



EuroEyes

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

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

Stock code 股份代號: 1846

Interim Report  
中期報告

2022



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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  
Prof Dan Zoltan Reinstein

### 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

Valentinskamp 90  
20355 Hamburg  
Germany

## REGISTERED ADDRESS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## AUDITOR

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



## PRINCIPAL BANKS

*(In Germany)*

Hamburger Sparkasse AG  
Adolphsplatz 3  
20457 Hamburg  
Germany

Sydbank A/S Flensburg  
Rathausplatz 11  
24937 Flensburg  
Germany

Deutsche Bank AG  
Adolphsplatz 7  
20457 Hamburg  
Germany

*(In the People's Republic of China)*

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

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

*(In Hong Kong)*

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

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

China Everbright Bank  
20/F, Everbright Centre  
108 Gloucester Road  
Wan Chai  
Hong Kong

## LEGAL ADVISOR AS TO HONG KONG LAWS

TW Partners  
Unit 1602, 16/F  
COFCO Tower  
262 Gloucester Tower  
Causeway Bay  
Hong Kong

## COMPANY WEBSITE

[www.euroeyes.hk](http://www.euroeyes.hk)

## STOCK CODE

01846

# 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**” or “**EuroEyes**”) for the six months ended 30 June 2022. The key financial highlights are as follows:

|  | 2022        |             | 2021        |             | 2022     |         |
|--|-------------|-------------|-------------|-------------|----------|---------|
|  | HK\$'000    | EUR'000     | HK\$'000    | EUR'000     | HK\$'000 | EUR'000 |
|  | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | Change   | Change  |
|  |             |             |             |             | %        | %       |
| Revenue  | 315,626     | 36,911      | 319,678     | 34,177      | (1.3)    | 8.0     |
| Gross profit   | 142,554     | 16,671      | 159,825     | 17,087      | (10.8)   | (2.4)   |
| Adjusted gross profit <sup>(1)</sup>                           | 144,279     | 16,866      | 163,367     | 17,471      | (11.7)   | (3.5)   |
| Profit for the period  | 43,467      | 5,083       | 65,578      | 7,011       | (33.7)   | (27.5)  |
| Adjusted net profit after tax<br>for the period <sup>(2)</sup> | 53,537      | 6,251       | 74,575      | 7,981       | (28.2)   | (21.7)  |

## Notes:

- (1) Adjusted gross profit is derived from adding share-based compensation expenses and pre-operating expenses to the gross profit.
- (2) Adjusted net profit after tax for the period is derived from adding pre-operating expenses for new clinics, foreign exchange gain/(loss) in relation to the proceeds from the global offering, share-based compensation expenses, acquisition-related costs, and loss on fair value change of contingent consideration payable.

## 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, acquisition-related costs, and loss on fair value change of contingent consideration payable), 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 |                                 |
|--|----------------------------------|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited)  | 2021<br>HK\$'000<br>(Unaudited) |
| Gross profit   | 142,554                          | 159,825                         |
| Add:   |                                  |                                 |
| Pre-operating expenses   | 547                              | —                               |
| Share-based compensation expenses  | 1,178                            | 3,542                           |
| <b>Adjusted gross profit</b>   | <b>144,279</b>                   | 163,367                         |
| Profit for the period  | 43,467                           | 65,578                          |
| Add:   |                                  |                                 |
| Share-based compensation expenses  | 1,707                            | 9,334                           |
| Pre-operating expenses   | 1,077                            | 1,188                           |
| Foreign exchange loss/(gain) in relation to<br>the proceeds from the global offering | 1,496                            | (1,525)                         |
| Acquisition-related costs  | 3,293                            | —                               |
| Loss on fair value change of<br>contingent consideration payable                     | 2,497                            | —                               |
| <b>Adjusted Net Profit After Tax</b>   | <b>53,537</b>                    | 74,575                          |

#### 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 2022 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; (iii) foreign exchange loss/(gain) in relation to the proceeds from the global offering; (iv) acquisition-related costs; and (v) loss on fair value change of contingent consideration payable.
- (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 48, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 24 August 2022

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|   | Note   | As at<br>30 June<br>2022<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2021<br>HK\$'000<br>(Audited) |
|---|--------|---|---|
| <b>Assets</b>   |        |   |   |
| <b>Non-current assets</b>                                 |        |   |   |
| Property, plant and equipment                             | 15     | 463,171   | 355,636   |
| Intangible assets   | 15     | 34,993  | 4,539   |
| Goodwill  | 15, 25 | 186,882   | 7,568   |
| Deferred tax assets                                       |        | 26,151  | 26,438  |
| Deposits and other receivables                            |        | 6,671   | 18,005  |
| <b>Total non-current assets</b>                           |        | <b>717,868</b>                                      | 412,186   |
| <b>Current assets</b>                                     |        |   |   |
| Inventories   |        | 20,480  | 23,657  |
| Prepayments   |        | 13,129  | 24,204  |
| Income tax recoverable                                    |        | 29,068  | 32,575  |
| Deposits and other receivables                            |        | 25,962  | 11,736  |
| Trade receivables   | 16     | 6,228   | 3,082   |
| Financial assets at fair value through profit or loss     |        | 4,095   | 15,944  |
| Restricted cash   |        | 565   | 2   |
| Cash and cash equivalents                                 | 17     | 716,011   | 845,636   |
| <b>Total current assets</b>                               |        | <b>815,538</b>                                      | 956,836   |
| <b>Total assets</b>                                       |        | <b>1,533,406</b>                                    | 1,369,022   |
| <b>Equity</b>   |        |   |   |
| <b>Equity attributable to owners of the Company</b>       |        |   |   |
| Share capital   | 18     | 26,138  | 25,826  |
| Shares held for share scheme                              | 19     | (11,965)  | (11,344)  |
| Share premium   |        | 660,309   | 626,302   |
| Other reserves  | 20     | 34,587  | 116,655   |
| Retained earnings   |        | 261,396   | 248,113   |
| <b>Total equity attributable to owners of the Company</b> |        | <b>970,465</b>                                      | 1,005,552   |
| Non-controlling interests                                 |        | 31,586  | 34,925  |
| <b>Total equity</b>                                       |        | <b>1,002,051</b>                                    | 1,040,477   |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                      | <i>Note</i> | <b>As at<br/>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2021<br>HK\$'000<br>(Audited) |
|--------------------------------------|-------------|--|---|
| <b>Liabilities</b>                   |             |  |   |
| <b>Non-current liabilities</b>       |             |  |   |
| Borrowings                           | 23          | 1,344  | 2,729   |
| Lease liabilities                    | 24          | 255,072  | 173,332   |
| Contingent consideration payable     | 4.2, 25     | 77,100   | –   |
| Put options                          |             | 967  | 1,042   |
| Deferred tax liabilities             |             | 14,039   | 8,963   |
| <b>Total non-current liabilities</b> |             | <b>348,522</b>   | 186,066   |
| <b>Current liabilities</b>           |             |  |   |
| Trade payables                       | 22          | 26,790   | 21,537  |
| Contract liabilities                 |             | 14,850   | 8,115   |
| Income tax liabilities               |             | 46,302   | 41,309  |
| Accruals and other payables          |             | 25,757   | 26,103  |
| Borrowings                           | 23          | 2,303  | 1,916   |
| Contingent consideration payable     | 4.2, 25     | 16,267   | –   |
| Lease liabilities                    | 24          | 50,564   | 43,499  |
| <b>Total current liabilities</b>     |             | <b>182,833</b>   | 142,479   |
| <b>Total liabilities</b>             |             | <b>531,355</b>   | 328,545   |
| <b>Total equity and liabilities</b>  |             | <b>1,533,406</b>   | 1,369,022   |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes on page 14 to 48.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

