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EuroEyes International Eye Clinic Limited

德視佳國際眼科有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1846)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of EuroEyes International Eye Clinic Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021. This announcement, containing the full text of the interim report for the six months ended 30 June 2021 of the Company (the “**2021 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. The printed version of the 2021 Interim Report will be delivered to the shareholders of the Company and will be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and of the Company (<http://www.euroeyes.hk>) in September 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.euroeyes.hk>).

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

Hong Kong, 18 August 2021

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



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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
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent Non-executive Directors

Mr Hans Helmuth Hennig
Ms Katherine Rong Xin
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
Ms Katherine Rong Xin

NOMINATION COMMITTEE

Dr Jørn Slot Jørgensen *(Chairman)*
Mr Philip Duncan Wright
Ms Katherine Rong Xin

AUTHORISED REPRESENTATIVES

Dr Markus Braun
Ms Rosenna Ho

COMPANY SECRETARY

Ms Rosenna Ho

CORPORATE HEADQUARTERS

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AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
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KEY FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of EuroEyes International Eye Clinic Limited (the “**Company**”) hereby announces the interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021. The key financial highlights are as follows:

	For the six months ended 30 June				
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 Change %	2019 Change %
Revenue	319,678	188,833	206,175	69.3	55.1
Gross profit	159,825	75,620	89,468	111.4	78.6
Adjusted gross profit ⁽¹⁾	163,367	75,620	92,188	116.0	77.2
Profit for the period	65,578	16,679	5,359	293.2	1,123.7
Adjusted net profit after tax for the period ⁽²⁾	74,575	16,738	29,734	345.5	150.8

Notes:

- (1) Adjusted gross profit is derived from adding share-based compensation expenses, and pre-operating expenses for two new clinics in the People’s Republic of China (the “**PRC**” or “**China**”) in 2019 to the gross profit.
- (2) Adjusted net profit after tax for the period is derived from adding pre-operating expenses for one new clinic in the PRC in 2020, two clinics in the PRC in 2019, foreign exchange gain/(loss) in relation to the proceeds from the global offering, share-based compensation expenses, and listing expenses in 2019.

NON-IFRS FINANCIAL MEASURES

To supplement the Group’s condensed consolidated financial information which were prepared in accordance with the International Financial Reporting Standards (“**IFRS**”), the Group has provided adjusted gross profit and adjusted net profit after tax (the “**Adjusted Net Profit After Tax**”) for the period (excluding effects from non-cash related items and one-off events which include, but are not limited to, share-based compensation expenses, pre-operating expenses of new clinics, foreign exchanged gain/(loss) in relation to the proceeds from the global offering and listing expenses), as additional financial measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS financial measures are useful for understanding and assessing the Group’s underlying business performance and operating trends, and that the Company’s management and investors may benefit from referring to these non-IFRS financial measures in assessing the Group’s financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group’s business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. Shareholders and investors should not view the non-IFRS financial results on a stand-alone basis or as a substitute for results prepared in accordance with IFRS, or as being comparable to results reported or forecasted by other companies.



Non-IFRS adjusted gross profit and Adjusted Net Profit After Tax for the period

	For the six months ended 30 June		
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gross profit	159,825	75,620	89,468
Add:			
Share-based compensation expenses	3,542	—	—
Pre-operating expenses	—	—	2,720
Adjusted gross profit	163,367	75,620	92,188
Profit for the period	65,578	16,679	5,359
Add:			
Share-based compensation expenses	9,334	—	—
Pre-operating expenses	1,188	59	5,785
Foreign exchange gain in relation to the proceeds from the global offering	(1,525)	—	—
Listing expenses	—	—	18,590
Adjusted Net Profit After Tax	74,575	16,738	29,734

Notes:

- (1) The Company presents the unaudited non-IFRS financial measures to supplement the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2021 that are prepared in accordance with IFRS to provide additional information about the Group's operating performance. The Company believes that the non-IFRS financial measures are useful for its management and investors to assess the Group's financial performance and financial condition as: (i) these are non-IFRS financial measures which are used by our management to evaluate the Group's financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluating the actual performance of the Group's business; (ii) the Company recorded share-based compensation expenses during the period; and (iii) foreign exchange gain in relation to the proceeds from the global offering.
- (2) None of the unaudited non-IFRS financial measures is a recognised term under IFRS. They do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS. You should not consider the Company's definition of Adjusted gross profit and Adjusted Net Profit After Tax in isolation or construe it as an alternative to gross profit and profit for the period indicated or as an indicator of operating performance or any other standard measure under IFRS.

INDEPENDENT AUDITOR'S REPORT

Report on Review of Interim Financial Information

To the Board of Directors of EuroEyes International Eye Clinic Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 7 to 39, which comprises the interim condensed consolidated statement of financial position of EuroEyes International Eye Clinic Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	369,390	365,410
Intangible assets	15	4,942	5,101
Goodwill	15	7,437	7,352
Deferred tax assets		28,830	26,402
Deposits and other receivables		3,603	12,186
Total non-current assets		414,202	416,451
Current assets			
Inventories		28,922	36,243
Prepayments		23,989	27,995
Income tax recoverable		34,113	35,213
Deposits and other receivables		25,273	31,742
Trade receivables	16	4,720	4,577
Restricted cash		2,577	66
Cash and cash equivalents	17	832,715	761,894
Total current assets		952,309	897,730
Total assets		1,366,511	1,314,181
Equity			
Equity attributable to owners of the Company			
Share capital	18	25,826	25,826
Shares held for share scheme	19	(6,742)	(4,284)
Share premium		625,426	625,422
Other reserves	20	163,192	181,584
Retained earnings		179,850	124,744
Total equity attributable to owners of the Company		987,552	953,292
Non-controlling interests		36,661	36,320
Total equity		1,024,213	989,612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	23	4,046	5,101
Lease liabilities	24	191,628	183,139
Put options		1,090	1,125
Deferred tax liabilities		8,230	8,667
Total non-current liabilities		204,994	198,032
Current liabilities			
Trade payables	22	21,172	21,053
Contract liabilities		9,764	7,952
Income tax liabilities		34,012	15,180
Accruals and other payables		20,950	31,045
Borrowings	23	1,949	2,021
Lease liabilities	24	49,457	49,286
Total current liabilities		137,304	126,537
Total liabilities		342,298	324,569
Total equity and liabilities		1,366,511	1,314,181

