020, the Group recorded a revenue of approximately HK$473.818 million (FY2019: HK$429.692 million). This data is used for calculating other intensity data.

4. Figure was restated to align with the restated annual revenue figure of FY2019.

Sewage Discharges into Water and Land

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

Waste Management

Hazardous Waste Management

Due to the Group's business nature, a material amount of hazardous wastes was generated by the Group. The major hazardous wastes produced in the Group's operations were clinical wastes. The Group remains vigilant to the management of proper clinical wastes disposal. Guidelines on the handling and storage of clinical wastes disposal have also been formulated to illustrate the procedures on dealing with hazardous wastes to reduce the risk of unnecessary exposure to contaminants and ensure that the disposal process complies with statutory requirements. Employees are required to familiarise themselves and strictly follow the procedures in handling hazardous waste as set out by the Group. Licenced medical waste collectors have also been contracted to lawfully handle and dispose of such clinical wastes. During FY2020, hazardous waste was lawfully disposed of by contracted third parties in different jurisdictions.

Summary of major hazardous waste generation performance:

Category of waste	**Unit**	**FY2020**	**FY2019**
Total Hazardous Waste • Clinical Waste	Tonnes	13.32	12.05
Total Hazardous Waste Intensity	Tonnes/million revenue (HK$)	0.028	0.028[5]

Note:

5. Figure was restated to align with the restated annual revenue figure of FY2019.

Non-hazardous Waste Management

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

Green measures include but are not limited to the following:

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

Total non-hazardous waste disposal decreased by approximately 50.14% from approximately 20.82 tonnes in FY2019 to approximately 10.38 tonnes in FY2020. This was mainly due to an increase in the office paper recycling rate, which led to a significant decrease in the volume of office paper disposal.

Summary of major non-hazardous waste disposal performance:

Category of waste	**Unit**	**FY2020**	**FY2019**
Total Non-hazardous Waste	Tonnes	10.38	20.82
• Office Paper	Tonnes	0.92	10.87
• General Waste	Tonnes	9.46	9.95
Total Non-hazardous Waste Intensity	Tonnes/million revenue (HK$)	0.02	0.05[6]

Note:

6. Figure was restated to align with the restated annual revenue figure of FY2019.

A2. Use of Resources

General Disclosure and KPIs

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

Energy Efficiency

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

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

Anomaly in electricity consumption will be investigated to find out the root cause and preventive measures will be taken. Total energy consumption increased by approximately 43.64% from approximately 1,126,476.47kWh in FY2019 to approximately 1,618,066.82kWh in FY2020. This was mainly due to an increase in the use of electricity following an increased number of surgeries performed and the inclusion of more company vehicles as a result of a more mature data collection system.

Summary of energy consumption performance:

Types of energy	**Unit**	**FY2020**	**FY2019**
Direct Energy Consumption	kWh	71,262.91	3,469.14
• Petrol		46,559.85	3,469.14
• Diesel		24,703.06	–
Indirect Energy Consumption	kWh	1,546,803.91	1,123,007.33
• Electricity[7]			
Total Energy Consumption	kWh	1,618,066.82	1,126,476.47
Total Energy Consumption Intensity	kWh/million revenue (HK$)	3,414.95	2,621.59[8]

Note:

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

8. Figure was restated to align with the restated annual revenue figure of FY2019.

Water Consumption

Water was mainly used in the offices. The Group nevertheless actively promotes the importance of water conservation to its employees. Apart from posting banners around the offices, the Group also regularly inspects water taps to prevent leakage, installs dual flush water cistern in toilets and aerators on water faucets in sinks where possible. Total water consumption increased by approximately 55.99% from approximately 976.48 m^3 in FY2019 to approximately 1,523.24 m^3 in FY2020. This was mainly due to the adoption of water-intensive practices for general cleaning and maintaining personal hygiene amidst the COVID-19 pandemic and the increased number of surgeries performed.

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

Summary of water consumption performance:

Indicator	Unit	FY2020	FY2019
Water Consumption[9]	m^3	1,523.24	976.48
Water Consumption Intensity	m^3/million revenue (HK$)	3.21	2.27[10]

Note:

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

10. Figure was restated to align with the restated annual revenue figure of FY2019.

Use of Packaging Material

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

A3. The Environment and Natural Resources

General Disclosure and KPIs

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

Indoor Air Quality

Indoor air quality is regularly monitored and measured. During FY2020, the indoor air quality of the Group's office has been satisfactory. To improve indoor air quality, air purifying equipment has been placed in the office and the ventilation system is cleaned periodically. These measures resulted in maintained the indoor air quality at a satisfactory level.

B. SOCIAL

B1. Employment

General Disclosure

The continued success of the Group owes much to its talents and their contribution. Therefore, the Group strives to provide the greatest degree of protection to its employees through implementing comprehensive employment policies. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other ophthalmic service providers.

During FY2020, 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), the Sex Discrimination Ordinance (Chapter 480 of the laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong), the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, the German Civil Code and relevant collective agreements and statutes of Denmark. As at 31 December 2020, the Group had 215 full-time employees, which included but were not limited to surgeons, conservative ophthalmologists and optometrists.

The breakdown of all employees of the Group according to gender, age group, employment type and geographical region is as follows:

Gender	
Male	58
Female	232
Age Group	
Under 30 Years Old	81
30 to 50 Years Old	156
Above 50 Years Old	53
Employment Type	
Full-time	215
Part-time	75
Geographical Region	
Germany	142
Denmark	38
PRC	108
Hong Kong	2

Non-discriminatory Recruitment, Diversity and Equal Opportunities

The Group strives to provide a collaborative and inclusive workplace to welcome prospective employees equipped with unique skills and experience and maintain its current pool of talents. At the same time, the qualifications and experience of the Group's professional team are considered to be crucial to the quality of its services. In order to attract and retain key employees, the Group offers different types of remuneration packages to the employees and freelance surgeons. In addition to the leave entitlement stipulated in the employment laws of respective jurisdictions, the Group offers a wide variety of leave entitlements such as marriage leave, compassionate leave, etc.

The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion. It is of the Group's firm belief that all employees should have the right to work in an environment free of discrimination, harassment, victimisation and vilification. Therefore, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Promotion and Performance Appraisal

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

Compensation and Dismissal

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

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

Working Hours and Rest Periods

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

B2. Health and Safety

General Disclosure

Occupational Health and Safety Management

During FY2020, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance (Chapter 633 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Danish Health Act and the German Criminal Act. During FY2020, there were no reported cases of work-related fatalities and no lost days due to work injury.

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

Response to COVID-19 Measures

As a professional healthcare services provider, the Group remains vigilant to the potential impact brought on by COVID-19 and has therefore swiftly established policies to safeguard the interests of its employees and patients. Separate policies regarding the prevention of the spread of COVID-19 have been prepared and implemented in the clinics of Germany, Denmark and the PRC. Generally, the policies provide detailed guidelines on the use of PPE, the distancing measures in the waiting room of the clinics and the increased frequency on sanitisation of the clinical tools. PPE, such as full-face visors, full body gowns and surgical face masks, is provided to the employees who work in close proximity with the patients.

The Group has taken precautionary measures at its clinics in Europe, such as enhancing the level of sterilisation standard across all clinics, conducting more frequent nucleic acid testing for our employees, and inquiring patients of their recent travel history and medical condition. These measures ensured a safe clinic environment for both the Group's employees and patients, which enabled the Group's business to operate in a safe and orderly manner.

B3. Development and Training

General Disclosure

Training and Development

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

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

The refractive surgery manual is provided to all new incoming employees to ensure that they are familiar with the daily operation of the Group's refractive surgeries. Employees will be given the opportunity to sit the Group's internal examination to become a refractive coordinator of EuroEyes. The examination is held at the headquarters in Hamburg, Germany annually.

The Group will sponsor its doctors and team members to attend international conferences and symposiums in relation to vision correction and also hold regular know-how sharing sessions across the Group.

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

The Group guarantees that no employee will be made to work against his/her will or be coerced to work. The recruitment of child labour is strictly prohibited. All employees recruited by the Group are above the minimum working age of respective jurisdictions. Personal information and identity documents is carefully checked by the human resources department during the process to assist the selection of suitable candidates and to verify candidates' personal data. Moreover, to prevent non-compliance with labour standards of respective jurisdictions, overtime working is on a voluntary basis and is not recommended. Should the Group become aware of any violation of the labour standards of respective jurisdictions, the issue will immediately be dealt with in accordance with the applicable laws and regulations.

During FY2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Young Workers Protection Act of Germany and Working Environment Act of Denmark.

B5. Supply Chain Management

General Disclosure

Procurement Practices

The Group mainly procures lenses, treatment packs, eye-drops, equipment and tools. Well-regulated, fair and open tendering and evaluation procedures have been established to select prospective suppliers. Apart from considering the offered price, the Group also takes into account the business licenses and certifications, the provision of quality service, supplier's experience and reputation, social and environmental compliance and follow-up services when selecting prospective suppliers.

Where possible, the Group endeavours to engage service providers who incorporate ESG issues into their business development. By prioritising the procurement of goods and services in regional areas where the Group operates, not only will local economies be supported, carbon footprint generated as a result of the transportation of procured goods will also be reduced.

The Group strives to maintain a supply chain management that both provides stability and flexibility by adopting a three-pronged approach, i) not over-relying on a specific supplier, ii) maintaining a sustainable relationship with existing suppliers and iii) developing new connections with new prospective suppliers. Performance of the suppliers are periodically evaluated and monitored to ensure their compliance with quality and service standards. Should services fall below the agreed standard, the cooperation may be terminated. During FY2020, the aforementioned supplier engagement practice was implemented on all of the Group's suppliers.

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

B6. Product Responsibility

General Disclosure

During FY2020, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Tort Liability Law of the People's Republic of China and the Administrative Measures on Medical Advertisement of the People's Republic of China, the German Federal Data Protection Act (Bundesdatenschutzgesetz), the Healthcare Advertisement Act (Heilmittelwerbegesetz) of Germany and the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb),the General Data Protection Regulation 2016/679 of the EU Law ("GDPR"), the Danish Health Act (Bekendtgorelse of sundhedsloven), the Executive Order 509 of 13 May 2018 and Act 326 of 6 May 2003 of Denmark. During FY2020, the Group did not receive any cases of product or service-related complaints, nor was it subjected to any product recalls.