|  | Note | Six months ended 30 June        |                                 |
|--|------|---------------------------------|---------------------------------|
|  |      | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>   | 7    | <b>315,626</b>                  | 319,678                         |
| Cost of revenue  | 8    | <b>(173,072)</b>                | (159,853)                       |
| <b>Gross profit</b>  |      | <b>142,554</b>                  | 159,825                         |
| Selling expenses   | 8    | <b>(29,133)</b>                 | (26,714)                        |
| Administrative expenses  | 8    | <b>(40,993)</b>                 | (37,620)                        |
| Other gains, net   | 10   | <b>342</b>                      | 1,431                           |
| <b>Operating profit</b>  |      | <b>72,770</b>                   | 96,922                          |
| Finance income   | 11   | <b>3,003</b>                    | 3,283                           |
| Finance expenses   | 11   | <b>(5,507)</b>                  | (4,228)                         |
| Finance expenses, net  | 11   | <b>(2,504)</b>                  | (945)                           |
| <b>Profit before income tax</b>                                      |      | <b>70,266</b>                   | 95,977                          |
| Income tax expense   | 12   | <b>(26,799)</b>                 | (30,399)                        |
| <b>Profit for the period</b>   |      | <b>43,467</b>                   | 65,578                          |
| <b>Other comprehensive loss</b>                                      |      |                                 |                                 |
| <i>Items that may be subsequently reclassified to profit or loss</i> |      |                                 |                                 |
| – Exchange differences on translation of foreign operations          |      | <b>(34,902)</b>                 | (6,004)                         |
| <i>Items that will not be reclassified to profit or loss</i>         |      |                                 |                                 |
| – Exchange differences on translation to presentation currency       |      | <b>(46,878)</b>                 | (21,497)                        |
| <b>Other comprehensive loss for the period</b>                       |      | <b>(81,780)</b>                 | (27,501)                        |
| <b>Total comprehensive (loss)/income for the period</b>              |      | <b>(38,313)</b>                 | 38,077                          |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

|  | Note | Six months ended 30 June        |                                 |
|--|------|---------------------------------|---------------------------------|
|  |      | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Profit for the period attributable to:</b>                                  |      |                                 |                                 |
| – Owners of the Company  |      | 46,528                          | 65,138                          |
| – Non-controlling interests  |      | (3,061)                         | 440                             |
|  |      | <b>43,467</b>                   | 65,578                          |
| <b>Total comprehensive (loss)/income for the period attributable to:</b>       |      |                                 |                                 |
| – Owners of the Company  |      | (34,974)                        | 37,736                          |
| – Non-controlling interests  |      | (3,339)                         | 341                             |
|  |      | <b>(38,313)</b>                 | 38,077                          |
| <b>Earnings per share attributable to owners of the Company for the period</b> |      |                                 |                                 |
| – Basic earnings per share (HK cents)  | 13   | 14.029                          | 19.829                          |
| – Diluted earnings per share (HK cents)  | 13   | 14.013                          | 19.778                          |

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on page 14 to 48.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

|   | (Unaudited)                                      |   |                              |   |                                  |                   |  |                             |
|---|--|---|------------------------------|---|----------------------------------|-------------------|--|-----------------------------|
|   | Attributable to owners of the Company            |   |                              |   |                                  |                   |  |                             |
|   | Share<br>capital<br><i>(Note 18)</i><br>HK\$'000 | Shares<br>held<br>for share<br>scheme<br><i>(Note 19)</i><br>HK\$'000 | Share<br>premium<br>HK\$'000 | Other<br>reserves<br><i>(Note 20)</i><br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| <b>Balance at 1 January 2021</b>                                    | 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)                    |
| <b>Total comprehensive income<br/>for the period</b>                | –  | –   | –                            | (27,402)  | 65,138                           | 37,736            | 341  | 38,077                      |
| <b>Transactions with owners in<br/>their capacity as owners:</b>    |  |   |                              |   |                                  |                   |  |                             |
| Appropriations to statutory surplus reserve                         | –  | –   | –                            | 194   | (194)                            | –                 | –  | –                           |
| Acquisition of shares held for share scheme<br><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 employee share scheme<br><i>(Note 19, 20)</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)                     |
| <b>Balance as at 30 June 2021</b>                                   | 25,826   | (6,742)   | 625,426                      | 163,192   | 179,850                          | 987,552           | 36,661                                       | 1,024,213                   |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