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on page 13 to 39.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	7	319,678	188,833
Cost of revenue	8	(159,853)	(113,213)
Gross profit		159,825	75,620
Selling expenses	8	(26,714)	(22,290)
Administrative expenses	8	(37,620)	(26,404)
Net impairment losses on financial assets		–	(9)
Other gains, net	10	1,431	650
Operating profit		96,922	27,567
Finance income	11	3,283	2,318
Finance expenses	11	(4,228)	(3,763)
Finance expenses, net	11	(945)	(1,445)
Profit before income tax		95,977	26,122
Income tax expense	12	(30,399)	(9,443)
Profit for the period		65,578	16,679
Other comprehensive loss			
<i>Items that may be subsequently reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		(6,004)	(887)
<i>Items that will not be reclassified to profit or loss</i>			
– Exchange differences on translation to presentation currency		(21,497)	(719)
Other comprehensive loss for the period		(27,501)	(1,606)
Total comprehensive income for the period		38,077	15,073

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the period attributable to:			
– Owners of the Company		65,138	18,167
– Non-controlling interests		440	(1,488)
		65,578	16,679
Total comprehensive income for the period attributable to:			
– Owners of the Company		37,736	16,892
– Non-controlling interests		341	(1,819)
		38,077	15,073
Earnings per share attributable to owners of the Company for the period			
– Basic earnings per share (HK cents)	13	19.829	5.519
– Diluted earnings per share (HK cents)	13	19.778	5.519

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on page 13 to 39.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	(Unaudited)							
	Attributable to owners of the Company							
	Share capital <i>(Note 18)</i>	Shares held for share scheme <i>(Note 19)</i>	Share premium	Other reserves <i>(Note 20)</i>	Retained earnings	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020	25,826	–	625,422	101,689	54,320	807,257	43,778	851,035
Profit for the period	–	–	–	–	18,167	18,167	(1,488)	16,679
Other comprehensive loss	–	–	–	(1,275)	–	(1,275)	(331)	(1,606)
Total comprehensive income for the period	–	–	–	(1,275)	18,167	16,892	(1,819)	15,073
Transactions with owners in their capacity as owners:								
Acquisition of shares held for share scheme <i>(Note 19)</i>	–	(1,367)	–	–	–	(1,367)	–	(1,367)
Share-based payments <i>(Note 20)</i>	–	–	–	26	–	26	–	26
	–	(1,367)	–	26	–	(1,341)	–	(1,341)
Balance as at 30 June 2020	25,826	(1,367)	625,422	100,440	72,487	822,808	41,959	864,767
Balance at 1 January 2021	25,826	(4,284)	625,422	181,584	124,744	953,292	36,320	989,612
Profit for the period	–	–	–	–	65,138	65,138	440	65,578
Other comprehensive loss	–	–	–	(27,402)	–	(27,402)	(99)	(27,501)
Total comprehensive income for the period	–	–	–	(27,402)	65,138	37,736	341	38,077
Transactions with owners in their capacity as owners:								
Appropriations to statutory surplus reserve	–	–	–	194	(194)	–	–	–
Acquisition of shares held for share scheme <i>(Note 19)</i>	–	(2,972)	–	–	–	(2,972)	–	(2,972)
Share-based payments <i>(Note 20)</i>	–	–	–	9,334	–	9,334	–	9,334
Issue of shares under Restricted Share Award Scheme <i>(Note 19)</i>	–	514	4	(518)	–	–	–	–
Dividend provided for or paid <i>(Note 14)</i>	–	–	–	–	(9,838)	(9,838)	–	(9,838)
	–	(2,458)	4	9,010	(10,032)	(3,476)	–	(3,476)
Balance as at 30 June 2021	25,826	(6,742)	625,426	163,192	179,850	987,552	36,661	1,024,213

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 13 to 39.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		156,909	54,782
Interest received		168	2,318
Income tax paid		(13,485)	(51,787)
Net cash generated from operating activities		143,592	5,313
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,661)	(8,784)
Proceeds from disposal of property, plant and equipment		94	43
Net cash used in investing activities		(16,567)	(8,741)
Cash flows from financing activities			
Capital contributions from a non-controlling interest		4,756	547
Dividend paid	14	(9,838)	(62,053)
Acquisition of treasury shares and others	19	(5,483)	(1,367)
Lease payments	24(d)	(21,326)	(22,872)
Repayment of borrowings		(1,038)	(1,225)
Consideration paid to a non-controlling interest		(4,214)	–
Net cash used in financing activities		(37,143)	(86,970)
Net increase/(decrease) in cash and cash equivalents		89,882	(90,398)
Cash and cash equivalents at beginning of the period		761,827	787,021
Effects of exchange rate changes on cash and cash equivalents		(18,994)	609
Cash and cash equivalents at end of the period		832,715	697,232
Represented by:			
Cash at bank and in hand		832,715	697,232

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes on page 13 to 39.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



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 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**”). This condensed consolidated interim financial information is presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated, and is approved for issue by the Board of Directors on 18 August 2021.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

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

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020, as described in those annual consolidated financial statements.

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

3.1 Amended standards adopted by the Group

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

Amendments to IFRS 16	COVID-19-related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform-Phase 2

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

The Group elected to early adopt amendment to IFRS 16 “COVID-19 – Related Rent Concessions” which is effective for annual reporting periods beginning on or after 1 June 2020. On 31 March 2021, the IASB published a further amendment to extend the scope of the practical expedient.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3 ACCOUNTING POLICIES (Continued)

3.1 Amended standards adopted by the Group (Continued)

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

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to rent concessions that meet the above conditions in respect of lease arrangements for which lease liabilities are recognised. During the six months ended 30 June 2021, the Group didn't credit any reduction of rental expense (six months ended 30 June 2020: HK\$1,719,000) to the profit or loss to reflect changes in lease liabilities that arise from rent concessions.