Data Privacy Protection and Patients' Informed Consent

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

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

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

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

Service Quality Assurance

The Group's exceptional quality and post-operation satisfaction is recognised by receiving two world-recognised "Zeiss Awards" in FY2020 for five consecutive years. The Zeiss Awards aim at recognising outstanding medical groups with remarkable contribution to the ophthalmology industry. The Group was awarded "The World Champion in implanting the most Zeiss trifocal lenses worldwide" for five consecutive years. In addition, the Chairman and Chief Executive Officer of the Group, Dr. Jørn Slot Jørgensen, won the award of "The Surgeon performed the most Zeiss trifocal lenses worldwide" successively during the same period.

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

Patient and Customer Satisfaction

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

Advertising and Labelling

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

Intellectual Property Rights

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

B7. Anti-corruption

General Disclosure

During FY2020, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the German Criminal Act and the Danish Criminal Code. During FY2020, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

Anti-corruption Practices

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

Whistle-blowing Mechanism

The Group has established a comprehensive Whistle-blowing Policy which covers the treatment of concerns or complaints relating to suspected improper activities. The said policy also intends to address any complaints that allege acts or attempted acts of interference, reprisal, retaliation, threats, coercion or intimidation against employees who report, disclose or investigate improper or illegal activities and to protect those who come forward to report such activities. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

Within the said policy, the Group has set out a detailed reporting and investigative procedure to encourage employees to report fraudulent activities and to ensure that their reports are given due regard. The audit committee ("AC") has the overall responsibility for the said policy, while the day-to-day responsibility for overseeing and implementing the policy is delegated to the Group Compliance Officer. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the AC. The use and effectiveness of the Whistle-blowing Policy will be monitored and reviewed regularly by the Group Compliance Officer and approved by the AC.

B8. Community Investment

General Disclosure

Active Community Participation

The Group is committed to investing in the development and success of the communities where it operates. To encourage the Group's employees to actively participate in worthy causes, the Group has established relevant guidelines on employee community engagement, endorsing senior executives' participation in community service and acceptance of public offices.

The commitment to serve the communities where the Group operates extends beyond policies. The Group has been sponsoring Europe's largest cycling festival and Germany's UCI (Union Cycliste Internationale) World Tour Race in Hamburg since 2016. However, due to the ongoing COVID-19 pandemic and agreement with the local authorities at the City of Hamburg, it is with deep regret that the much-anticipated, exemplary annual community event, EuroEyes Cyclassics, has to be cancelled. The EuroEyes Cyclassics is set to return to the streets of Hamburg and Schleswig-Holstein and celebrate its 25th anniversary in the summer of 2021.

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

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

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

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

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1 (Recommended Disclosures)	Total workforce by gender, employment type, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1 (Recommended Disclosures)	Number and rate of work-related fatalities	Health and Safety
KPI B2.2 (Recommended Disclosures)	Lost days due to work injury.	Health and Safety

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 (Recommended Disclosures)	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards-Prevention of Child and Forced Labour
KPI B4.2 (Recommended Disclosures)	Description of steps taken to eliminate such practices when discovered.	Labour Standards-Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.2 (Recommended Disclosures)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 (Recommended Disclosures)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 (Recommended Disclosures)	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.5 (Recommended Disclosures)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility-Data Privacy Protection and Patients' Informed Consent

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 (Recommended Disclosures)	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2 (Recommended Disclosures)	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption-Whistle-blowing Mechanism
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

End

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (the "Group") set out on pages 92 to 180, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

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KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
The right of use assets ("ROU assets") and lease liabilities recorded as a lessee Refer to Note 4(d) (Critical accounting estimates and judgements-lease term and discount rate determination) and Note 29 to the consolidated financial statements. As at 31 December 2020, the Group had ROU assets amounting to HK$210.9 million and lease liabilities amounting to HK$232.4 million. These ROU assets and lease liabilities are initially measured on a present value basis, which is calculated through discounted future lease payments. Management exercised significant judgements in determining the carrying amount of ROU assets and lease liabilities including the discount rates and the period of the future lease payments that taking into consideration of the possibility of the lease contract extension for each lease. We focused on this area due to (a) the significance of the amounts of the ROU assets and lease liabilities; (b) the estimation of discount rate and lease term determination are subject to high degree of estimation uncertainty. The inherent risk in relation to the discount rate and lease term are considered significant due to the significance of the carrying amounts of ROU assets and lease liabilities.	Our procedures to address the key audit matter included: o We obtained an understanding of the management's internal control and assessment process of discount rate and lease term determination and assessed inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. o We evaluated the outcome of prior period assessment of the ROU assets and lease liabilities to assess the effectiveness of the management's estimation process; o We obtained a summary of leases from management, and agreed, on a sample basis, the key terms of each lease contracts including lease terms and lease payments to the relevant lease contracts; o We assessed the appropriateness of the discount rates used in the calculation of the ROU assets and lease liabilities through comparing with the respective group entities' rates of borrowing on a collateralized basis over a similar term, amount and economic environment;

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Key Audit Matter	How our audit addressed the Key Audit Matter
	o We evaluated management's assessment of the period of the future lease payments that taking into consideration of the possibility of the lease contract extension for each lease; o We tested on a sample basis, the calculation of the lease liabilities based on the lease payments, discount rates and expected lease terms; o We reviewed the accounting treatment for lease modification identified subsequent to the initial recognition and assessed management's calculation of the adjustments to the ROU assets and lease liabilities based on the revised lease terms; o We performed recalculation of the depreciation for ROU assets and tested the payment of lease liabilities subsequent to the initial recognition on a sample basis; o We assessed the adequacy of the disclosures related to lease term and discount rate determination in the context of the IFRS; and o We considered whether the judgements made in selecting the methods, significant assumptions and data would give rise to indicators of possible management bias. Based on the procedures performed, we considered that the risk assessment of discount rate and lease term determination remained appropriate and the key assumptions adopted by management in the assessment of discount rate and lease term determination were supported by the available evidence.

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OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung Frederick.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 16 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	**As at 31 December 2020 HK$'000**	As at 31 December 2019 HK$'000 (re-presented) *(Note 2.1(i))*	As at 1 January 2019 HK$'000 (re-presented) *(Note 2.1(i))*
Assets				
Non-current assets				
Property, plant and equipment	*13*	**365,410**	331,656	329,334
Intangible assets	*14*	**5,101**	5,305	6,207
Goodwill	*15*	**7,352**	6,622	6,798
Deferred tax assets	*30*	**26,402**	21,707	18,978
Prepayments		**–**	–	2,212
Deposits and other receivables	*18*	**12,186**	15,705	12,933
Total non-current assets		**416,451**	380,995	376,462
Current assets				
Inventories	*20*	**36,243**	30,790	30,970
Prepayments	*17*	**27,995**	6,858	15,763
Income tax recoverable		**35,213**	2,626	278
Deposits and other receivables	*18*	**31,742**	23,854	14,195
Trade receivables	*19*	**4,577**	2,495	4,630
Restricted cash	*23*	**66**	–	–
Cash and cash equivalents	*21*	**761,894**	787,108	148,295
Total current assets		**897,730**	853,731	214,131
Total assets		**1,314,181**	1,234,726	590,593
Equity				
Equity attributable to owners of the Company				
Share capital	*22*	**25,826**	25,826	267
Shares held for share scheme	*23*	**(4,284)**	–	–
Share premium	*36(b)*	**625,422**	625,422	–
Other reserves	*24*	**181,584**	101,689	105,179
Retained earnings		**124,744**	54,320	121,660
Total equity attributable to owners of the Company		**953,292**	807,257	227,106
Non-controlling interests		**36,320**	43,778	11,799
Total equity		**989,612**	851,035	238,905

	Note	As at 31 December 2020 HK$'000	As at 31 December 2019 HK$'000 (re-presented) (Note 2.1(i))	As at 1 January 2019 HK$'000 (re-presented) (Note 2.1(i))
Liabilities				
Non-current liabilities				
Borrowings	*28*	**5,101**	6,456	45
Lease liabilities	*29*	**183,139**	181,607	190,272
Put options		**1,125**	1,030	1,057
Deferred tax liabilities	*30*	**8,667**	8,105	9,296
Total non-current liabilities		**198,032**	197,198	200,670
Current liabilities				
Trade payables	*26*	**21,053**	24,979	16,703
Contract liabilities	*6*	**7,952**	6,971	6,045
Income tax liabilities		**15,180**	11,421	40,240
Accruals and other payables	*27*	**31,045**	97,273	44,056
Borrowings	*28*	**2,021**	1,893	385
Lease liabilities	*29*	**49,286**	43,956	43,589
Total current liabilities		**126,537**	186,493	151,018
Total liabilities		**324,569**	383,691	351,688
Total equity and liabilities		**1,314,181**	1,234,726	590,593

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

The financial statements on pages 92 to 180 were approved by the Board of Directors on 16 March 2021 and were signed on its behalf.