|  | (Unaudited)                                      |   |                              |   |                                  |                   |  |                             |
|--|--|---|------------------------------|---|----------------------------------|-------------------|--|-----------------------------|
|  | Attributable to owners of the Company            |   |                              |   |                                  |                   |  |                             |
|  | Share<br>capital<br><i>(Note 18)</i><br>HK\$'000 | Shares<br>held<br>for share<br>scheme<br><i>(Note 19)</i><br>HK\$'000 | Share<br>premium<br>HK\$'000 | Other<br>reserves<br><i>(Note 20)</i><br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| <b>Balance at 1 January 2022</b>   | 25,826   | (11,344)  | 626,302                      | 116,655   | 248,113                          | 1,005,552         | 34,925                                       | 1,040,477                   |
| Profit for the period  | -  | -   | -                            | -   | 46,528                           | 46,528            | (3,061)                                      | 43,467                      |
| Other comprehensive loss   | -  | -   | -                            | (81,502)  | -                                | (81,502)          | (278)  | (81,780)                    |
| <b>Total comprehensive income for the period</b>   | -  | -   | -                            | (81,502)  | 46,528                           | (34,974)          | (3,339)                                      | (38,313)                    |
| <b>Transactions with owners in<br/>their capacity as owners:</b>                             |  |   |                              |   |                                  |                   |  |                             |
| Appropriations to statutory surplus reserve  | -  | -   | -                            | 148   | (148)                            | -                 | -  | -                           |
| Issue of ordinary shares as consideration<br>for a business combination <i>(Note 18, 25)</i> | 312  | -   | 35,421                       | -   | -                                | 35,733            | -  | 35,733                      |
| Acquisition of shares held for share scheme<br><i>(Note 19)</i>                              | -  | (4,456)   | -                            | -   | -                                | (4,456)           | -  | (4,456)                     |
| Share-based payments <i>(Note 20)</i>  | -  | -   | -                            | 1,707   | -                                | 1,707             | -  | 1,707                       |
| Issue of shares under employee share scheme<br><i>(Note 19, 20)</i>                          | -  | 3,835   | (1,414)                      | (2,421)   | -                                | -                 | -  | -                           |
| Dividend provided for or paid <i>(Note 14)</i>   | -  | -   | -                            | -   | (33,097)                         | (33,097)          | -  | (33,097)                    |
|  | 312  | (621)   | 34,007                       | (566)   | (33,245)                         | (113)             | -  | (113)                       |
| <b>Balance as at 30 June 2022</b>  | 26,138   | (11,965)  | 660,309                      | 34,587  | 261,396                          | 970,465           | 31,586                                       | 1,002,051                   |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes on page 14 to 48.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

|   | Note  | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Cash flows from operating activities</b>                         |       |                                 |                                 |
| Cash generated from operations                                      |       | 133,759                         | 156,909                         |
| Interest received   |       | 164                             | 168                             |
| Income tax paid   |       | (25,148)                        | (13,485)                        |
| <b>Net cash generated from operating activities</b>                 |       | <b>108,775</b>                  | 143,592                         |
| <b>Cash flows from investing activities</b>                         |       |                                 |                                 |
| Payment for acquisition of a subsidiary, net of cash acquired       | 25    | (91,453)                        | –                               |
| Proceeds from financial assets at fair value through profit or loss |       | 11,509                          | –                               |
| Purchase of property, plant and equipment                           |       | (38,231)                        | (16,661)                        |
| Proceeds from disposal of property, plant and equipment             |       | 9                               | 94                              |
| <b>Net cash used in investing activities</b>                        |       | <b>(118,166)</b>                | (16,567)                        |
| <b>Cash flows from financing activities</b>                         |       |                                 |                                 |
| Capital contributions from a non-controlling interest               |       | –                               | 4,756                           |
| Dividend paid   | 14    | (33,097)                        | (9,838)                         |
| Acquisition of treasury shares and others                           | 19    | (5,019)                         | (5,483)                         |
| Lease payments  | 24(d) | (25,037)                        | (21,326)                        |
| Repayment of borrowings   |       | (1,325)                         | (1,038)                         |
| Consideration paid to a non-controlling interest                    |       | –                               | (4,214)                         |
| <b>Net cash used in financing activities</b>                        |       | <b>(64,478)</b>                 | (37,143)                        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         |       | <b>(73,869)</b>                 | 89,882                          |
| Cash and cash equivalents at beginning of the period                |       | 845,636                         | 761,827                         |
| Effects of exchange rate changes on cash and cash equivalents       |       | (55,756)                        | (18,994)                        |
| <b>Cash and cash equivalents at end of the period</b>               |       | <b>716,011</b>                  | 832,715                         |
| <b>Represented by:</b>  |       |                                 |                                 |
| Cash at bank and in hand  |       | 716,011                         | 832,715                         |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes on page 14 to 48.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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, the United Kingdom of Great Britain and Northern Ireland (the “**UK**”) and the People’s Republic of China (“**China**”). The Company was incorporated in the Cayman Islands on 13 August 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised, formerly known as Companies Law) 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\$**” or “**HKD**”), unless otherwise stated, and is approved for issue by the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company on 24 August 2022.

This 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 2021, 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 2021, 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:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Covid-19-Related Rent Concessions – Amendments to IFRS 16
- Annual Improvements to IFRS Standards 2018-2020

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



## 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 2021.

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, UK and China with most of the transactions carried out in Euro ("EUR"), Danish Krone ("DKK"), Great Britain Pound ("GBP") 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, UK and China are primarily denominated in EUR, DKK, GBP and RMB, respectively, which are their respective functional currencies.

As at 30 June 2022, the foreign exchange risk mainly arises from the Group's RMB-denominated assets and liabilities in China segment. If RMB had weakened/strengthened by 5% against EUR with all other variables held constant, post-tax profit for the six months ended 30 June 2022 would have been approximately HK\$3,007,000 lower/higher (six months ended 30 June 2021: HK\$395,000 lower/higher).

##### (ii) Interest rate risk

As at 30 June 2022, the Group's borrowings bear fixed interest rates with insignificant risk exposure.

#### (b) Credit risk

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

As at 30 June 2022, the credit risk and credit losses experienced by the Group, based on expected credit loss model of IFRS 9, continue to be low.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.1 Financial risk factors (Continued)

#### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury 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 2022 is presented in Note 23.