4 FINANCIAL RISK MANAGEMENT

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

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

4.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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



4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 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 30 June 2021, if HK\$ had weakened/strengthened by 5% against EUR with all other variables held constant, post-tax profit for the six months ended 30 June 2021 would have been approximately HK\$7,464,000 lower/higher (six months ended 30 June 2020: HK\$4,258,000 lower/higher).

(ii) Interest rate risk

As at 30 June 2021, the Group's borrowings and related interest rate risk exposure continue to be insignificant.

(b) Credit risk

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

As at 30 June 2021, the credit risk and credit losses experienced by the Group, based on expected credit loss model of IFRS 9, continue to be low.

(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 policies and function allow flexibility in funding by maintaining adequate cash and cash equivalents.

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

(i) Financing arrangements

The undrawn borrowing facilities of the Group as at 30 June 2021 is presented in Note 23.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

(ii) Maturities of financial liabilities

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

As at 30 June 2021 (Unaudited)	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	21,172	-	-	-	21,172	21,172
Other payables	8,692	-	-	-	8,692	8,692
Borrowings	2,319	2,319	1,774	-	6,412	5,995
Lease liabilities	51,438	41,416	91,921	88,012	272,787	241,085
	83,621	43,735	93,695	88,012	309,063	276,944

As at 31 December 2020 (Audited)	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
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

The Group provided no financial guarantee to any third party or related party as at 30 June 2021 and 31 December 2020.



5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

6 SEGMENT INFORMATION

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

Description of segments and principal activities

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

Description of segments and principal activities (Continued)

The segment information provided to the executive Directors of the Company for the reportable segments for the six months ended 30 June 2021 and as at 30 June 2021 is as follows:

	(Unaudited)				
	Six months ended 30 June 2021				
	Germany segment	China segment	Denmark segment	Inter- segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	202,777	76,718	41,390	(1,207)	319,678
Cost of revenue	(90,197)	(49,368)	(21,130)	842	(159,853)
Gross profit	112,580	27,350	20,260	(365)	159,825
Adjusted EBITDA	103,600	29,389	16,210	–	149,199
Unallocated					
Corporate expenses					(15,386)
Finance income					3,283
Finance expenses					(4,228)
Depreciation and amortisation					(36,891)
Profit before income tax					95,977
Income tax expense					(30,399)
Profit for the period					65,578

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



6 SEGMENT INFORMATION (Continued)

Description of segments and principal activities (Continued)

	(Unaudited) As at 30 June 2021				
	Germany segment HK\$'000	China segment HK\$'000	Denmark segment HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Segment total assets	560,833	289,839	58,758	(400,557)	508,873
Unallocated					
Corporate assets					828,808
Deferred tax assets					28,830
Total assets					1,366,511
Segment total liabilities	343,665	217,492	38,898	(274,753)	325,302
Unallocated					
Corporate liabilities					8,766
Deferred tax liabilities					8,230
Total liabilities					342,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

The segment information provided to the executive Directors of the Company for the reportable segments for the six months ended 30 June 2020 and as at 31 December 2020 is as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



6 SEGMENT INFORMATION (Continued)

	(Audited)				
	As at 31 December 2020				
	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

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:

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Germany	203,220	217,436
China	150,929	131,812
Denmark	27,620	28,615
	381,769	377,863

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7 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:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers (a)		
Provision of vision correction services	318,677	186,199
Sales of pharmaceutical products	56	120
Others (Note 26(a))	655	1,394
	319,388	187,713
Rental of ophthalmic equipment and operating spaces	290	1,120
	319,678	188,833

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Germany	201,570	129,464
China	76,718	36,420
Denmark	41,390	22,949
	319,678	188,833

There is no single external customer that contributes to more than 10% of the Group's revenue for each of the six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7 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 categories and geographical regions for each of the six-month periods ended 30 June 2021 and 2020:

	(Unaudited)									Total HK\$'000
	Six months ended 30 June 2021									
	Provision of vision correction services			Sales of pharmaceutical products			Others			
	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	Germany HK\$'000	China HK\$'000	Denmark HK\$'000	
Revenue by business categories	200,597	76,718	41,362	28	-	28	1,862	-	-	320,595
Eliminations	-	-	-	-	-	-	(1,207)	-	-	(1,207)
Revenue from external customers	200,597	76,718	41,362	28	-	28	655	-	-	319,388
Timing of revenue recognition										
- At a point in time	-	-	-	28	-	28	-	-	-	56
- Over time	200,597	76,718	41,362	-	-	-	655	-	-	319,332
	200,597	76,718	41,362	28	-	28	655	-	-	319,388

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7 REVENUE (Continued)

(b) Contract liabilities movement

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Balance at beginning of the period	7,952	6,971
Advance collected from customers	316,984	187,439
Revenue recognised from contract liabilities		
– existed at the beginning of the period	(7,952)	(6,971)
– occurred during the period	(307,220)	(179,735)
Balance at end of the period	9,764	7,704

No significant cost was incurred for obtaining revenue contract for the six-month periods ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



8 EXPENSES BY NATURE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Employee benefit expenses (<i>Note 9</i>)	79,300	51,688
Raw materials and consumables	47,956	31,383
Depreciation of property, plant and equipment (<i>Note 15</i>)	36,498	32,358
Advertising and marketing expenditure	17,314	16,474
Legal and other consulting services fee	9,503	7,014
Doctors' fee	7,726	5,774
Electricity and other utility expenses	7,708	6,124
Clinic, office and consumption expenses	6,145	4,491
Repair and maintenance	4,518	4,123
Transportation costs	3,919	2,480
Auditors' remuneration		
– Audit services	561	428
– Non-audit services	–	–
Amortisation of intangible assets (<i>Note 15</i>)	393	368
Rent concession related to COVID-19	–	(1,719)
Others	2,646	921
Total	224,187	161,907

9 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wages and salaries	60,070	44,212
Share-based payments	9,334	26
Contributions to defined contribution pension schemes	6,239	4,867
Provision for employee benefits and housing scheme	3,657	2,583
	79,300	51,688

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10 OTHER GAINS, NET

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Insurance compensation	1,104	385
(Loss)/gain on disposal of property, plant, and equipment	(28)	43
Others	355	222
	1,431	650