Dr Jørn Slot Jørgensen
Chairman and Chief Executive Officer

Dr Markus Braun
Executive Director and Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Revenue	*6*	**473,818**	429,692
Cost of sales	*7*	**(259,718)**	(251,971)
Gross profit		**214,100**	177,721
Selling expenses	*7*	**(46,044)**	(60,209)
Administrative expenses			
– Listing expenses	*7*	**–**	(42,219)
– Other administrative expenses	*7*	**(60,491)**	(45,870)
Net impairment losses on financial assets		**(27)**	(421)
Other gains, net	*9*	**3,519**	1,422
Operating profit		**111,057**	30,424
Finance income	*10*	**2,517**	2,466
Finance expenses	*10*	**(14,926)**	(11,566)
Finance expenses, net	*10*	**(12,409)**	(9,100)
Profit before tax		**98,648**	21,324
Income tax expense	*11*	**(34,575)**	(25,010)
Profit/(loss) for the year		**64,073**	(3,686)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**23,209**	(10,251)
Items that will not be reclassified to profit or loss			
Exchange differences on translation to presentation currency		**58,724**	6,112
Other comprehensive income/(loss) for the year		**81,933**	(4,139)
Total comprehensive income/(loss) for the year		**146,006**	(7,825)
Profit/(loss) attributable to:			
– Owners of the Company		**65,580**	(3,440)
– Non-controlling interests		**(1,507)**	(246)
		64,073	(3,686)

	Note	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**147,276**	(6,930)
– Non-controlling interests		**(1,270)**	(895)
		146,006	(7,825)
Earnings/(loss) per share attributable to owners of the Company for the year			
– Basic earnings/(loss) per share (HK cents)	*12*	**19.935**	(1.341)
– Diluted earnings/(loss) per share (HK cents)	*12*	**17.458**	(1.341)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital *(Note 22)* HK$'000	Shares held for share scheme *(Note 23)* HK$'000	Share premium *(Note 36(b))* HK$'000	Other reserves *(Note 24)* HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2019 (re-presented) ***(Note 2.1(i))***	267	–	–	105,179	121,660	227,106	11,799	238,905
Loss for the year	–	–	–	–	(3,440)	(3,440)	(246)	(3,686)
Other comprehensive loss	–	–	–	(3,490)	–	(3,490)	(649)	(4,139)
Total comprehensive loss for the year	–	–	–	(3,490)	(3,440)	(6,930)	(895)	(7,825)
Transactions with owners in their capacity as owners:								
Interim dividend declared *(Note 33)*	–	–	–	–	(63,900)	(63,900)	–	(63,900)
Capital contributions from non-controlling interests	–	–	–	–	–	–	32,874	32,874
Capitalisation of shares	18,405	–	(18,405)	–	–	–	–	–
Issuance of shares upon listing	6,223	–	558,146	–	–	564,369	–	564,369
Issuance of shares upon exercise of over-allotment option	931	–	85,681	–	–	86,612	–	86,612
	25,559	–	625,422	–	(63,900)	587,081	32,874	619,955
Balance as at 31 December 2019	25,826	–	625,422	101,689	54,320	807,257	43,778	851,035

	Attributable to owners of the Company							
	Share capital *(Note 22)* HK$'000	Shares held for share scheme *(Note 23)* HK$'000	Share premium *(Note 36(b))* HK$'000	Other reserves *(Note 24)* HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2020	25,826	–	625,422	101,689	54,320	807,257	43,778	851,035
Profit/(loss) for the year	–	–	–	–	65,580	65,580	(1,507)	64,073
Other comprehensive income	–	–	–	81,696	–	81,696	237	81,933
Total comprehensive income for the year	–	–	–	81,696	65,580	147,276	(1,270)	146,006
Transactions with owners in their capacity as owners:								
Appropriations to statutory surplus reserve	–	–	–	48	(48)	–	–	–
Transaction with non-controlling interests	–	–	–	(2,726)	4,892	2,166	(6,188)	(4,022)
Acquisition of shares held for share scheme *(Note 23)*	–	(4,284)	–	–	–	(4,284)	–	(4,284)
Share-based payments *(Note 25)*	–	–	–	877	–	877	–	877
	–	(4,284)	–	(1,801)	4,844	(1,241)	(6,188)	(7,429)
Balance as at 31 December 2020	25,826	(4,284)	625,422	181,584	124,744	953,292	36,320	989,612

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Cash flows from operating activities			
Cash generated from operations	*32(a)*	**141,363**	123,326
Interest received		**3,582**	1,482
Income tax paid		**(66,488)**	(60,389)
Net cash generated from operating activities		**78,457**	64,419
Cash flows from investing activities			
Purchase of property, plant and equipment		**(38,339)**	(29,161)
Proceeds from disposal of property, plant and equipment		**204**	61
Net cash used in investing activities		**(38,135)**	(29,100)
Cash flows from financing activities			
Capital contributions from non-controlling interests		**547**	8,807
Dividend paid		**(62,053)**	–
Acquisition of treasury shares	*23*	**(4,350)**	–
Listing expenses paid and capitalised	*36(c)*	**–**	(32,470)
Proceeds from issuance of shares upon listing	*22(c)*	**–**	595,005
Proceeds from issuance of shares upon exercise of over-allotment option	*22(d)*	**–**	89,250
Lease payments	*29(d)*	**(48,287)**	(48,239)
Repayment of borrowings		**(2,228)**	(1,939)
Net cash (used in)/generated from financing activities		**(116,371)**	610,414
Net (decrease)/increase in cash and cash equivalents		**(76,049)**	645,733
Cash and cash equivalents at beginning of year		**787,021**	148,208
Effects of exchange rate changes on cash and cash equivalents		**50,855**	(6,920)
Cash and cash equivalents at end of year		**761,827**	787,021
Represented by:			
Cash at bank and in hand	*21*	**761,894**	787,108
Bank overdraft	*28*	**(67)**	(87)
		761,827	787,021

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

1 GENERAL INFORMATION

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated (see Note 2.1(i)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

(i) Change in presentation currency

During the year, the Group has changed its presentation currency from Euro ("EUR") to Hong Kong dollars ("HK$") for the preparation of its consolidated financial statements. The directors of the Company consider that this change of presentation currency to HK$ provides more reliable and 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.

Change in presentation currency has been accounted for retrospectively in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors". Net profit, comprehensive income, total assets and total equity are unaffected by these presentational changes apart from the translation from EUR to HK$ as further detailed below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(i) Change in presentation currency (Continued)

Following the change in presentation currency, the financial information as previously reported has been retranslated in accordance with the provisions in IAS 21 using the procedures outlined below, as if HK$ had always been the Group's presentational currency:

- Assets and liabilities of foreign operations where the functional currency is not HK$ have been translated into HK$ at the relevant closing rates of exchange. Profit and loss items were translated into HK$ at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year are recognised in the foreign currency translation reserve; and

- Share capital, share premium and other reserves were translated at historical rates prevailing at the dates of transactions.

In addition to the comparative information in respect of the previous period provided in these consolidated financial statements, the Group presents an additional statement of financial position as at 1 January 2019 due to the change of presentation currency in accordance with IAS 1 "Presentation of Financial Statements".

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2020:

- Definition of Material-amendments to IAS 1 and IAS 8
- Definition of a Business-amendments to IFRS 3
- Interest Rate Benchmark Reform-amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting year and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

2.2 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group.

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

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

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Separate financial statements

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within finance expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (continued)

(ii) Transactions and balances (continued)

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

(iii) Group companies

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (continued)

(iv) Disposal of foreign operation and partial disposal

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

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

2.6 Property, plant and equipment

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

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

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

2.7 Intangible assets

(i) Goodwill

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

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

(ii) Trademark and licence

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

(iii) Website

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets

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

2.9 Investments and other financial assets

(i) Classification

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

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

- those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement

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

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

Debt instruments

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

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

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

(iv) Impairment

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

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

2.10 Offsetting financial instruments

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

2.11 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital

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

2.15 Trade and other payables

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

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

2.16 Borrowings

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Borrowings (Continued)

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

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

2.17 Borrowing costs

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

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

2.18 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

Deferred income tax (Continued)

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

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

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

2.19 Employee benefits expense

(i) Employee leave entitlements

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

(ii) Pension obligations

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

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

(iii) Bonus entitlements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits expense (continued)

(iv) 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 25.

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 23).

(v) 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 recognized 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 recognized in equity.

2.20 Provisions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

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

2.21 Contract liabilities

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

2.22 Revenue and other income recognition

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

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

(i) Provision of vision correction services

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue and other income recognition (Continued)

(ii) Sales of pharmaceutical products

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

(iii) Rental of ophthalmic equipment and operating spaces

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

(iv) Interest income

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

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (continued)

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentive received

- any initial direct costs, and

- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with an individual value below HK$38,000.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Variable lease payments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (continued)

Extension and termination options

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

Residual value guarantees

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

2.25 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

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

The subsidiaries of the Group mainly operate in Germany, Denmark and the PRC with most of the transactions settled in EUR, Danish Krone ("DKK") and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2020 and 2019, the financial assets and liabilities of the subsidiaries of the Group in Germany, Denmark and the PRC are primarily denominated in EUR, DKK and RMB, respectively, which are their respective functional currencies.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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 31 December 2020, if HK$ had weakened/strengthened by 5% against EUR with all other variables held constant, the total net assets of the Group would have been approximately HK$4,011,000 lower/higher(2019: HK$32,705,000 lower/higher); post-tax profit for the year would have been approximately HK$4,000,000 lower/higher (2019: post-tax loss for the year would have been approximately HK$32,710,000 higher/lower).

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

(ii) Cash flow and fair value interest rate risk

The Group's borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group is also exposed to fair value interest rate risk in relation to borrowings at fixed interest rate. The interest rate profile of the Group's borrowings is disclosed in Note 28. As at 31 December 2020, the Group does not have significant borrowings and thus there is no significant cash flow and fair value interest rate risk exposure identified.

(b) Credit risk

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

(i) Risk management

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (Continued)

Management considers all the available information and group the trade receivables into two categories: (i) high credit risk; and (ii) low credit risk. The loss allowance for the latter is analysed based on the aging group. On this basis, the loss allowance for trade receivables as at 31 December 2020 and 2019, based on life time expected credit loss model, was determined as follows:

	Low credit risk			High credit risk			
As at 31 December 2020	**Within 6 months**	**Over 6 months but within 1 year**	**Over 1 year**	**Within 6 months**	**Over 6 months but within 1 year**	**Over 1 year**	**Total**
Expected loss rate	**2.6%**	**50.0%**	**100.0%**	**100%**	**100%**	**100%**	
Gross carrying amount (HK$'000)	**4,701**	**–**	**–**	**29**	**–**	**–**	**4,730**
Loss allowance (HK$'000)	**124**	**–**	**–**	**29**	**–**	**–**	**153**

	Low credit risk			High credit risk			
As at 31 December 2019 (re-presented) *(Note 2.1(i))*	Within 6 months	Over 6 months but within 1 year	Over 1 year	Within 6 months	Over 6 months but within 1 year	Over 1 year	Total
Expected loss rate	4.5%	50%	100%	100%	100%	100%	
Gross carrying amount (HK$'000)	2,617	–	–	53	–	–	2,670
Loss allowance (HK$'000)	122	–	–	53	–	–	175

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

The reconciliation of loss allowance for trade receivables as at 31 December 2020 is presented in Note 19.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 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 31 December 2020 is presented in Note 28.