#### (ii) Maturities of financial liabilities

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

| As at 30 June 2022<br>(Unaudited) | Less than<br>1 year<br>HK\$'000 | 1-2 years<br>HK\$'000 | 2-5 years<br>HK\$'000 | Over<br>5 years<br>HK\$'000 | Total<br>contractual<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|-----------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------------|--|--------------------------------|
| Trade payables                    | 26,790                          | –                     | –                     | –                           | 26,790   | 26,790                         |
| Other payables                    | 14,710                          | –                     | –                     | –                           | 14,710   | 14,710                         |
| Borrowings                        | 2,535                           | 1,574                 | –                     | –                           | 4,109  | 3,647                          |
| Contingent consideration payable  | 16,267                          | 15,639                | 76,766                | –                           | 108,672  | 93,367                         |
| Lease liabilities                 | 50,900                          | 42,254                | 104,610               | 134,621                     | 332,385  | 305,636                        |
|                                   | 111,202                         | 59,467                | 181,376               | 134,621                     | 486,666  | 444,150                        |

| As at 31 December 2021<br>(Audited) | Less than<br>1 year<br>HK\$'000 | 1-2 years<br>HK\$'000 | 2-5 years<br>HK\$'000 | Over<br>5 years<br>HK\$'000 | Total<br>contractual<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|-------------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------------|--|--------------------------------|
| Trade payables                      | 21,537                          | –                     | –                     | –                           | 21,537   | 21,537                         |
| Other payables                      | 12,849                          | –                     | –                     | –                           | 12,849   | 12,849                         |
| Borrowings                          | 2,216                           | 2,216                 | 583                   | –                           | 5,015  | 4,645                          |
| Lease liabilities                   | 45,781                          | 36,774                | 84,866                | 76,569                      | 243,990  | 216,831                        |
|                                     | 82,383                          | 38,990                | 85,449                | 76,569                      | 283,391  | 255,862                        |

The Group provided no financial guarantee to any third party or related party as at 30 June 2022 and 31 December 2021.

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation

#### (a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

| Recurring fair value measurements                     | Level 1  | Level 2  | Level 3  | Total    |
|---|----------|----------|----------|----------|
|   | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| <b>At 30 June 2022 (unaudited)</b>                    |          |          |          |          |
| <b>Financial assets</b>                               |          |          |          |          |
| Financial assets at fair value through profit or loss | –        | –        | 4,095    | 4,095    |
| <b>Financial liabilities</b>                          |          |          |          |          |
| Contingent consideration payable                      | –        | –        | (93,367) | (93,367) |
| <b>At 31 December 2021 (audited)</b>                  |          |          |          |          |
| <b>Financial assets</b>                               |          |          |          |          |
| Financial assets at fair value through profit or loss | –        | –        | 15,944   | 15,944   |

There were no transfers among levels 1, level 2 and level 3 for recurring fair value measurements during the period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation (Continued)

(b) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the period ended 30 June 2022:

|  | Contingent<br>consideration<br>payable<br>HK\$'000 | Structured<br>deposit<br>HK\$'000 |
|--|--|-----------------------------------|
| Opening balance 31 December 2021 (audited)   | –  | 15,944                            |
| Additions ( <i>Note 25</i> )   | (101,418)  | 13,883                            |
| Settlements  | –  | (25,478)                          |
| Fair value (loss)/gains on financial instruments at fair<br>value through profit or loss | (2,497)  | 86                                |
| – includes unrealized gains recognized in profit or loss                                 | (2,497)  | 2                                 |
| Exchange difference  | 10,548   | (340)                             |
| Closing balance 30 June 2022 (unaudited)   | (93,367)   | 4,095                             |

The fair value of contingent consideration payable and structured deposit are estimated by discounting the future cash flows using the expected yield rate with reference to the benchmark or similar yield rate of the financial instruments.

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### 4.2 Fair value estimation (Continued)

#### (c) Valuation inputs and relationships to fair value

| Description                      | Fair value at               |                                 | Unobservable inputs           | Range of inputs  |                  |         |         |         |
|----------------------------------|-----------------------------|---------------------------------|-------------------------------|------------------|------------------|---------|---------|---------|
|                                  | 30 June<br>2022<br>HK\$'000 | 31 December<br>2021<br>HK\$'000 |                               | 2021             | 2022             | 2023    | 2024    | 2025    |
| Structured deposit               | 4,095                       | 15,944                          | Risk-adjusted discount rate   | 1.3%-<br>3.0524% | 1.3%-<br>3.0524% | n/a     | n/a     | n/a     |
| Contingent consideration payable | (93,367)                    | –                               | Risk-adjusted discount rate   | n/a              | 5.9%             | 5.9%    | 5.9%    | 5.9%    |
|                                  |                             |                                 | Expected Revenues growth rate | n/a              | 10%-12%          | 10%-12% | 10%-12% | 10%-12% |
|                                  |                             |                                 | Expected EBIT growth rate     | n/a              | 10%-15%          | 10%-15% | 10%-15% | 10%-15% |

#### (d) Valuation processes

For the financial assets and liabilities, including level 3 fair values, the Group's finance department performs the valuations. The finance department reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and finance department annually, in line with the Group's reporting requirements.

The main level 3 inputs used by the group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are estimated using the expected yield rate with reference to the benchmark yield rate of the financial investment products of banks.
- Contingent consideration payable – expected cash inflows: these are estimated based on the terms of the share purchase agreement, the Group's knowledge of the business and how the current economic environment is likely to impact it.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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 2021.