11 FINANCE INCOME AND EXPENSES, NET

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Finance income		
Foreign exchange gain, net	3,115	–
Interest income	168	2,318
	3,283	2,318
Finance expenses		
Interest expenses on		
– borrowings from financial institutions (<i>Note 23(a)</i>)	262	223
– lease liabilities (<i>Note 24(b)</i>)	3,564	3,695
Others	402	(155)
	4,228	3,763
Finance expenses, net	(945)	(1,445)



12 INCOME TAX EXPENSE

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

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

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	33,027	13,455
Deferred income tax credit	(2,628)	(4,012)
Income tax expense	30,399	9,443

13 EARNINGS PER SHARE

(a) Basic earnings per share

For the six-month periods ended 30 June 2021 and 2020, basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	65,138	18,167
Weighted average number of ordinary shares in issue ('000)	328,496	329,160
Earnings per share (basic) (HK cents)	19.829	5.519

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the six-month periods ended 30 June 2021 and 2020, diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares during the period.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	65,138	18,167
Weighted average number of ordinary shares and potential ordinary shares in issue ('000)	329,353	329,160
Earnings per share (diluted) (HK cents)	19.778	5.519

14 DIVIDENDS

On 16 March 2021, the Board of Directors of the Company declared a 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 (six months ended 30 June 2020: nil). The dividend was approved at the annual general meeting on 21 May 2021 and was fully paid during the six months ended 30 June 2021.



15 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

	(Unaudited)		
	Property, plant and equipment HK\$'000	Intangible assets HK\$'000	Goodwill HK\$'000
Six months ended 30 June 2021			
Opening net book amount	365,410	5,101	7,352
Additions	46,777	402	–
Depreciation/amortisation charge	(36,498)	(393)	–
Disposals	(804)	–	–
Exchange differences	(5,495)	(168)	85
Closing net book amount	369,390	4,942	7,437
Six months ended 30 June 2020			
Opening net book amount	331,656	5,305	6,622
Additions	12,351	–	–
Depreciation/amortisation charge	(32,358)	(368)	–
Exchange differences	(2,767)	(287)	153
Closing net book amount	308,882	4,650	6,775

As at 30 June 2021, borrowings with amount of HK\$5,995,000 (31 December 2020: HK\$7,055,000) were secured by property, plant and equipment with net book value of HK\$7,232,000 (31 December 2020: HK\$8,375,000) (Note 23(a)).

The right-of-use assets included in property, plant and equipment as at 30 June 2021 amounted to HK\$219,340,000 (31 December 2020: HK\$210,896,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16 TRADE RECEIVABLES

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Total trade receivables	4,868	4,730
Less: provision for impairment	(148)	(153)
Total trade receivables, net	4,720	4,577

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 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables based on the invoice date was as follows:

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 6 months	4,868	4,730

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Balance at beginning of the period	153	175
Provision for impairment	–	9
Receivables written off as uncollectible	–	(36)
Exchange differences	(5)	–
Balance at end of the period	148	148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



17 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Cash on hand	65	29
Cash at bank	832,650	761,865
	832,715	761,894

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 at 30 June 2021 (31 December 2020: 0% to 0.30% per annum).

18 SHARE CAPITAL

	Six months ended 30 June 2021 Number of shares (Unaudited)		Six months ended 30 June 2020 Number of shares (Unaudited)	
	2021 Number of shares (Unaudited)	2020 Number of shares (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Authorised; US\$0.01 each:				
Balance at the beginning and end of the period	1,000,000,000	1,000,000,000	78,451	78,451
Issued and fully paid; US\$0.01 each:				
Balance at the beginning and end of the period	329,234,000	329,234,000	25,826	25,826

19 SHARES HELD FOR SHARE SCHEME

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

	As at		As at	
	30 June 2021 Number of shares (Unaudited)	31 December 2020 Number of shares (Audited)	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Shares held for share scheme	933,000	750,000	6,742	4,284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19 SHARES HELD FOR SHARE SCHEME (Continued)

	Number of shares (Unaudited)	Amount HK\$'000 (Unaudited)
As at 1 January 2021	750,000	4,284
Acquisition of shares by the Trustee	277,000	2,972
Issue of shares under Restricted Share Award Scheme	(94,000)	(514)
As at 30 June 2021	933,000	6,742

20 OTHER RESERVES

	(Unaudited)				
	Capital reserve- contributed surplus HK\$'000	Capital reserve- share-based payment HK\$'000	Currency translation reserve HK\$'000	Other HK\$'000	Total HK\$'000
At 1 January 2020	92,132	5,980	4,581	(1,004)	101,689
Exchange differences on translation of foreign operations	–	–	(1,275)	–	(1,275)
Share-based payment	–	26	–	–	26
At 30 June 2020	92,132	6,006	3,306	(1,004)	100,440
At 1 January 2021	92,132	6,857	86,277	(3,682)	181,584
Exchange differences on translation of foreign operations	–	–	(27,402)	–	(27,402)
Appropriations to statutory surplus reserve	194	–	–	–	194
Share-based payment	–	9,334	–	–	9,334
Issue of shares under Restricted Share Award Scheme	–	(518)	–	–	(518)
At 30 June 2021	92,326	15,673	58,875	(3,682)	163,192



21 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 within 2 years.

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

	Number of shares 2021 (Unaudited)	Number of shares 2020 (Unaudited)
As at 1 January	433,570	–
Granted during the period	1,075,231	161,661
Vested during the period	(1,004,231)	–
As at 30 June	504,570	161,661

22 TRADE PAYABLES

As at 30 June 2021 and 31 December 2020, the ageing analysis of trade payables based on invoice dates is as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 3 months	17,689	11,204
Over 3 months but within 6 months	3,058	4,672
Over 6 months but within 1 year	83	2,946
Over 1 year but within 2 years	342	2,231
	21,172	21,053

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23 BORROWINGS

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current		
Long-term borrowings – secured (a)	4,046	5,101
Current		
Current portion of long-term borrowings – secured (a)	1,949	1,954
Bank overdraft	–	67
	1,949	2,021
Total borrowings	5,995	7,122

- (a) As at 30 June 2021, these borrowings from financial institutions carried interests ranging from 5.71% to 6.12% per annum (31 December 2020: 1.77% to 6.12% per annum) and were secured by certain property, plant and equipment of the Group (Note 15). The repayment terms of the borrowings are 4 years from 2020.