(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 year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2020	Less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
Trade payables	21,053	–	–	–	21,053	21,053
Accruals and other payables	17,372	–	–	–	17,372	17,372
Borrowings	2,451	2,384	3,023	–	7,858	7,122
Lease liabilities	52,023	38,350	80,886	90,920	262,179	232,425
	92,899	40,734	83,909	90,920	308,462	277,972

As at 31 December 2019 (re-presented) *(Note 2.1(i))*	Less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
Trade payables	24,979	–	–	–	24,979	24,979
Accruals and other payables	85,198	–	–	–	85,198	85,198
Borrowings	2,312	2,181	4,973	–	9,466	8,349
Lease liabilities	47,533	42,943	70,514	101,644	262,634	225,563
	160,022	45,124	75,487	101,644	382,277	344,089

The Group provided no financial guarantee to any third party or related party as at 31 December 2020 and 2019.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

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

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

The gearing ratios as at 31 December 2020 and 2019 are as follows:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Long-term borrowings *(Note 28)*	5,101	6,456
Total equity	989,612	851,035
Total capital	994,713	857,491
Gearing ratio	0.51%	0.75%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Depreciation and amortisation

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

(b) Income taxes

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

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

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

The deferred tax assets include an amount of HK$14,274,000 as at 31 December 2020 which relates to carried-forward tax losses of certain subsidiaries. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for these subsidiaries. In determining the future taxable income of the subsidiaries, management exercised judgement and considers it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(d) Lease term and discount rate determination

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Impairment of goodwill

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

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

(f) Impairment of trade and other receivables

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

5 SEGMENT INFORMATION

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

Description of segments and principal activities

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

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

5 SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2020 is as follows:

	Germany segment HK$'000	China segment HK$'000	Denmark segment HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Segment total revenue	307,377	108,114	61,031	(2,704)	473,818
Cost of sales	(151,640)	(74,823)	(34,983)	1,728	(259,718)
Gross profit	155,737	33,291	26,048	(976)	214,100
EBITDA	135,226	37,599	16,424	–	189,249
Unallocated					
Corporate expenses					(10,858)
Finance income					2,517
Finance expenses					(14,926)
Depreciation and amortisation					(67,334)
Profit before tax					98,648
Income tax expense					(34,575)
Profit for the year					64,073

5 SEGMENT INFORMATION (Continued)

	Germany segment HK$'000	China segment HK$'000	Denmark segment HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Segment total assets	501,484	224,816	61,453	(306,654)	481,099
Unallocated					
Corporate assets					806,680
Deferred tax assets					26,402
Total assets					1,314,181
Segment total liabilities	280,062	158,558	52,109	(181,940)	308,789
Unallocated					
Corporate liabilities					7,113
Deferred tax liabilities					8,667
Total liabilities					324,569

5 SEGMENT INFORMATION (Continued)

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

	Germany segment HK$'000 (re-presented) *(Note 2.1(i))*	China segment HK$'000 (re-presented) *(Note 2.1(i))*	Denmark segment HK$'000 (re-presented) *(Note 2.1(i))*	Inter-segment elimination HK$'000 (re-presented) *(Note 2.1(i))*	Total HK$'000 (re-presented) *(Note 2.1(i))*
Segment total revenue	273,620	113,475	50,986	(8,389)	429,692
Cost of sales	(147,762)	(78,005)	(34,321)	8,117	(251,971)
Gross profit	125,858	35,470	16,665	(272)	177,721
EBITDA	95,635	26,159	13,672	–	135,466
Unallocated					
Corporate expenses					(38,410)
Finance income					2,466
Finance expenses					(11,566)
Depreciation and amortisation					(66,632)
Profit before tax					21,324
Income tax expense					(25,010)
Loss for the year					(3,686)

5 SEGMENT INFORMATION (Continued)

	Germany segment HK$'000 (re-presented) *(Note 2.1(i))*	China segment HK$'000 (re-presented) *(Note 2.1(i))*	Denmark segment HK$'000 (re-presented) *(Note 2.1(i))*	Inter segment elimination HK$'000 (re-presented) *(Note 2.1(i))*	Total HK$'000 (re-presented) *(Note 2.1(i))*
Segment total assets	504,512	221,767	16,411	(188,620)	554,070
Unallocated					
Corporate assets					658,949
Deferred tax assets					21,707
Total assets					1,234,726
Segment total liabilities	156,959	158,652	17,607	(83,086)	250,132
Unallocated					
Corporate liabilities					125,454
Deferred tax liabilities					8,105
Total liabilities					383,691

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Germany	**217,436**	206,176
China	**131,812**	131,186
Denmark	**28,615**	6,221
	377,863	343,583

6 REVENUE

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

Breakdown of revenue by product category is as follows:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Revenue from contracts with customers (a)		
Provision of vision correction services	**469,165**	424,611
Sales of pharmaceutical products	**346**	395
Others	**2,144**	1,571
	471,655	426,577
Rental of ophthalmic equipment and operating spaces	**2,163**	3,115
	473,818	429,692

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Germany	**304,788**	265,240
China	**108,114**	113,475
Denmark	**60,916**	50,977
	473,818	429,692

There is no single external customer that contributes to more than 10% of the Group's revenue for the years ended 31 December 2020 and 2019.

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

6 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments and geographical regions for the year ended 31 December 2020:

	Provision of vision correction services			Sales of pharmaceutical products			Others			Total
	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$'000	HK$'000
Segment revenue	300,214	108,114	60,837	267	–	79	4,733	–	115	474,359
Inter-segment revenue	–	–	–	–	–	–	(2,589)	–	(115)	(2,704)
Revenue from external customers	300,214	108,114	60,837	267	–	79	2,144	–	–	471,655
Timing of revenue recognition										
– At a point in time	–	–	–	267	–	79	2,144	–	–	2,490
– Over time	300,214	108,114	60,837	–	–	–	–	–	–	469,165
	300,214	108,114	60,837	267	–	79	2,144	–	–	471,655

6 REVENUE (Continued)

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

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

	Provision of vision correction services			Sales of pharmaceutical products			Others			Total
(re-presented) *(Note 2.1(i))*	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$'000	HK$'000
Segment revenue	260,229	113,475	50,907	325	–	70	9,951	–	9	434,966
Inter-segment revenue	–	–	–	–	–	–	(8,380)	–	(9)	(8,389)
Revenue from external customers	260,229	113,475	50,907	325	–	70	1,571	–	–	426,577
Timing of revenue recognition										
– At a point in time	–	–	–	325	–	70	1,571	–	–	1,966
– Over time	260,229	113,475	50,907	–	–	–	–	–	–	424,611
	260,229	113,475	50,907	325	–	70	1,571	–	–	426,577

(b) Contract liabilities movement

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Balance at beginning of the year	**6,971**	6,045
Advance collected from customers during the year	**421,773**	410,299
Revenue recognised from contract liabilities existed at the beginning of the year	**(6,971)**	(6,045)
Revenue recognised from contract liabilities occurred during the year	**(413,821)**	(403,328)
Balance at end of the year	**7,952**	6,971

No significant cost was incurred for obtaining revenue contract for the years ended 31 December 2020 and 2019.

7 EXPENSES BY NATURE

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Employee benefit expenses *(Note 8)*	117,012	103,753
Raw materials and consumables *(Note 20)*	77,925	74,741
Depreciation of property, plant and equipment *(Note 13)*	66,571	65,886
Advertising and marketing expenditure	33,077	49,362
Legal and other consulting services fee	15,564	7,082
Doctors' fee	13,986	11,689
Electricity and other utility expenses	13,524	13,111
Clinic, office and consumption expenses	9,919	10,285
Repair and maintenance	7,897	8,556
Transportation costs	6,001	6,169
Auditors' remuneration		
– Audit services	2,925	2,896
– Non-audit services	–	–
Amortisation of intangible assets *(Note 14)*	763	746
Rent on short-term leases *(Note 29)*	115	70
Listing expenses	–	42,219
Rent concession related to COVID-19	(2,020)	–
Others	2,994	3,704
Total	366,253	400,269

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Wages and salaries	101,556	87,422
Contributions to defined contribution pension scheme *(a)*	11,052	9,170
Provision for employee benefits and housing scheme *(b)*	3,527	7,161
Share-based payments *(Note 25)*	877	–
	117,012	103,753

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

(a) Pension scheme

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

(b) Housing scheme

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the Chinese state-sponsored housing fund at 5%-13% of the salaries of the PRC employees. At the same time, the employees are also required to make a contribution at the same percentage of their salaries out of their payroll. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2019: two) directors whose emoluments are reflected in the analysis presented in Note 8(d). The emoluments payable to the remaining two (2019: three) non-director individuals during the year are as follows:

	2020 **HK$'000**	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Basic salaries and allowances	**4,946**	8,872

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

(c) Five highest paid individuals (Continued)

The emoluments of non-director individuals fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands		
Nil to HK$1,000,000 (2020: Nil to approximately €104,877) (2019: Nil to approximately €114,600)	–	–
HK$1,000,001 to HK$1,500,000 (2020: approximately €104,878 to €157,314) (2019: approximately €114,601 to €171,900)	–	–
HK$1,500,001 to HK$2,000,000 (2020: approximately €157,315 to €209,754) (2019: approximately €171,901 to €229,200)	–	1
HK$2,000,001 to HK$2,500,000 (2020: approximately €209,755 to €262,192) (2019: approximately €229,201 to €286,500)	1	1
HK$2,500,001 to HK$3,000,000 (2020: approximately €262,193 to €314,630) (2019: approximately €286,501 to €343,900)	1	–
HK$3,000,001 to HK$3,500,000 (2020: approximately €314,631 to €367,069) (2019: approximately €343,901 to €401,200)	–	–
HK$3,500,001 to HK$4,000,000 (2020: approximately €367,070 to €419,507) (2019: approximately €401,201 to €458,500)	–	–
HK$4,000,001 to HK$4,500,000 (2020: approximately €419,508 to €471,945) (2019: approximately €458,501 to €515,800)	–	–
HK$4,500,001 to HK$5,000,000 (2020: approximately €471,946 to €524,384) (2019: approximately €515,801 to €573,100)	–	1
	2	3