## 6 SEGMENT INFORMATION

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

### Description of segments and principal activities

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

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 2022



## 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 2022 and as at 30 June 2022 is as follows:

|                               | (Unaudited)                    |                              |                                |                           |  |                                      |                   |
|-------------------------------|--------------------------------|------------------------------|--------------------------------|---------------------------|--|--------------------------------------|-------------------|
|                               | Six months ended 30 June 2022  |                              |                                |                           |  |                                      |                   |
|                               | Germany<br>segment<br>HK\$'000 | China<br>segment<br>HK\$'000 | Denmark<br>segment<br>HK\$'000 | UK<br>segment<br>HK\$'000 | Inter-<br>segment<br>elimination<br>HK\$'000 | Unallocated<br>items (i)<br>HK\$'000 | Total<br>HK\$'000 |
| <b>Revenue</b>                | 181,794                        | 48,749                       | 30,031                         | 56,488                    | (1,436)                                      | -                                    | 315,626           |
| Cost of revenue               | (87,596)                       | (40,754)                     | (19,727)                       | (25,251)                  | 256  | -                                    | (173,072)         |
| <b>Gross profit</b>           | 94,198                         | 7,995                        | 10,304                         | 31,237                    | (1,180)                                      | -                                    | 142,554           |
| <b>EBITDA</b>                 | 87,297                         | 13,476                       | 7,371                          | 15,400                    | -  | (8,960)                              | 114,584           |
| <b>Unallocated</b>            |                                |                              |                                |                           |  |                                      |                   |
| Finance income                |                                |                              |                                |                           |  |                                      | 3,003             |
| Finance expenses              |                                |                              |                                |                           |  |                                      | (5,507)           |
| Depreciation and amortisation |                                |                              |                                |                           |  |                                      | (41,814)          |
| Profit before income tax      |                                |                              |                                |                           |  |                                      | 70,266            |
| Income tax expense            |                                |                              |                                |                           |  |                                      | (26,799)          |
| <b>Profit for the period</b>  |                                |                              |                                |                           |  |                                      | 43,467            |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION (Continued)

(Unaudited)  
As at 30 June 2022

|                           | Germany<br>segment<br>HK\$'000 | China<br>segment<br>HK\$'000 | Denmark<br>segment<br>HK\$'000 | UK<br>segment<br>HK\$'000 | Inter-<br>segment<br>elimination<br>HK\$'000 | Unallocated<br>items<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------|--------------------------------|------------------------------|--------------------------------|---------------------------|--|----------------------------------|-------------------|
| Segment total assets      | 495,050                        | 253,812                      | 67,593                         | 375,754                   | (483,558)                                    | -                                | 708,651           |
| <b>Unallocated</b>        |                                |                              |                                |                           |  |                                  |                   |
| Corporate assets          |                                |                              |                                |                           |  |                                  | 798,604           |
| Deferred tax assets       |                                |                              |                                |                           |  |                                  | 26,151            |
| <b>Total assets</b>       |                                |                              |                                |                           |  |                                  | 1,553,406         |
| Segment total liabilities | 298,261                        | 216,285                      | 37,681                         | 310,799                   | (363,223)                                    | -                                | 499,803           |
| <b>Unallocated</b>        |                                |                              |                                |                           |  |                                  |                   |
| Corporate liabilities     |                                |                              |                                |                           |  |                                  | 17,513            |
| Deferred tax liabilities  |                                |                              |                                |                           |  |                                  | 14,039            |
| <b>Total liabilities</b>  |                                |                              |                                |                           |  |                                  | 531,355           |



## 6 SEGMENT INFORMATION (Continued)

The segment information provided to the executive Directors of the Company for the reportable segments for the six months period ended 30 June 2021 and as at 31 December 2021 is as follows:

|                               | (Unaudited)                    |                              |                                |  |                                      |                   |
|-------------------------------|--------------------------------|------------------------------|--------------------------------|--|--------------------------------------|-------------------|
|                               | Six months ended 30 June 2021  |                              |                                |  |                                      |                   |
|                               | Germany<br>segment<br>HK\$'000 | China<br>segment<br>HK\$'000 | Denmark<br>segment<br>HK\$'000 | Inter-<br>segment<br>elimination<br>HK\$'000 | Unallocated<br>items (i)<br>HK\$'000 | Total<br>HK\$'000 |
| <b>Revenue</b>                | 202,777                        | 76,718                       | 41,390                         | (1,207)                                      | –                                    | 319,678           |
| Cost of revenue               | (90,197)                       | (49,368)                     | (21,130)                       | 842  | –                                    | (159,853)         |
| <b>Gross profit</b>           | 112,580                        | 27,350                       | 20,260                         | (365)  | –                                    | 159,825           |
| <b>EBITDA</b>                 | 103,600                        | 29,389                       | 16,210                         | –  | (15,386)                             | 133,813           |
| <b>Unallocated</b>            |                                |                              |                                |  |                                      |                   |
| Finance income                |                                |                              |                                |  |                                      | 3,283             |
| Finance expenses              |                                |                              |                                |  |                                      | (4,228)           |
| Depreciation and amortisation |                                |                              |                                |  |                                      | (36,891)          |
| Profit before income tax      |                                |                              |                                |  |                                      | 95,977            |
| Income tax expense            |                                |                              |                                |  |                                      | (30,399)          |
| <b>Profit for the period</b>  |                                |                              |                                |  |                                      | 65,578            |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION (Continued)

|                           | (Audited)                      |                              |                                |  |                                  |                   |
|---------------------------|--------------------------------|------------------------------|--------------------------------|--|----------------------------------|-------------------|
|                           | As at 31 December 2021         |                              |                                |  |                                  |                   |
|                           | Germany<br>segment<br>HK\$'000 | China<br>segment<br>HK\$'000 | Denmark<br>segment<br>HK\$'000 | Inter-<br>segment<br>elimination<br>HK\$'000 | Unallocated<br>items<br>HK\$'000 | Total<br>HK\$'000 |
| Segment total assets      | 514,468                        | 288,904                      | 64,974                         | (372,686)                                    | –                                | 495,660           |
| <b>Unallocated</b>        |                                |                              |                                |  |                                  |                   |
| Corporate assets          |                                |                              |                                |  |                                  | 846,924           |
| Deferred tax assets       |                                |                              |                                |  |                                  | 26,438            |
| <b>Total assets</b>       |                                |                              |                                |  |                                  | 1,369,022         |
| Segment total liabilities | 301,390                        | 231,454                      | 36,964                         | (264,911)                                    | –                                | 304,897           |
| <b>Unallocated</b>        |                                |                              |                                |  |                                  |                   |
| Corporate liabilities     |                                |                              |                                |  |                                  | 14,685            |
| Deferred tax liabilities  |                                |                              |                                |  |                                  | 8,963             |
| <b>Total liabilities</b>  |                                |                              |                                |  |                                  | 328,545           |

- (i) Unallocated items are cost of revenues and operating expenses which could not be categorized into a segment, including share-based compensation expenses, loss on fair value change of contingent consideration payable and other consulting fees at group level.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 6 SEGMENT INFORMATION (Continued)