The Group borrowings were repayable as follows:

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 year	1,949	2,021
Over 1 year but within 2 years	1,940	1,945
Over 2 years but within 5 years	2,106	3,156
	5,995	7,122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021



23 BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Floating rate		
– expiring within one year	–	–
– expiring beyond one year	9,237	9,535
	9,237	9,535

24 LEASES

(a) Amounts recognised in the condensed consolidated statements of financial position

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Right-of-use assets*		
Properties	218,647	205,632
Medical equipment	693	5,264
	219,340	210,896

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

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Lease liabilities		
Current	49,457	49,286
Non-current	191,628	183,139
	241,085	232,425

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 LEASES (Continued)

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets		
Properties	20,147	17,937
Medical equipment	2,554	2,711
	22,701	20,648
Interest expenses on lease liabilities (included in finance expenses)	3,564	3,695

The total cash outflow for leases for the six months ended 30 June 2021 was HK\$21,326,000 (six months ended 30 June 2020: HK\$22,872,000).



24 LEASES (Continued)

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

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Commitments in relation to leases are payable as follows:		
– Within one year	51,438	52,023
– Later than one year but not later than two years	41,416	38,350
– Later than two years but not later than five years	91,921	80,886
– Later than five years	88,012	90,920
Minimum lease payments	272,787	262,179
Future finance charge	(31,702)	(29,754)
Total lease liabilities	241,085	232,425
The present value of lease liabilities is as follows:		
– Within one year	49,458	49,277
– Later than one year but not later than two years	38,202	35,947
– Later than two years but not later than five years	80,940	72,428
– Later than five years	72,485	74,773
	241,085	232,425

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 LEASES (Continued)

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Balance at beginning of the period	232,425	225,563
Lease payment	(21,326)	(22,872)
Accrued interest	3,564	3,695
Increase in right-of-use assets	15,246	4,337
Lease modification	19,315	188
Decrease in right-of-use assets	(683)	–
Rent concessions related to COVID-19 (Note 8)	–	(1,719)
Exchange differences	(7,456)	82
Balance at end of the period	241,085	209,274

25 COMMITMENTS

(a) Capital commitments

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Leasehold improvements	499	448

(b) Lease commitments for short-term leases

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 year	–	640



26 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Name of related parties	Relationship with the Company
Dr Jørn Slot Jørgensen	Ultimate controlling party
Dr Jørgensen und Kollegen GbR	Partners of the related party are Directors of the Company – Dr Jørn Slot Jørgensen and Dr Ralf-Christian Lerche

(a) Transactions with related parties

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of goods to:		
– Dr Jørgensen und Kollegen GbR	–	9
Rendering services to:		
– Dr Jørgensen und Kollegen GbR	655	787

(b) Balances with related parties

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables:		
– Dr Jørgensen und Kollegen GbR	74	105

(c) Key management compensation

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	3,606	5,086
Directors' fees	990	1,574
Share-based payments	411	3
	5,007	6,663

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2021, the total revenue of the Group achieved approximately HK\$319.7 million, representing an increase of approximately 69.3% as compared to the corresponding period in 2020, and approximately 55.1% as compared to the corresponding period in 2019.

The Group's gross profit was approximately HK\$159.8 million for the six months ended June 30 2021, representing an increase of approximately 111.4% and 78.6% as compared to the corresponding period of 2020 and 2019, respectively. The Group's adjusted gross profit was approximately HK\$163.4 million, which marked an increase of approximately 116.0% and 77.2% as compared to the corresponding period of 2020 and 2019, respectively, representing an adjusted gross profit margin of approximately 51.1%.

The Group recorded a net profit after tax of approximately HK\$65.6 million for the six months ended June 30 2021, representing an increase of approximately 293.2% and 1,123.7% as compared to the corresponding period in 2020 and 2019, respectively. The Group's adjusted net profit after tax rose to approximately HK\$74.6 million, marked an increase of approximately 345.5% and 150.8% as compared to the same period of 2020 and 2019, respectively, representing an adjusted net profit margin of approximately 23.3%.

Save as disclosed in this report, there has been no material change in the development of the Group's business and financial position, and no important event affecting the Group has occurred since the publication of the annual report of the Company for the year ended 31 December 2020.

REVENUE BY GEOGRAPHICAL REGIONS

Revenue in Germany

The Group's revenue in Germany for the six months ended 30 June 2021 was approximately HK\$201.6 million, which marked an increase of approximately 55.7% and 55.1% as compared to the corresponding period in 2020 and 2019, respectively, representing approximately 63.1% of the total revenue.

Revenue in Denmark

The Group's revenue in Denmark for the six months ended 30 June 2021 was approximately HK\$41.4 million, which marked an increase of approximately 80.4% and 74.9% as compared to the corresponding period in 2020 and 2019, respectively, representing approximately 12.9% of the total revenue.

Revenue in the PRC

For the six months ended 30 June 2021, the Group's revenue in the PRC was approximately HK\$76.7 million, which marked an increase of approximately 110.6% and 45.9% as compared to the corresponding period in 2020 and 2019 respectively, representing approximately 24.0% of the total revenue.



REVENUE BY TYPES OF SURGERIES

In the first half of 2021, the Group continued its differentiation strategy of featuring lens surgeries, including phakic lens (ICL) surgery and advanced lens exchange surgery, which remained the main sources of income of the Group, representing an aggregate of approximately 66.7% (2020: 61.5%, 2019: 60.7%) of the total surgery revenue for the six months ended 30 June 2021.

Lens exchange surgery

The Group's revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately HK\$160.4 million, marked an increase of approximately 79.3% and 71.6% as compared to the corresponding period in 2020 and 2019, respectively. The Group's revenue from performing lens exchange surgery accounted for approximately 51.1% (2020: approximately 47.5%, 2019: approximately 46.8%) of the total surgery revenue for the six months ended 30 June 2021.