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

(d) Directors' emoluments

	Fees HK$'000	Salaries HK$'000	Restricted share award HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 December 2020						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	360	–	–	–	–	360
Dr Markus Braun	360	1,968	–	–	–	2,328
Dr Ralf-Christian Lerche *(ii)*	360	–	27	–	–	387
Mr Jannik Jonas Slot Jørgensen	360	684	35	–	–	1,079
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	360	–	–	–	–	360
Non-executive Director						
Mr Marcus Huascar Bracklo	360	–	–	–	–	360
Independent non-executive Directors						
Mr Hans Helmuth Hennig	360	–	–	–	–	360
Mr Zhengzheng Hu	360	–	–	–	–	360
Mr Philip Duncan Wright	360	–	–	–	–	360
	3,240	2,652	62	–	–	5,954

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

(d) Directors' emoluments (Continued)

	Fees HK$'000	Salaries HK$'000	Restricted share award HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 December 2019 (re-presented) ***(Note 2.1(i))***						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	272	–	–	–	–	272
Dr Markus Braun	272	1,387	–	44	–	1,703
Dr Ralf-Christian Lerche *(ii)*	272	–	–	–	–	272
Mr Jannik Jonas Slot Jørgensen	281	123	–	–	–	404
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	272	–	–	–	–	272
Non-executive Director						
Mr Marcus Huascar Bracklo	272	–	–	–	–	272
Independent non-executive Directors						
Mr Hans Helmuth Hennig	281	–	–	–	–	281
Mr Zhengzheng Hu	281	–	–	–	–	281
Mr Philip Duncan Wright	272	–	–	–	–	272
	2,475	1,510	–	44	–	4,029

(i) During the year ended 31 December 2020, Dr Jørn Slot Jørgensen received doctors' fees of HK$2,491,000 (2019: HK$2,053,000).

(ii) During the year ended 31 December 2020, Dr Ralf-Christian Lerche received doctors' fees of HK$2,517,000 (2019: HK$2,492,000).

(iii) During the year ended 31 December 2020, Prof Dr Thomas Friedrich Wilhelm Neuhann received doctors' fees of HK$1,764,000 (2019: HK$2,905,000).

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

(d) Directors' emoluments (Continued)

No directors waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

During the years ended 31 December 2020 and 2019, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

There is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors during the years ended 31 December 2020 and 2019.

Save for contracts amongst group companies and the transactions disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2020 and 2019.

9 OTHER GAINS, NET

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Value added tax refund	1,613	–
Government compensation for employee welfare	904	948
Government compensation for COVID-19	674	–
Gain/(loss) on disposal of property, plant, and equipment	177	(132)
Others	151	606
	3,519	1,422

10 FINANCE INCOME AND EXPENSES, NET

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Finance income		
Interest income	(2,517)	(2,466)
Finance expenses		
Foreign exchange losses, net	7,286	3,370
Interest expenses on leases *(Note 29)*	6,559	7,047
Interest expenses on borrowings	443	254
Interest expenses on borrowing from a non-controlling shareholder	–	70
Other finance expenses	638	825
	14,926	11,566
Net finance expenses	12,409	9,100

11 INCOME TAX EXPENSE

The Group was subject to different tax jurisdiction mainly in Germany, Denmark, the PRC and Hong Kong with tax rates ranging from 16.5% to 32% during the year (2019: 16.5% to 32%).

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

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Current income tax	37,660	29,222
Deferred income tax *(Note 30)*		
– Increase in deferred tax assets	(2,908)	(3,229)
– Decrease in deferred tax liabilities	(177)	(983)
	(3,085)	(4,212)
Income tax expense	34,575	25,010

11 INCOME TAX EXPENSE (Continued)

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Profit before tax	98,648	21,324
Tax calculated at the domestic tax rate applicable to profits in the respective jurisdictions	30,277	16,270
Preferential tax rates on income of certain group entities	(425)	–
Expenses not deductible for tax purposes	3,421	8,336
Income not subject to tax	(9)	(377)
Utilisation of tax losses not previously recognised	(496)	(439)
Recognition of deferred tax assets not previously recognised	(2,047)	–
Tax losses of certain group entities for which no deferred income tax assets were recognised	4,005	1,220
Others	(151)	–
Income tax expense	34,575	25,010

12 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

For the years ended 31 December 2020 and 2019, basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2020	2019 (re-presented) *(Note 2.1(i))*
Profit/(loss) attributable to owners of the Company (HK$'000)	65,580	(3,440)
Weighted average number of ordinary shares in issue ('000)	328,965	256,518
Earnings/(loss) per share (basic) (HK cents)	19.935	(1.341)

12 EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted earnings/(loss) per share

For the years ended 31 December 2020 and 2019, diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares during the year.

	2020	2019 (re-presented) *(Note 2.1(i))*
Profit/(loss) attributable to owners of the Company (HK$'000)	65,580	(3,440)
Weighted average number of ordinary shares and potential ordinary shares in issue ('000)	375,643	256,518
Earnings/(loss) per share (diluted) (HK cents)	17.458	(1.341)

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

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share ('000)	328,965	256,518
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share ('000)	375,643	256,518

13 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Machinery HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Vehicles HK$'000	Others HK$'000	Total HK$'000
As at 1 January 2019 (re-presented) *(Note 2.1(i))*							
Cost	319,905	117,102	91,397	5,750	2,347	11,123	547,624
Accumulated depreciation	(99,720)	(64,215)	(46,429)	–	(1,881)	(6,045)	(218,290)
Net book amount	220,185	52,887	44,968	5,750	466	5,078	329,334
Year ended 31 December 2019 (re-presented) *(Note 2.1(i))*							
Opening net book amount	220,185	52,887	44,968	5,750	466	5,078	329,334
Additions	38,226	5,713	1,027	30,301	–	807	76,074
Transfer upon completion	–	17,112	16,366	(34,838)	–	1,360	–
Depreciation charge	(46,843)	(11,215)	(6,556)	–	(254)	(1,018)	(65,886)
Disposals	–	(184)	–	–	–	(9)	(193)
Exchange differences	(4,991)	(1,294)	(1,144)	(96)	(11)	(137)	(7,673)
Closing net book amount	206,577	63,019	54,661	1,117	201	6,081	331,656
As at 31 December 2019 (re-presented) *(Note 2.1(i))*							
Cost	353,140	138,449	107,646	1,117	2,336	13,144	615,832
Accumulated depreciation	(146,563)	(75,430)	(52,985)	–	(2,135)	(7,063)	(284,176)
Net book amount	206,577	63,019	54,661	1,117	201	6,081	331,656

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets HK$'000	Machinery HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Vehicles HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2020							
Opening net book amount	206,577	63,019	54,661	1,117	201	6,081	331,656
Additions	47,126	20,013	425	20,961	–	665	89,190
Transfer upon completion	–	1,188	789	(2,349)	–	372	–
Depreciation charge	(42,377)	(13,428)	(9,351)	–	(201)	(1,214)	(66,571)
Disposals	(16,467)	–	(27)	–	–	–	(16,494)
Exchange differences	16,037	5,993	4,010	1,095	–	494	27,629
Closing net book amount	210,896	76,785	50,507	20,824	–	6,398	365,410
As at 31 December 2020							
Cost	357,629	165,643	112,595	20,824	2,336	14,675	673,702
Accumulated depreciation	(146,733)	(88,858)	(62,088)	–	(2,336)	(8,277)	(308,292)
Net book amount	210,896	76,785	50,507	20,824	–	6,398	365,410

As at 31 December 2020, borrowings with amount of HK$7,055,000 (2019: HK$8,262,000) were secured by property, plant and equipment with net book value of HK$7,055,000 (2019: HK$10,208,000) (Note 28).

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Cost of sales	54,526	55,119
Selling expenses	3,279	2,913
Administrative expenses	8,766	7,854
Total	66,571	65,886

14 INTANGIBLE ASSETS

	Trademark HK$'000	Website HK$'000	Licence HK$'000	Total HK$'000
As at 1 January 2019 (re-presented) *(Note 2.1(i))*				
Cost	36	1,594	6,717	8,347
Accumulated amortisation	(9)	(672)	(1,460)	(2,141)
Net book amount	27	922	5,257	6,206
Year ended 31 December 2019 (re-presented) *(Note 2.1(i))*				
Opening net book amount	27	922	5,257	6,206
Amortisation charge	–	(88)	(658)	(746)
Exchange adjustment	–	(23)	(132)	(155)
Net book amount	27	811	4,467	5,305
As at 31 December 2019 (re-presented) *(Note 2.1(i))*				
Cost	36	1,571	6,585	8,192
Accumulated amortisation	(9)	(760)	(2,118)	(2,887)
Net book amount	27	811	4,467	5,305
Year ended 31 December 2020				
Opening net book amount	**27**	**811**	**4,467**	**5,305**
Additions	**–**	**71**	**44**	**115**
Amortisation charge	**–**	**(89)**	**(674)**	**(763)**
Exchange adjustment	**2**	**75**	**367**	**444**
Net book amount	**29**	**868**	**4,204**	**5,101**
As at 31 December 2020				
Cost	**38**	**1,717**	**6,996**	**8,751**
Accumulated amortisation	**(9)**	**(849)**	**(2,792)**	**(3,650)**
Net book amount	**29**	**868**	**4,204**	**5,101**

14 INTANGIBLE ASSETS (Continued)

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Cost of sales	666	658
Selling expenses	97	88
Total	763	746

15 GOODWILL

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Goodwill	7,352	6,622

As at 31 December 2020 and 2019, the Group's goodwill of HK$7,352,000 (31 December 2019: HK$6,622,000) was generated from acquisition of 70% interest in Deshijia (Shenzhen) Consulting Management Co., Ltd. (previously called Shenzhen Hero Consulting Management Co., Ltd.), which was viewed as one CGU within China segment, on 1 November 2016.

Impairment tests for goodwill

The Group performed impairment reviews for goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. As at 31 December 2020 and 2019, for impairment review purpose, the carrying value of the CGU is compared to the recoverable amount, which is determined based on value-in-use ("VIU").

The VIU calculations use pre-tax cash flow projections based on financial budgets prepared by the management. The Group believes that it is appropriate to cover a 5-year period in its cash flow projection, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experience in the industry and provided forecast based on past performance and their expectation of future business plans and market developments. The discount rate used is pre-tax and reflects specific risks relating to the business.