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<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| UK      | 309,188                                    | –  |
| Germany | 177,956                                    | 190,949                                      |
| China   | 143,814                                    | 143,053                                      |
| Denmark | 54,088                                     | 33,741                                       |
|         | <b>685,046</b>                             | <b>367,743</b>                               |

## 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        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Revenue from contracts with customers (a)           |                                 |                                 |
| Provision of vision correction services             | 313,086                         | 318,677                         |
| Sales of pharmaceutical products                    | 34                              | 56                              |
| Others  | 1,095                           | 655                             |
|   | <b>314,215</b>                  | <b>319,388</b>                  |
| Rental of ophthalmic equipment and operating spaces | 1,411                           | 290                             |
|   | <b>315,626</b>                  | <b>319,678</b>                  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 7 REVENUE (Continued)

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

|         | <b>Six months ended 30 June</b> |             |
|---------|---------------------------------|-------------|
|         | <b>2022</b>                     | 2021        |
|         | <b>HK\$'000</b>                 | HK\$'000    |
|         | <b>(Unaudited)</b>              | (Unaudited) |
| Germany | <b>180,358</b>                  | 201,570     |
| UK      | <b>56,488</b>                   | –           |
| China   | <b>48,749</b>                   | 76,718      |
| Denmark | <b>30,031</b>                   | 41,390      |
|         | <b>315,626</b>                  | 319,678     |

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 2022 and 2021.

### (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 2022 and 2021:

|                                 | (Unaudited)                             |          |          |          |                                  |          |          |          |          |          |          |          | Total    |
|---------------------------------|---|----------|----------|----------|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                 | Six months ended 30 June 2022           |          |          |          |                                  |          |          |          |          |          |          |          |          |
|                                 | Provision of vision correction services |          |          |          | Sales of pharmaceutical products |          |          |          | Others   |          |          |          |          |
|                                 | Germany                                 | China    | Denmark  | UK       | Germany                          | China    | Denmark  | UK       | Germany  | China    | Denmark  | UK       | HK\$'000 |
|                                 | HK\$'000                                | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000                         | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue by business categories  | 179,374                                 | 48,749   | 29,997   | 54,966   | 34                               | –        | –        | –        | 2,069    | –        | –        | 462      | 315,651  |
| Eliminations                    | –                                       | –        | –        | –        | –                                | –        | –        | –        | (1,436)  | –        | –        | –        | (1,436)  |
| Revenue from external customers | 179,374                                 | 48,749   | 29,997   | 54,966   | 34                               | –        | –        | –        | 633      | –        | –        | 462      | 314,215  |
| Timing of revenue recognition   |   |          |          |          |                                  |          |          |          |          |          |          |          |          |
| – At a point in time            | –                                       | –        | –        | –        | 34                               | –        | –        | –        | 663      | –        | –        | 462      | 1,129    |
| – Over time                     | 179,374                                 | 48,749   | 29,997   | 54,966   | –                                | –        | –        | –        | –        | –        | –        | –        | 313,086  |
|                                 | 179,374                                 | 48,749   | 29,997   | 54,966   | 34                               | –        | –        | –        | 663      | –        | –        | 462      | 314,245  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 7 REVENUE (Continued)

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

|                                 | (Unaudited)                             |          |          |          |                                  |          |          |          |          |          |          |          | Total    |
|---------------------------------|---|----------|----------|----------|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                 | Six months ended 30 June 2021           |          |          |          |                                  |          |          |          |          |          |          |          |          |
|                                 | Provision of vision correction services |          |          |          | Sales of pharmaceutical products |          |          |          | Others   |          |          |          |          |
|                                 | Germany                                 | China    | Denmark  | UK       | Germany                          | China    | Denmark  | UK       | Germany  | China    | Denmark  | UK       |          |
|                                 | HK\$'000                                | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000                         | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 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        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Balance at beginning of the period             | 8,115                           | 7,952                           |
| Acquisition of a subsidiary ( <i>Note 25</i> ) | 7,351                           | –                               |
| Advance collected from customers               | 309,649                         | 316,984                         |
| Revenue recognised from contract liabilities   |                                 |                                 |
| – existed at the beginning of the period       | (8,115)                         | (7,952)                         |
| – occurred during the period                   | (302,150)                       | (307,220)                       |
| Balance at end of the period                   | 14,850                          | 9,764                           |

No significant cost was incurred for obtaining revenue contract for the six-month periods ended 30 June 2022 and 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 8 EXPENSES BY NATURE

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Employee benefit expenses (Note 9)                      | 90,512                          | 79,300                          |
| Raw materials and consumables                           | 42,037                          | 47,956                          |
| Depreciation of property, plant and equipment (Note 15) | 39,736                          | 36,498                          |
| Advertising and marketing expenditure                   | 19,548                          | 17,314                          |
| Utility and property management expenses                | 13,023                          | 7,708                           |
| Legal and other consulting services fee                 | 9,631                           | 9,401                           |
| Clinic, office and consumption expenses                 | 8,218                           | 6,145                           |
| Doctors' fee  | 7,448                           | 7,726                           |
| Repair and maintenance                                  | 4,694                           | 4,518                           |
| Transportation costs                                    | 4,062                           | 3,919                           |
| Amortisation of intangible assets (Note 15)             | 2,078                           | 393                             |
| Auditors' remuneration                                  |                                 |                                 |
| – PricewaterhouseCoopers                                | 599                             | 561                             |
| – other auditors  | 117                             | 102                             |
| Rent concession related to COVID-19                     | (1,171)                         | –                               |
| Others  | 2,666                           | 2,646                           |
| <b>Total</b>  | <b>243,198</b>                  | <b>224,187</b>                  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 9 EMPLOYEE BENEFIT EXPENSES

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Wages and salaries                                    | 77,381                          | 60,070                          |
| Contributions to defined contribution pension schemes | 6,738                           | 6,239                           |
| Provision for employee benefits and housing scheme    | 4,686                           | 3,657                           |
| Share-based payments                                  | 1,707                           | 9,334                           |
|   | 90,512                          | 79,300                          |