The revenue of lens exchange surgery performed by Germany, the PRC and Denmark was approximately HK\$93.5 million, HK\$30.9 million, and HK\$36.0 million, respectively, achieving an increase of approximately 64.2%, 140.6%, and 82.7% compared to the corresponding period of 2020, and an increase of approximately 64.0%, 89.3%, and 79.0% compared to the corresponding period in 2019.

Phakic lens (ICL) surgery

The revenue from performing phakic lens (ICL) surgery was approximately HK\$48.7 million (2020: approximately HK\$26.5 million, 2019: approximately HK\$27.8 million), marking an increase of approximately 83.8% and 75.3% compared to the corresponding period in 2020 and 2019, respectively. The Group's revenue from performing phakic lens (ICL) surgery accounted for approximately 15.5% (2020: approximately 14.4%, 2019: approximately 13.9%) of the total surgery revenue for the six months ended 30 June 2021.

The revenue of phakic lens (ICL) surgery performed by Germany, the PRC and Denmark was approximately HK\$26.0 million, HK\$21.4 million, and HK\$1.3 million, respectively, achieving an increase of approximately 70.3%, 106.7%, and 48.4% compared to the corresponding period of 2020, and an increase of approximately 111.3%, 41.6%, and 261.7% compared to the corresponding period in 2019.

GROSS PROFIT AND NET PROFIT

For the six months ended 30 June 2021, the Group's gross profit was approximately HK\$159.8 million, representing an increase of approximately HK\$84.2 million or approximately 111.4% as compared to the corresponding period in 2020, and an increase of HK\$70.4 million or approximately 78.6% as compared to the corresponding period in 2019. The Group's adjusted gross profit was approximately HK\$163.4 million, increasing approximately 116.0% as compared to the corresponding period in 2020, and 77.2% to the corresponding period of 2019, representing an adjusted gross profit margin of approximately 51.1% (2020: 40.0%, 2019: 44.7%).

The Group recorded a net profit after tax of approximately HK\$65.6 million for the six months ended 30 June 2021, representing an increase of approximately 293.2% and approximately 1,123.7% as compared to the corresponding period in 2020 and 2019, respectively. After adjusting for non-recurring item, the Group's adjusted net profit after tax was approximately HK\$74.6 million, marking an increase of approximately 345.5% and 150.8% as compared to the same period of 2020 and 2019, respectively, representing an adjusted net profit margin of approximately 23.3% (2020: 8.9%, 2019: 14.4%).

FINANCIAL REVIEW

1. Revenue

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

	Six months ended 30 June			
	2021		2020	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Provision of vision correction services	318,677	99.7%	186,199	98.6%
Rental of ophthalmic equipment and operating spaces	290	0.1%	1,120	0.6%
Sales of pharmaceutical products	56	0.0%	120	0.1%
Others	655	0.2%	1,394	0.7%
Total	319,678	100.0%	188,833	100.0%

The Group's total revenue for the six months ended 30 June 2021 increased by approximately HK\$130.8 million as compared to the corresponding period in 2020, representing a year-on-year increase of 69.3%, which was mainly due to the increase in the total number of surgeries performed by the Group, especially the increase in the number of lens surgeries, including phakic lens (ICL) surgery and lens exchange surgery.

The Group's revenue was generated from Germany, the PRC and Denmark. As at 30 June 2021, the Group had a total of 27 clinics and consultation centres worldwide. The following table sets forth the Group's revenue by geographical locations during the periods indicated:

	Six months ended 30 June			
	2021		2020	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Germany	201,570	63.1%	129,464	68.5%
The PRC	76,718	24.0%	36,420	19.3%
Denmark	41,390	12.9%	22,949	12.2%
Total	319,678	100.0%	188,833	100.0%

For the six months ended 30 June 2021, the Group generated 63.1% of its revenue from Germany, 24.0% from the PRC and 12.9% from Denmark. As compared to the six months ended 30 June 2020, the Group's revenue increased by 55.7% for Germany, 110.6% for the PRC and 80.4% for Denmark.



2. Cost of Revenue

For the six months ended 30 June 2021, the largest cost of revenue incurred continued to be employee benefit expenses, representing 17.0% of the Group's total revenue (2020: 18.8%), followed by raw materials and consumables, representing 15.0% (2020: 16.6%) of the Group's total revenue.

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
Employee benefit expenses	54,372	35,548	53.0%
Raw materials and consumables	47,956	31,382	52.8%
Depreciation of property, plant and equipment	29,436	26,456	11.3%
Doctor's fee	7,726	5,774	33.8%
Others ⁽¹⁾	20,363	14,053	44.9%
Total	159,853	113,213	41.2%

Note:

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

The total cost of revenue of the Group for the six months ended 30 June 2021 amounted to approximately HK\$159.9 million, representing an increase of approximately HK\$46.6 million or approximately 41.2% as compared to the corresponding period in 2020. The increase was primarily attributable to the increase in the total number of surgeries performed by the Group, which resulted in (i) the increase of employee benefit expenses along with the resumption of the Group's business from COVID-19; (ii) the increase consumption of raw materials and consumables by approximately HK\$16.6 million; and (iii) the increase of the employee share-based payment for the Group's key surgeons.

3. Gross Profit and Gross Profit Margin

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

	Six months ended 30 June		Change %
	2021 HK\$'000	2020 HK\$'000	
Revenue	319,678	188,833	69.3%
Cost of revenue	(159,853)	(113,213)	41.2%
Gross profit	159,825	75,620	111.4%
Gross profit margin	50.0%	40.0%	
Adjusted gross profit (see "Non-IFRS Financial Measures" section)	163,367	75,620	116.0%
Adjusted gross profit margin	51.1%	40.0%	

The gross profit of the Group for the six months ended 30 June 2021 increased by approximately HK\$84.2 million or 111.4% as compared to the corresponding period in 2020. The adjusted gross profit margin for the six months ended 30 June 2021 was 51.1%, representing an increase of 11.1 percentage points as compared to the corresponding period in 2020.

The increase was mainly due to (i) the strong growth of the total number of eye surgeries performed by the Group, especially the lens surgeries, and (ii) the enhancement of the utilisation rate of the Group's existing clinics.