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

15 GOODWILL (Continued)

Impairment tests for goodwill (Continued)

The key assumptions used for value-in-use calculations in 2020 and 2019 are as follows:

	2020 HK$'000	2019 HK$'000
Annual revenue growth rate	10%~50%	15%~35%
Long-term growth rate	3%	3%
Gross profit margin	25%~35%	30%~56%
Pre-tax discount rate	20%	21.3%

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

At 31 December 2020

Items	Assumptions used	Movement of key assumptions	Decrease of value-in-use HK$'000
Annual revenue growth rate	10%~50%	Decrease by 1%	–
Long-term growth rate	3%	Decrease to 2%	832
Gross profit margin	25%~35%	Decrease by 5%	7,486
Pre-tax discount rate	20%	Increase to 21%	1,663

At 31 December 2019

Items	Assumptions used	Movement of key assumptions	Decrease of value-in-use HK$'000 (re-presented) *(Note 2.1(i))*
Annual revenue growth rate	15%~35%	Decrease by 1%	750
Long-term growth rate	3%	Decrease to 2%	750
Gross profit margin	30%~56%	Decrease by 5%	8,236
Pre-tax discount rate	21.3%	Increase to 22.3%	1,501

Based on management's analysis, the negative movements of the key assumptions in the table above are unlikely to happen and thus no impairment loss is noted for the goodwill arising from acquisition of Deshijia (Shenzhen) Consulting Management Co., Ltd. for the year ended 31 December 2020.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	Note	2020 HK$'000	2019 HK$'000 (re-presented) (Note 2.1(i))
– Deposits and other receivables	18	43,928	39,559
– Trade receivables	19	4,577	2,495
– Cash and cash equivalents	21	761,894	787,108
– Restricted cash		66	–
		810,465	829,162

Financial liabilities	Note	2020 HK$'000	2019 HK$'000 (re-presented) (Note 2.1(i))
Liabilities at amortised cost			
– Trade payables	26	21,053	24,979
– Other payables		17,372	85,198
– Borrowings	28	7,122	8,349
Lease liabilities	29	232,425	225,563
		277,972	344,089

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

17 PREPAYMENTS

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Prepayments made for purchase of raw materials, services and equipment	27,995	6,858

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
– EUR	23,837	3,926
– RMB	2,956	1,928
– DKK	744	689
– HK$	458	315
	27,995	6,858

18 DEPOSITS AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Deposits	**21,997**	15,155
Capital receivable from non-controlling interests	**13,339**	13,087
Amounts due from third parties	**7,008**	9,056
Prepaid value-added tax	**810**	794
Amount due from a related party	**–**	9
Amount due from a subsidiary	**–**	-
Interest receivable	**–**	1,065
Others	**774**	393
	43,928	39,559
Less:		
Non-current portion	**(12,186)**	(15,705)
Current portion	**31,742**	23,854

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

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

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
– RMB	**25,001**	20,547
– EUR	**15,180**	16,429
– DKK	**2,069**	689
– HK$	**1,678**	1,894
	43,928	39,559

19 TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Trade receivables due from third parties	4,625	2,670
Trade receivables due from related parties	105	–
Total trade receivables	4,730	2,670
Less: provision for impairment	(153)	(175)
Total trade receivables, net	4,577	2,495

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Within 6 months	4,730	2,670

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
– RMB	2,393	820
– EUR	1,297	1,065
– DKK	1,040	785
	4,730	2,670

19 TRADE RECEIVABLES (Continued)

(i) Fair value of trade receivables

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

(ii) Impairment and risk exposure

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

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Balance at beginning of the year	175	860
Provision for impairment recognised during the year	27	447
Receivables written off during the year as uncollectible	(49)	(1,106)
Unsettled amount reversed	–	(26)
Balance at end of the year	153	175

The maximum exposure to credit risk as at 31 December 2020 were HK$4,577,000 (2019: HK$2,495,000).

20 INVENTORIES

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Lens	24,715	19,971
Lasik	10,336	9,388
Medication	381	576
Glasses	162	323
Others	649	532
	36,243	30,790

20 INVENTORIES (Continued)

The cost of inventories which was recognised as an expense and was included in "cost of sales" for the year ended 31 December 2020 amounted to HK$77,925,000 (2019: HK$74,741,000).

As at 31 December 2020 and 2019, the carrying amount of the Group's inventories did not exceed the net realisable value, thus no provision for impairment was made.

21 CASH AND CASH EQUIVALENTS

	2020	2019
	HK$'000	HK$'000 (re-presented) *(Note 2.1(i))*
Cash on hand	**29**	532
Cash at bank	**761,865**	137,058
Deposit with maturity within 3 months	**–**	649,518
	761,894	787,108

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

	2020	2019
	HK$'000	HK$'000 (re-presented) *(Note 2.1(i))*
– EUR	**625,019**	101,330
– HK$	**78,435**	656,035
– RMB	**36,595**	27,326
– DKK	**21,635**	2,330
– USD	**210**	87
	761,894	787,108

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

22 SHARE CAPITAL

	2020 Shares	2019 Shares	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Authorised:				
Balance at beginning of the year	1,000,000,000	50,000	78,451	392
Share subdivision *(a)*	–	4,950,000	–	–
Creation of additional authorised share capital *(a)*	–	995,000,000	–	78,059
Balance at end of the year	1,000,000,000	1,000,000,000	78,451	78,451
Issued and fully paid:				
Balance at beginning of the year	329,234,000	34,000	25,826	267
Share subdivision *(a)*	–	3,366,000	–	–
Capitalisation issue *(b)*	–	234,600,000	–	18,405
Issuance of shares upon listing *(c)*	–	79,334,000	–	6,223
Issuance of shares upon exercise of over-allotment option *(d)*	–	11,900,000	–	931
Balance at end of the year	329,234,000	329,234,000	25,826	25,826

(a) Pursuant to the resolutions approved by the shareholders of the Company on 23 September 2019, the authorised share capital of the Company was amended to USD10,000,000 divided into 1,000,000,000 ordinary shares of USD0.01 each, through (i) subdividing the 34,000 issued ordinary shares of USD1.00 each into 3,400,000 issued ordinary shares of USD0.01 each; (ii) subdividing the 16,000 authorised but unissued ordinary shares of USD1.00 each into 1,600,000 ordinary shares of USD0.01 each; and (iii) creating an additional 995,000,000 authorised but unissued ordinary shares of USD0.01 each.

(b) Pursuant to the resolutions approved by the shareholders of the Company on 23 September 2019, the Directors were authorised to capitalise USD2,346,000 (approximately HK$18,405,000) standing to the credit of the share premium account of the Company by applying such sum in paying up in full 234,600,000 shares which were allotted and issued to the shareholders at the date of the resolutions on a pro-rata basis.

(c) On 15 October 2019, the shares of the Company were listed on the Main Board of the Stock Exchange. In connection with the Listing, the Company issued 79,334,000 shares at a price of HK$7.50 for gross proceeds of HK$595,005,000.

(d) On 7 November 2019, 11,900,000 shares were issued pursuant to the exercise of over-allotment option at a price of HK$7.50 for gross proceeds of HK$89,250,000.

23 SHARES HELD FOR SHARE SCHEME

	2020 Shares	2019 Shares	2020 HK$'000	2019 HK$'000
Shares held for share scheme	**750,000**	–	**4,284**	–

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 25 for further information). Total amount of HK$4,350,000 was paid to the Trustee during the year ended 31 December 2020, including the restricted cash of HK$66,000 (2019: nil) being reserved in the Trustee.

	Number of shares	**HK$'000**
As at 1 January 2019 and 31 December 2019	–	–
Acquisition of shares by the Trustee	750,000	4,284
As at 31 December 2020	750,000	4,284

24 OTHER RESERVES

	Capital reserve-contributed surplus HK$'000	Capital reserve-share-based payments HK$'000	Currency translation reserve HK$'000	Other HK$'000	Total HK$'000
At 1 January 2019 (re-presented) *(Note 2.1(i))*	92,132	5,980	8,071	(1,004)	105,179
Exchange differences on translation of foreign operations	–	–	(3,490)	–	(3,490)
At 31 December 2019 (re-presented) *(Note 2.1(i))*	92,132	5,980	4,581	(1,004)	101,689
At 1 January 2020	**92,132**	**5,980**	**4,581**	**(1,004)**	**101,689**
Exchange differences on translation of foreign operations	**–**	**–**	**81,696**	**–**	**81,696**
Appropriations to statutory surplus reserve	**–**	**–**	**–**	**48**	**48**
Transaction with non-controlling interests	**–**	**–**	**–**	**(2,726)**	**(2,726)**
Share-based payment	**–**	**877**	**–**	**–**	**877**
At 31 December 2020	**92,132**	**6,857**	**86,277**	**(3,682)**	**181,584**

Nature and purpose of other reserves

(i) *Capital reserve*

Excess amounts contributed by shareholders on top of the share capital are recorded as capital reserve.

This reserve is also used to record the equity settled share-based payment to employee.

(ii) *Currency translation reserve*

Exchange differences arising from the difference between functional and presentation currency are recognised in other comprehensive income as described in Note 2.5 and accumulated in a separate reserve within equity.

25 SHARE-BASED PAYMENT

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 vary from 2.5 months to 2 years.

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

	Number of Shares 2020	Number of Shares 2019
As at 1 January	–	–
Granted during the year	433,570	–
Vested during the year	–	–
As at 31 December	433,570	–

Expenses arising from share-based payment	2020 HK$'000	2019 HK$'000
Shares issued under employee share scheme	877	–

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

26 TRADE PAYABLES

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Within 3 months	11,204	18,340
Over 3 months but within 6 months	4,672	2,722
Over 6 months but within 1 year	2,946	3,917
Over 1 year but within 2 years	2,231	–
	21,053	24,979

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
– RMB	13,778	9,161
– EUR	6,941	13,776
– DKK	334	2,042
	21,053	24,979

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

The carrying amounts of trade payables are considered to be approximate as their fair values.

27 ACCRUALS AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Salary payable	8,934	6,954
Consideration payable to non-controlling interests	4,022	–
Payables for value-added tax and other taxes	4,100	2,844
Lease improvement fee payable	5,549	1,710
Professional service fee payable	2,441	2,530
Dividend payable *(a)*	–	64,564
Audit fee payable	1,306	2,879
Welfare payable	639	2,277
Accrued listing expenses	–	8,236
Payments made by a non-controlling interest on behalf of the Group	–	698
Others	4,054	4,581
	31,045	97,273

(a) Pursuant to the resolutions approved by the shareholders of the Company on 23 September 2019, the Company declared a special dividend of EUR7,400,000, equivalent to approximately HK$64,564,000 as at 31 December 2019 (Note 33).