## 10 OTHER GAINS, NET

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Insurance compensation  | 1,573                           | 1,104                           |
| Gain/(loss) on disposal of property, plant, and equipment               | 9                               | (28)                            |
| Loss on fair value change of contingent consideration payable (Note 25) | (2,497)                         | –                               |
| Others  | 1,257                           | 355                             |
|   | 342                             | 1,431                           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 11 FINANCE INCOME AND EXPENSES, NET

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Finance income</b>                     |                                 |                                 |
| Foreign exchange gain, net                | 2,839                           | 3,115                           |
| Interest income                           | 164                             | 168                             |
|   | <b>3,003</b>                    | 3,283                           |
| <b>Finance expenses</b>                   |                                 |                                 |
| Interest expenses on                      |                                 |                                 |
| – borrowings from financial institutions  | 120                             | 262                             |
| – lease liabilities ( <i>Note 24(b)</i> ) | 3,523                           | 3,564                           |
| Others                                    | 1,864                           | 402                             |
|   | <b>5,507</b>                    | 4,228                           |
| <b>Finance expenses, net</b>              | <b>(2,504)</b>                  | (945)                           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 12 INCOME TAX EXPENSE

The Group was subject to different tax jurisdiction mainly in Germany, Denmark, UK, Mainland 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        |                                 |
|----------------------------|---------------------------------|---------------------------------|
|                            | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Current income tax         | 28,287                          | 33,027                          |
| Deferred income tax credit | (1,488)                         | (2,628)                         |
| Income tax expense         | 26,799                          | 30,399                          |

## 13 EARNINGS PER SHARE

### (a) Basic earnings per share

For the six-month periods ended 30 June 2022 and 2021, 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 |                     |
|--|--------------------------|---------------------|
|  | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| Profit attributable to owners of the Company (HK\$'000)    | 46,528                   | 65,138              |
| Weighted average number of ordinary shares in issue ('000) | 331,650                  | 328,496             |
| Earnings per share (basic) (HK cents)                      | 14.029                   | 19.829              |



## 13 EARNINGS PER SHARE (Continued)

### (b) Diluted earnings per share

For the six-month periods ended 30 June 2022 and 2021, 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.

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2022</b>                     | 2021        |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| Profit attributable to owners of the Company (HK\$'000)                                  | <b>46,528</b>                   | 65,138      |
| Weighted average number of ordinary shares and potential ordinary shares in issue ('000) | <b>332,028</b>                  | 329,353     |
| Earnings per share (diluted) (HK cents)  | <b>14.013</b>                   | 19.778      |

## 14 DIVIDENDS

On 23 March 2022, the Board of Directors of the Company declared a dividend of HK\$0.09932 per ordinary share totalling HK\$33,097,397 to the owners of the Company in respect of the year ended 31 December 2021 (six months ended 30 June 2021: HK\$9,837,512). The dividend was approved at the Annual General Meeting on 2 June 2022 and was fully paid during the six months ended 30 June 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 15 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

|  | (Unaudited)                                     |                                  |                      |
|--|---|----------------------------------|----------------------|
|  | Property,<br>plant and<br>equipment<br>HK\$'000 | Intangible<br>assets<br>HK\$'000 | Goodwill<br>HK\$'000 |
| <b>Six months ended 30 June 2022</b>           |   |                                  |                      |
| Opening net book amount                        | 355,636   | 4,539                            | 7,568                |
| Acquisition of a subsidiary ( <i>Note 25</i> ) | 55,065  | 35,352                           | 202,309              |
| Additions                                      | 123,981   | –                                | –                    |
| Depreciation/amortisation charge               | (39,736)  | (2,078)                          | –                    |
| Disposals                                      | –   | –                                | –                    |
| Exchange differences                           | (31,775)  | (2,820)                          | (22,995)             |
| <b>Closing net book amount</b>                 | <b>463,171</b>                                  | <b>34,993</b>                    | <b>186,882</b>       |
| <b>Six months ended 30 June 2021</b>           |   |                                  |                      |
| 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                   |
| <b>Closing net book amount</b>                 | <b>369,390</b>                                  | <b>4,942</b>                     | <b>7,437</b>         |

As at 30 June 2022, borrowings with amount of HK\$3,163,000 (31 December 2021: HK\$4,645,000) were secured against property, plant and equipment with net book value of HK\$4,293,000 (31 December 2021: HK\$5,690,000) (Note 23(a)).

The right-of-use assets included in property, plant and equipment as at 30 June 2022 amounted to HK\$284,427,000 (31 December 2021: HK\$195,427,000)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 16 TRADE RECEIVABLES

|                                     | As at                                      |  |
|-------------------------------------|--|--|
|                                     | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Total trade receivables             | 6,433                                      | 3,294  |
| Less: provision for impairment      | (205)                                      | (212)  |
| <b>Total trade receivables, net</b> | <b>6,228</b>                               | <b>3,082</b>                                 |

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 2022 and 31 December 2021, the ageing analysis of the trade receivables based on the invoice date was as follows:

|                 | As at                                      |  |
|-----------------|--|--|
|                 | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Within 6 months | 6,433                                      | 3,294  |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 16 TRADE RECEIVABLES (Continued)

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

|                                       | Six months ended 30 June |             |
|---------------------------------------|--------------------------|-------------|
|                                       | 2022                     | 2021        |
|                                       | HK\$'000                 | HK\$'000    |
|                                       | (Unaudited)              | (Unaudited) |
| Balance at beginning of the period    | 212                      | 153         |
| Acquisition of a subsidiary (Note 25) | 9                        | –           |
| Exchange differences                  | (16)                     | (5)         |
| Balance at end of the period          | 205                      | 148         |

## 17 CASH AND CASH EQUIVALENTS

|              | As at       |             |
|--------------|-------------|-------------|
|              | 30 June     | 31 December |
|              | 2022        | 2021        |
|              | HK\$'000    | HK\$'000    |
|              | (Unaudited) | (Audited)   |
| Cash on hand | 270         | 71          |
| Cash at bank | 715,741     | 845,565     |
|              | 716,011     | 845,636     |