4. Selling Expenses

The Group's selling expenses for the six months ended 30 June 2021 amounted to approximately HK\$26.7 million, representing an increase of approximately HK\$4.4 million or 19.8% as compared to the corresponding period in 2020, which was primarily due to the increase of employee benefit expenses by HK\$3.3 million. For the six months ended 30 June 2021, the selling expenses amounted to 8.4% of the Group's total revenue (2020: 11.8%). Overall, the Group's selling expense ratio has been further optimized.

The increase of employee benefit expenses was mainly due to (i) the increase in the number of marketing employees in Germany along with the resumption of the Group's business from COVID-19; and (ii) the increase of average exchange rate of EUR to HK\$ during the six months ended 30 June 2021 as compared to the corresponding period in 2020.

	Six months ended 30 June		
	2021 HK\$'000	2020 HK\$'000	Change %
Advertising and marketing expenditure	17,314	16,474	5.1
Employee benefit expenses	6,781	3,498	93.9
Depreciation of property, plant and equipment	1,843	1,591	15.8
Others	776	727	6.7
Total	26,714	22,290	19.8

5. Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2021 amounted to approximately HK\$37.6 million, representing an increase of approximately HK\$11.2 million or 42.5% as compared to the corresponding period in 2020. This was mainly due to the increase of employee share-based payment along with the resumption of the Group's business from COVID-19.

	Six months ended 30 June		
	2021 HK\$'000	2020 HK\$'000	Change %
Employee benefits expenses	18,146	12,642	43.5%
Legal and other consulting services fee	8,951	6,321	41.6%
Depreciation of property, plant and equipment	5,219	4,311	21.1%
Office and consumption expenses	1,974	1,249	58.0%
Others	3,330	1,881	77.0%
Total	37,620	26,404	42.5%

6. Finance Income and Expenses, net

The finance income of the Group for the six months ended 30 June 2021 amounted to approximately HK\$3.3 million, representing an increase of approximately 41.6% as compared to the corresponding period in 2020, which was primarily due to the foreign exchange gain in relation to the proceeds of the Company's global offering.

The finance expenses of the Group increased by 12.4% from approximately HK\$3.8 million for the six months ended 30 June 2020 to approximately HK\$4.2 million for the six months ended 30 June 2021.

7. Borrowings

As at 30 June 2021, the Group had outstanding borrowings of approximately HK\$6.0 million, of which approximately HK\$1.9 million shall be repaid within one year. The borrowings are related to the property, plant and equipment financed from a financial leasing company. The decrease in the total borrowings of the Group for the six months ended 30 June 2021 was due to the payment of regular rent to the financial leasing company.

Details of the borrowings of the Group during the reporting period are set out under Note 23 to the condensed consolidated financial statements of this report.

8. Foreign Exchange Risk

The subsidiaries of the Company mainly operate in Germany, Denmark and the PRC with most of the transactions being settled in EUR, DKK, and RMB, respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currencies. As at 30 June 2021, the financial assets and liabilities of the subsidiaries of the Company in Germany, Denmark and the PRC were primarily denominated in EUR, DKK and RMB, respectively, which were their respective functional currencies.

Management believes that the foreign exchange risk mainly arises from the Group's HK\$- denominated listing proceeds deposited with banks in Hong Kong. As at 30 June 2021, if HK\$ had weakened/strengthened by 5% against EUR with all other variables being held constant; post-tax profit for the six months ended 30 June 2021 would have been approximately HK\$7.5 million.

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

9. Charges on Group Assets

As at 30 June 2021, borrowings of approximately HK\$6.0 million (as at 31 December 2020: approximately HK\$7.1 million) were secured by property, plant and equipment with net book value of approximately HK\$7.2 million (as at 31 December 2020: approximately HK\$8.4 million).

10. Capital Commitments

Save for the capital commitment of approximately HK\$0.5 million (as at 31 December 2020: approximately HK\$0.4 million) in relation to the addition of property, plant and equipment as at 30 June 2021, the Group had no significant capital commitment.

11. Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2021 and 31 December 2020.



12. Material Investments, Acquisitions and Disposals

There were no significant investments held, acquisitions or disposals of subsidiaries, associates and joint ventures by the Group for the six months ended 30 June 2021. Save as disclosed in the prospectus of the Company dated 30 September 2019 (the “**Prospectus**”), the Group did not have other plans for significant investments, acquisitions and disposals as at 30 June 2021.

13. Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus and the capital commitment in relation to the addition of property, plant and equipment as mentioned above which will be funded by the proceeds from the Company’s global offering, the Group did not have other plans for material investments or capital assets as at 30 June 2021.

14. Liquidity and Capital Resources

The liquidity requirements of the Company are primarily attributable to the working capital for the Group’s business operations. For the six months ended 30 June 2021, the principal source of liquidity of the Company was cash generated from the business operations of the Company and the proceeds from the Company’s global offering. As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$832.7 million.

The current ratio (calculated by dividing the Group’s current assets by its current liabilities) was 6.9 times as at 30 June 2021 as compared to 7.1 times as at 31 December 2020.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated by dividing the Group’s long-term borrowings by its total capital. The total capital is calculated by adding the Group’s “equity” as shown in the condensed consolidated statement of financial position to its long-term borrowings. The Group’s gearing ratio as at 30 June 2021 was 0.39% (as at 31 December 2020: 0.51%).

There were no material changes in the funding and financial policy of the Group for the six months ended 30 June 2021.

15. Use of Proceeds from the Global Offering

On 15 October 2019, the shares of the Company were listed on the Main Board of the Stock Exchange (the "Listing"). The Company issued 91,234,000 shares at a price of HK\$7.50. The aggregate net proceeds from the Company's global offering (after deducting underwriting fees and expenses) amounted to approximately HK\$660.66 million, which will be used for (i) establishing clinics in major cities in the PRC, including Chengdu and Chongqing, (ii) potential acquisition of clinic groups in Europe, (iii) expansion of marketing efforts, and (iv) working capital and general corporate purposes.