28 BORROWINGS

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Non-current		
Long-term borrowings – secured *(a)*	5,101	6,456
Current		
Current portion of long-term borrowings – secured *(a)*	1,954	1,806
Bank overdraft	67	87
	2,021	1,893
Total borrowings	7,122	8,349

(a) The secured borrowings carried interests range from 1.77% to 6.12% per annum (2019: range from 1.77% to 6.12% per annum) and were secured by property, plant and equipment with net book value of HK$7,055,000 (2019: HK$10,208,000) as at 31 December 2020. The repayment terms of the secured borrowings were 4 years, starting from 2020.

The carrying amounts of borrowings are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
– EUR	7,122	8,262
– DKK	–	87
	7,122	8,349

28 BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Floating rate:		
– expiring within one year	–	–
– expiring beyond one year	9,535	8,725
	9,535	8,725

The Group has the following borrowing facilities available:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Facilities available	9,535	8,725

The borrowing facilities may be drawn at any time and may be terminated by the bank without notice.

The Group borrowings were repayable as follows:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Within 1 year	2,021	1,893
Over 1 year but within 2 years	1,945	1,858
Over 2 years but within 5 years	3,156	4,598
Total	7,122	8,349

29 LEASES

(a) Amounts recognised in the statements of financial position

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Right-of-use assets* *(Note 13, 36(a))*		
Properties	205,632	196,875
Medical equipment	5,264	9,702
	210,896	206,577

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Lease liabilities		
Current	49,286	43,956
Non-current	183,139	181,607
	232,425	225,563

For the year ended 31 December 2020, the remeasurement of lease liability to reflect the reassessment of variable lease payment based on an index rate was recorded as an increase in lease liabilities and rights-of-use assets amounting to HK$257,000 (2019: HK$ nil) (Note 13).

29 LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Depreciation charge of right-of-use assets *(Note 13)*		
Properties	36,881	39,893
Medical equipment	5,496	6,950
	42,377	46,843
Interest expenses (included in finance expenses) *(Note 10)*	6,559	7,047
Expenses relating to short-term leases *(Note 7)*	115	70

The total cash outflow for leases for the year ended 31 December 2020 was HK$48,287,000 (2019: HK$48,239,000).

29 LEASES (Continued)

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Commitments in relation to leases are payable as follows:		
Within one year	52,023	47,533
Later than one year but not later than two years	38,350	42,943
Later than two years but not later than five years	80,885	70,514
Later than five years	90,921	101,644
Minimum lease payments	262,179	262,634
Future finance charge	(29,754)	(37,071)
Total lease liabilities	232,425	225,563
The present value of lease liabilities is as follows:		
Within one year	49,277	43,956
Later than one year but not later than two years	35,947	40,605
Later than two years but not later than five years	72,428	61,946
Later than five years	74,773	79,056
	232,425	225,563

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

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Balance at beginning of the year	(225,563)	(233,861)
Lease payment	48,287	48,239
Accrued interest	(6,559)	(7,047)
Increase in right-of-use assets *(Note 13)*	(47,126)	(38,226)
Decrease in right-of-use assets *(Note 13)*	16,467	–
Rent concessions related to COVID-19 *(Note 7)*	2,020	–
Exchange differences	(19,951)	5,332
Balance at end of the year	(232,425)	(225,563)

30 DEFERRED INCOME TAX

(i) Deferred tax assets

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	4,719	5,217
Unused tax losses	14,274	12,485
Accrued expenses	1,945	332
Temporary differences due to leasing	2,527	846
Temporary differences due to intercompany transaction	2,136	2,103
Others	801	724
Total deferred tax assets	26,402	21,707

Movements	Accelerated accounting /tax depreciation HK$'000	Unused tax losses HK$'000	Accrued expenses HK$'000	Temporary differences due to leasing HK$'000	Temporary differences due to inter-company transaction HK$'000	Others HK$'000	Total HK$'000
At 1 January 2019 (re-presented) *(Note 2.1(i))*	4,774	10,174	152	1,111	2,024	743	18,978
Credited/(charged) to profit or loss	562	2,571	184	(237)	149	–	3,229
Exchange differences	(119)	(260)	(4)	(28)	(70)	(19)	(500)
At 31 December 2019 (re-presented) *(Note 2.1(i))*	5,217	12,485	332	846	2,103	724	21,707
Credited/(charged) to profit or loss	(912)	939	1,498	1,542	(168)	9	2,908
Exchange differences	414	849	115	139	201	68	1,787
At 31 December 2020	4,719	14,274	1,945	2,527	2,136	801	26,402

30 DEFERRED INCOME TAX (Continued)

(i) Deferred tax assets (Continued)

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2020, the Group did not recognise deferred tax assets of HK$4,439,000 (2019: HK$4,151,000) in respect of losses amounting to HK$17,754,000 (2019: HK$16,603,000) that can be carried forward against future taxable income. The expiry date of the tax losses are as follows:

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Year of expiry of tax losses:		
Tax losses expiring in		
– 2020	–	1,719
– 2021	6,217	5,898
– 2022	7,990	6,107
– 2023	1,936	1,815
– 2024	791	1,064
– 2025	820	–
	17,754	16,603

(ii) Deferred tax liabilities

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	7,247	6,727
Fair value adjustments of intangible assets arising from acquisition	1,039	1,117
Others	381	261
Total deferred tax liabilities	8,667	8,105

30 DEFERRED INCOME TAX (Continued)

(ii) Deferred tax liabilities (continued)

Movements	Accelerated accounting/ tax depreciation	Fair value adjustments of intangible assets arising from acquisition	Temporary differences due to leasing	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019					
(re-presented) *(Note 2.1(i))*	7,254	1,308	430	304	9,296
Charged to profit or loss	(342)	(158)	(448)	(35)	(983)
Exchange differences	(185)	(33)	18	(8)	(208)
At 31 December 2019					
(re-presented) *(Note 2.1(i))*	6,727	1,117	–	261	8,105
Credited/(charged) to profit or loss	**(97)**	**(168)**	**–**	**88**	**(177)**
Exchange differences	**617**	**90**	**–**	**32**	**739**
At 31 December 2020	**7,247**	**1,039**	**–**	**381**	**8,667**

31 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business, except for the entities incorporated in the Cayman Islands, which have their principal place of business in Hong Kong.

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2020	2019	2020	2019
				%	%	%	%
Directly held by the Company:							
EuroEyes Holdings Limited	Cayman Islands/ Limited liability company	Investment holding	USD2	100%	100%	–	–
EuroEyes Holdings Asia Limited	Cayman Islands/ Limited liability company	Investment holding	USD1	100%	100%	–	–
EuroEyes Deutschland Verwaltungs GmbH	Germany/ Limited liability company	Investment holding	EUR25,000	100%	100%	–	–
Indirectly held by the Company:							
EuroEyes Deutschland Holding GmbH & Co. KG	Germany/ Limited partnership	Investment holding and group-wide administrative activities	EUR25,000	100%	100%	–	–
EuroEyes Deutschland GmbH	Germany/ GmbH	Investment holding and group-wide administrative activities	EUR34,000	100%	100%	–	–

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2020 %	2019 %	Ownership interest held by non-controlling interests 2020 %	2019 %
Indirectly held by the Company:							
EuroEyes AugenLaserZentrum Berlin GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Betriebs GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR50,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Stuttgart GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Hannover GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR200,000	100%	100%	–	–
EuroEyes AugenLaserZentrum City Hamburg GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–
EuroEyes ALZ Augenklinik München GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR51,129	100%	100%	–	–
LASIK Germany GmbH	Germany/ GmbH	Operation of LASIK centres	EUR25,000	100%	100%	–	–

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2020 %	Ownership interest held by the Group 2019 %	Ownership interest held by non-controlling interests 2020 %	Ownership interest held by non-controlling interests 2019 %
Indirectly held by the Company:							
EuroEyes AugenLaserZentrum Bremen GmbH	Germany/ GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	74%	74%	26%	26%
EUROEYES Aps	Denmark/ ApS.	Operation of consultation centres and/or clinics for eye treatments	DKK135,000	100%	100%	–	–
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB60,000,000	70%	70%	30%	30%
Hangzhou Deshijia Eye Clinic Co., Ltd. * (杭州德視佳眼科門診部有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB14,000,000	70%	70%	30%	30%
Beijing Deshijia Eye Clinic Co., Ltd. * (北京德視佳眼科診所有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	70%	60%	30%	40%
Beijing Deshijia Dongbu Eye Clinic Co., Ltd. * (北京德視佳東部眼科診所有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB10,000,000	70%	60%	30%	40%
Guangzhou Deshijia Eye Clinic Co., Ltd. * (廣州德視佳眼科門診部有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB30,000,000	70%	70%	30%	30%

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2020 %	Ownership interest held by the Group 2019 %	Ownership interest held by non-controlling interests 2020 %	Ownership interest held by non-controlling interests 2019 %
Indirectly held by the Company:							
Deshijia (Shenzhen) Consulting Management Co., Ltd ** (德視佳（深圳）諮詢管理有限公司)	PRC/ Limited liability company (joint venture)	Investment holding	RMB30,000,000	70%	70%	30%	30%
Shenzhen Deshijia Eye Clinic * (深圳德視佳眼科門診部)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB7,000,000	70%	70%	30%	30%
Chongqing EuroEyes Deshijia Eye Clinic Co., Ltd. * (重慶德視佳眼科門診有限公司)	PRC/ Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	60%	60%	40%	40%
EuroEyes Hong Kong Co. Limited	Hong Kong/ Private company Limited by shares	Trading of eye clinic equipment and lenses	HK$1	100%	100%	–	–
EuroEyes Hong Kong Holdings Limited	Hong Kong/ Private company Limited by shares	Investment holding	HK$1	100%	100%	–	–

* For identification purpose only

** As at 29 July 2020, Shenzhen Hero Consulting Management Co., Ltd（深圳市英雄諮詢管理有限公司）changed its name to Deshijia (Shenzhen) Consulting Management Co., Ltd（德視佳（深圳）諮詢管理有限公司）