The net proceeds from the Company's global offering (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilised in the same manner, proportion, and expected timeframe as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned applications of the net proceeds and actual usage up to 30 June 2021:

Use of net proceeds	Percentage of the net proceeds (%)	Planned application (HK\$'000)	Actual usage up to 30 June 2021 (HK\$'000)	Unutilised net proceeds as at 30 June 2021 (HK\$'000)	Expected timeline for fully utilising the unutilised amount
For establishing clinics in major cities in the PRC	40.0	264,266	23,899	240,367	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	27,319	633,345	

Note:

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



OUTLOOK AND STRATEGIES

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:

Establishing consultation centres

To further strengthen the utilization rate of the Group's existing surgical centres, the Group is planning to establish 10 consultation centres in two years. Consultation centres are outpatient clinics without operation theatre. The new consultation centres will provide examination and non-surgical treatments, and patients will be arranged to their closest surgical centre for operation if needed.

The Group is experienced in operating consultation centres. As at 30 June 2021, there are 5 consultation centres in Germany (including but not limited to Lübeck, Dresden, Augsburg) and 2 consultation centres in Denmark (including Herring and Esbjerg).

The Group believes that the new consultation centres will not only expand the geographical coverage of the Group's services, but also improve its abilities in acquiring more new patients.

Opening of new clinic in Wiesbaden, Germany

The Group plans to open a new clinic in a triple-A location in Wiesbaden, Germany. The clinic is expected to start operation in early 2022. Since Wiesbaden is the second-largest city in the state of Hesse, Germany, the Group believes the new clinic will be a perfect addition to its existing flagship clinic in Frankfurt.

Opening of new clinic in Chengdu, the PRC

Following the grand opening of the Group's Chongqing clinic in the PRC, the Group has started the construction process of its Chengdu clinic. Located near the high-end commercial area Taikoo Li, Chengdu, the clinic has finished the design in July 2021 and is expected to commence operation in early 2022.

Opening of new clinic in Copenhagen, Denmark

The construction of a new clinic in Copenhagen, Denmark is well in progress. It is anticipated to be completed in 2021 to substitute the Group's existing clinic. With its larger scale and prominent location in the city centre, the clinic will support the continuous growth of the Group's business in Denmark.

Acquiring high-quality refractive surgical clinics and engaging excellent surgeons

The Group has been seeking opportunities in acquiring high-quality refractive surgical clinics to expand its footprint in Europe while engaging excellent surgeons. However, affected by the COVID-19 pandemic, the Group's expansion process has slowed down. The Group is still pushing forward this significant development strategy and expecting to accelerate the progress when the pandemic situation is eased.

OTHER INFORMATION

RESULTS AND APPROPRIATIONS

The results of the Group for the six months ended 30 June 2021 are set out in the condensed consolidated statement of comprehensive income on pages 9 to 10.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (for the corresponding period in 2020: nil).

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company pursuant to Section 352 of the SFO, or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

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

Name of Director/Chief Executive	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Jørn Slot Jørgensen ("Dr Jørgensen")	Interest in a controlled corporation; Beneficial owner and interest of spouse	177,444,100 (L) (Note 2)	53.90%
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%
Mr Jannik Jonas Slot Jørgensen	Beneficial owner	5,804,000 (L)	1.76%
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 30 June 2021 was 329,234,000.
2. Out of 177,444,100 shares that Dr Jørgensen was interested, 4,084,000 shares were held by EuroEyes Holding AG which is owned as to 100% by Dr Jørgensen and 379,100 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.

Save as disclosed above, as at 30 June 2021, 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 any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, other than interests disclosed above in respect of the Director and the chief executive of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to Section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Interests in shares and underlying shares of the Company

Name of substantial shareholder	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note1)
Dr Susanne Jørgensen	Beneficial owner and interest of spouse	177,444,100 (L) (Note 2)	53.90%

Notes:

(L) denotes long position.

1. The total number of issued shares of the Company as at 30 June 2021 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 the provision of Part XV of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company regarding non-compliance of the Model Code, that they fully complied with the provisions contained in the Model Code and its code of conduct regarding directors' securities transactions during the six months ended 30 June 2021.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 23 September 2019 (the "**Scheme**") and shall be valid until 23 September 2029. Pursuant to the Scheme, certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares. The purpose of the Scheme is to provide incentives or rewards to employees for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources. A summary of the principal terms of the Scheme is set out in the paragraph headed "E. Share Option Scheme" in Appendix IV of the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. No share option has been granted, exercised, cancelled or lapsed since the adoption of the Scheme and there was no share option outstanding as at 30 June 2021.

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "**Restricted Share Award Scheme**") on 19 March 2020 as an incentive to attract, motivate and retain, among other, Directors and employees of the Group. The Restricted Share Award Scheme will be valid and effective for a period of ten year commencing from the adoption date, being 19 March 2020. The Restricted Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No shareholders' approval was required to adopt the Restricted Share Award Scheme.

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

During the six months ended 30 June 2021, a total of 1,075,231 shares of the Company were granted to the eligible participants under the Restricted Share Award Scheme.

Details of the restricted shares granted under the Restricted Share Award Scheme during the reporting period are set out under Note 21 to the condensed consolidated financial statements of this report.

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

CORPORATE GOVERNANCE

Except for the deviation from code provision A.2.1 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “**CG Code**”), the Company’s corporate governance practices have complied with the CG Code during the six months ended 30 June 2021 and up to the date of this report. CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, Dr. Jørgensen is the chairman and also acts as the chief executive officer of the Company given that he has considerable experience in the business of providing ophthalmic services in Germany, Denmark and the PRC. Dr. Jørgensen is the founder of the Group and has been managing the business and overall strategic development since the establishment of the Group. The Directors consider that vesting the roles of both the chairman and the chief executive officer of the Company in Dr. Jørgensen is beneficial to the business prospects and management of the Group by ensuring consistent leadership with the Group and enabling more effective and efficient overall strategic development for the Group following the Listing.

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

PUBLIC FLOAT

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

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

EMPLOYEES

As at 30 June 2021, the Group had 268 full-time employees. In addition, the Group also engages certain surgeons, conservative ophthalmologists and a member of the senior management via freelance arrangements.

During the six months ended 30 June 2021, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) of Hong Kong, the Labour Law of the PRC and the Labour Contract Law of the PRC, German Civil Code and relevant collective agreements and statutes of Denmark.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2021 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

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

Hong Kong, 18 August 2021