31 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI)

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Shanghai Deshijia Eye Medical Co., Ltd.	
	2020	2019
	HK$'000	HK$'000
		(re-presented)
		(Note 2.1(i))
Current assets	**39,818**	35,030
Current liabilities	**(38,693)**	(35,013)
Current net assets	**1,125**	17
Non-current assets	**22,159**	30,607
Non-current liabilities	**(3,108)**	(9,388)
Non-current net assets	**19,051**	21,219
Net assets	**20,176**	21,236
Accumulated NCI	**6,053**	6,371

31 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI) (Continued)

Summarised statement of comprehensive income

	Shanghai Deshijia Eye Medical Co., Ltd. 2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Revenue	**44,148**	47,800
(Loss)/profit for the year	**(2,845)**	2,089
Other comprehensive income	–	–
Total comprehensive (loss)/income	**(2,845)**	2,089
(Loss)/Profit allocated to NCI	**(854)**	627
Dividends paid to NCI	–	–

Summarised statement of cash flows

	Shanghai Deshijia Eye Medical Co., Ltd. 2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Cash flows from operating activities	**2,039**	5,379
Cash flows used in investing activities	**(948)**	(9,302)
Cash flows (used in)/from financing activities	**(7,259)**	11,347
Net (decrease)/increase in cash and cash equivalents	**(6,168)**	7,424

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Profit before tax	**98,648**	21,324
Adjustments for:		
Depreciation of property, plant and equipment	**66,571**	65,886
Amortisation of intangible assets	**763**	746
Covid-19-related rent concessions	**(2,020)**	–
Share-based payment	**877**	–
Finance expenses, net	**19,695**	12,470
Other gains, net	**(3,519)**	(1,422)
	181,015	99,004
Changes in working capital:		
Decrease/(increase) in inventories	**632**	(1,427)
(Increase)/decrease in trade receivables	**(1,357)**	1,919
(Increase)/decrease in deposits, other receivables and prepayments	**(14,713)**	10,754
(Decrease)/increase in trade payables	**(7,685)**	9,240
(Decrease)/increase in other payables	**(16,168)**	2,585
(Decrease)/increase in contract liabilities	**(361)**	1,251
Cash generated from operations	**141,363**	123,326

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Non-cash investing and financing activities

	2020	2019
	HK$'000	HK$'000
		(re-presented)
		(Note 2.1(i))
Addition of right-of-use assets	**46,869**	38,226
Decrease in right-of-use assets	**(16,467)**	–
Capital receivable from non-controlling interests *(Note 18)*	**–**	13,087
Loan capitalisation	**–**	11,171
Addition of property, plant and equipment under sales and lease back arrangement	**–**	9,600
Payments made by a non-controlling interest on behalf of the Group	**–**	698
	30,402	72,782

(c) Net cash reconciliation

	2020	2019
	HK$'000	HK$'000
		(re-presented)
		(Note 2.1(i))
Cash and cash equivalents	**761,827**	787,021
Borrowings	**(7,055)**	(8,262)
Lease liabilities	**(232,425)**	(225,563)
Dividend payable	**–**	(64,564)
Net cash	**522,347**	488,632
Cash and cash equivalents	**761,827**	787,021
Dividend payable	**–**	(64,564)
Gross debt – fixed interest rates	**(239,480)**	(233,825)
Gross debt – variable interest rates	**–**	–
Net cash	**522,347**	488,632

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Net cash reconciliation (Continued)

	Cash and cash equivalents HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Dividend payable HK$'000	Loans from a non-controlling interest HK$'000	Total HK$'000
Net debt as at 1 January 2019 (re-presented) ***(Note 2.1(i))***	148,208	(323)	(233,861)	–	(10,980)	(96,956)
Cash flows	645,733	1,939	48,239	–	–	695,911
Other non-cash movements						
– Exchange differences	(6,920)	(59)	5,332	(664)	(121)	(2,432)
– Accrued interest	–	(219)	(7,047)	–	(70)	(7,336)
– Increase in right-of-use assets	–	–	(38,226)	–	–	(38,226)
– Addition to property, plant, and Equipment	–	(9,600)	–	–	–	(9,600)
– Dividend declared	–	–	–	(63,900)	–	(63,900)
– Loan capitalisation	–	–	–	–	11,171	11,171
Net debt as at 31 December 2019 (re-presented) ***(Note 2.1(i))***	787,021	(8,262)	(225,563)	(64,564)	–	488,632
Cash flows	**(76,049)**	**2,228**	**48,287**	**62,053**	**–**	**36,519**
Other non-cash movement						
– Exchange differences	**50,855**	**(578)**	**(19,951)**	**2,511**	**–**	**32,837**
– Accrued interest	**–**	**(443)**	**(6,559)**	**–**	**–**	**(7,002)**
– Increase in right-of-use assets	**–**	**–**	**(46,869)**	**–**	**–**	**(46,869)**
– Decrease in right-of-use assets	**–**	**–**	**16,467**	**–**	**–**	**16,467**
– Lease modification	**–**	**–**	**(257)**	**–**	**–**	**(257)**
– Rent Concessions	**–**	**–**	**2,020**	**–**	**–**	**2,020**
Net cash as at 31 December 2020	**761,827**	**(7,055)**	**(232,425)**	**–**	**–**	**522,347**

33 DIVIDENDS

Pursuant to the resolutions approved by the shareholders, the Company declared an interim dividend of EUR7,400,000, equivalent to approximately HK$63,900,000 on 23 September 2019 which were paid on 19 February 2020.

During the board meeting held on 16 March 2021, the Board proposed a final dividend of HK$0.02988 per ordinary share totalling HK$9,837,512 to the owners of the Company in respect of the year ended 31 December 2020. Subject to the approval of the shareholders at the forthcoming Annual General Meeting and subject to further announcement in respect to the book closure date, record date and payment date, the proposed 2020 final dividend is expected to be distributed to shareholders on or around in the middle of June 2021.

As the final dividend is proposed after 31 December 2020, such dividend is not recognised as a liability as at 31 December 2020.

34 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	2020 **HK$'000**	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Leasehold improvements	**448**	8,346

(b) Lease commitments for short-term leases

	2020 **HK$'000**	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Within 1 year	**640**	366

(c) Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2020 (2019: nil).

35 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

	2020 **HK$'000**	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Sales of goods to:		
– Dr Jørgensen und Kollegen GbR	**9**	9
Rendering services to:		
– Dr Jørgensen und Kollegen GbR	**1,560**	1,553
– JJ Beteiligungs-GmbH	**–**	9
	1,569	1,571
Purchase of goods from:		
– Dr Jørgensen und Kollegen GbR	**–**	763
Rendering services from:		
– JJ Beteiligungs-GmbH	**–**	158
– Baigo Capital GmbH	**–**	3,449
	–	4,370

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Trade receivables:		
– Dr Jørgensen und Kollegen GbR	105	–
Trade payables:		
– Baigo Capital GmbH	–	3,429
Other receivables:		
– Dr Jørgensen und Kollegen GbR	–	9

(c) Key management compensation

	2020 HK$'000	2019 HK$'000 (re-presented) *(Note 2.1(i))*
Salaries and other short-term employee benefits	9,424	8,960
Directors' fees	2,160	1,641
Share-based payments	62	–
Allowances and benefits in kind	–	44
	11,646	10,645

36 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December 2020 HK$'000	As at 31 December 2019 HK$'000 (re-presented) *(Note 2.1(i))*	As at 1 January 2019 HK$'000 (re-presented) *(Note 2.1(i))*
Assets			
Non-current assets			
Property, plant and equipment	–	750	1,630
Investments in subsidiaries	442,924	442,047	441,824
Total non-current assets	442,924	442,797	443,454
Current assets			
Prepayments	277	227	2,911
Other receivables	57,725	110,805	600
Restricted cash	66	–	–
Cash and cash equivalents	629,834	656,245	3,278
Total current assets	687,902	767,277	6,789
Total assets	1,130,826	1,210,074	450,243
Equity			
Equity attributable to owners of the Company			
Share capital	25,826	25,826	267
Shares held for share scheme	(4,284)	–	–
Share premium	625,422	625,422	–
Other reserves	504,526	445,039	441,937
Accumulated losses	(23,363)	(9,067)	(12,229)
Total equity	1,128,127	1,087,220	429,975

36 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

(a) Statement of financial position of the Company (Continued)

	As at 31 December 2020 HK$'000	As at 31 December 2019 HK$'000 (re-presented) *(Note 2.1(i))*	As at 1 January 2019 HK$'000 (re-presented) *(Note 2.1(i))*
Liabilities			
Non-current liabilities			
Lease liabilities – non-current	–	–	815
Total non-current liabilities	–	–	815
Current liabilities			
Trade payables	10	–	–
Accruals and other payables	2,689	122,043	18,557
Lease liabilities	–	811	896
Total current liabilities	2,699	122,854	19,453
Total liabilities	2,699	122,854	20,268
Total equity and liabilities	1,130,826	1,210,074	450,243

36 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

(b) Reserve movements of the Company

	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000
At 1 January 2019 (re-presented) *(Note 2.1(i))*	–	416,378	(12,229)
Profit for the year	–	–	67,062
Dividend declared *(Note 33)*	–	–	(63,900)
Capitalisation issue *(Note 22(b))*	(18,405)	–	–
Issuance of shares upon listing *	558,146	–	–
Issuance of shares upon exercise of over-allotment option *	85,681	–	–
Exchange differences on translation of foreign operations	–	28,661	–
At 31 December 2019 (re-presented) *(Note 2.1(i))*	625,422	445,039	(9,067)
Loss for the year	**–**	**–**	**(14,296)**
Share-based payment *(Note 25)*	**–**	**877**	**–**
Exchange differences on translation of foreign operations	**–**	**58,610**	**–**
At 31 December 2020	**625,422**	**504,526**	**(23,363)**

* On 15 October 2019, a total number of 79,334,000 ordinary shares were issued pursuant to the Listing and on 14 November 2019, a total number of 11,900,000 ordinary shares were issued pursuant to the exercise of over-allotment option, at HK$7.50 per share for cash totalling approximately HK$684,255,000. The excess of the issue price over the par value of the ordinary shares, net of listing expenses capitalised of HK$32,470,000, was credited to the share premium account of the Company.

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