The Group earns interests on cash at bank at floating bank deposit rates with no fixed maturity date, which range from 0% to 1.45% per annum for the period ended 30 June 2022 (For the period ended 30 June 2021: 0% to 0.30% per annum).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 18 SHARE CAPITAL

|  | Six months ended 30 June           |                                    | Six months ended 30 June |                         |
|--|------------------------------------|------------------------------------|--------------------------|-------------------------|
|  | 2022                               | 2021                               | 2022                     | 2021                    |
|  | Number of<br>shares<br>(Unaudited) | Number of<br>shares<br>(Unaudited) | HK\$'000<br>(Unaudited)  | HK\$'000<br>(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 of the period         | 329,234,000                        | 329,234,000                        | 25,826                   | 25,826                  |
| Acquisition of a subsidiary (Note 25)          | 4,006,000                          | –                                  | 312                      | –                       |
| Balance at the end of the period               | 333,240,000                        | 329,234,000                        | 26,138                   | 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<br>2022                    | 31 December<br>2021              | 30 June<br>2022         | 31 December<br>2021   |
|                              | Number of<br>shares<br>(Unaudited) | Number of<br>shares<br>(Audited) | HK\$'000<br>(Unaudited) | HK\$'000<br>(Audited) |
| Shares held for share scheme | 1,046,696                          | 848,357                          | 11,965                  | 11,344                |

|   | Number of<br>shares<br>(Unaudited) | Amount<br>HK\$'000<br>(Unaudited) |
|---|------------------------------------|-----------------------------------|
| As at 1 January 2022                        | 848,357                            | 11,344                            |
| Acquisition of shares by the Trustee        | 500,000                            | 4,456                             |
| Issue of shares under employee share scheme | (301,661)                          | (3,835)                           |
| As at 30 June 2022                          | 1,046,696                          | 11,965                            |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 20 OTHER RESERVES

|   | (Unaudited)   |   |  |                   |                   |
|---|---|---|--|-------------------|-------------------|
|   | Capital<br>reserve-<br>contributed<br>surplus<br>HK\$'000 | Capital<br>reserve-<br>share-based<br>payment<br>HK\$'000 | Currency<br>translation<br>reserve<br>HK\$'000 | Other<br>HK\$'000 | Total<br>HK\$'000 |
| 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 employee share schemes              | –   | (518)   | –  | –                 | (518)             |
| <b>At 30 June 2021</b>                                    | <b>92,326</b>   | <b>15,673</b>   | <b>58,875</b>                                  | <b>(3,682)</b>    | <b>163,192</b>    |
| At 1 January 2022   | <b>92,132</b>   | <b>9,014</b>  | <b>18,838</b>                                  | <b>(3,329)</b>    | <b>116,655</b>    |
| Exchange differences on translation of foreign operations | –   | –   | (81,502)                                       | –                 | (81,502)          |
| Appropriations to statutory surplus reserve               | <b>148</b>  | –   | –  | –                 | <b>148</b>        |
| Share-based payment                                       | –   | <b>1,707</b>  | –  | –                 | <b>1,707</b>      |
| Issue of shares under employee share schemes              | –   | <b>(2,421)</b>  | –  | –                 | <b>(2,421)</b>    |
| <b>At 30 June 2022</b>                                    | <b>92,280</b>   | <b>8,300</b>  | <b>(62,664)</b>                                | <b>(3,329)</b>    | <b>34,587</b>     |



## 21 SHARE-BASED PAYMENT

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

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:

|                           | <b>Number of<br/>shares 2022<br/>(Unaudited)</b> | Number of<br>shares 2021<br>(Unaudited) |
|---------------------------|--|---|
| As at 1 January           | <b>480,411</b>                                   | 433,570                                 |
| Granted during the period | <b>179,830</b>                                   | 1,075,231                               |
| Vested during the period  | <b>(301,661)</b>                                 | (1,004,231)                             |
| <b>As at 30 June</b>      | <b>358,580</b>                                   | 504,570                                 |

## 22 TRADE PAYABLES

As at 30 June 2022 and 31 December 2021, the ageing analysis of trade payables based on invoice dates is as follows:

|                                   | <b>As at</b>   |  |
|-----------------------------------|--|--|
|                                   | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Within 3 months                   | <b>20,438</b>  | 16,398                                       |
| Over 3 months but within 6 months | <b>3,581</b>   | 3,983  |
| Over 6 months but within 1 year   | <b>2,123</b>   | 256  |
| Over 1 year but within 2 years    | <b>320</b>   | 406  |
| Over 2 years                      | <b>328</b>   | 494  |
|                                   | <b>26,790</b>  | 21,537                                       |

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 2022

## 23 BORROWINGS

|   | <b>As at</b>       |             |
|---|--------------------|-------------|
|   | <b>30 June</b>     | 31 December |
|   | <b>2022</b>        | 2021        |
|   | <b>HK\$'000</b>    | HK\$'000    |
|   | <b>(Unaudited)</b> | (Audited)   |
| <b>Non-current</b>                                    |                    |             |
| Long-term borrowings- secured (a)                     | 1,344              | 2,729       |
| <b>Current</b>  |                    |             |
| Current portion of long-term borrowings – secured (a) | 1,819              | 1,916       |
| Bank overdrafts                                       | 484                | –           |
|   | <b>2,303</b>       | 1,916       |
| <b>Total borrowings</b>                               | <b>3,647</b>       | 4,645       |

- (a) As at 30 June 2022, these borrowings from financial institutions carried interests ranging from 5.71% to 6.12% per annum (31 December 2021: 5.71% to 6.12% per annum) and were secured against certain property, plant and equipment of the Group (Note 15). The loan is repayable by 8 August 2024.

The Group's borrowings were repayable as follows:

|                                 | <b>As at</b>       |             |
|---------------------------------|--------------------|-------------|
|                                 | <b>30 June</b>     | 31 December |
|                                 | <b>2022</b>        | 2021        |
|                                 | <b>HK\$'000</b>    | HK\$'000    |
|                                 | <b>(Unaudited)</b> | (Audited)   |
| Within 1 year                   | 2,303              | 1,916       |
| Over 1 year but within 2 years  | 1,344              | 2,234       |
| Over 2 years but within 5 years | –                  | 495         |
|                                 | <b>3,647</b>       | 4,645       |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022



## 23 BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

|                            | As at                                      |  |
|----------------------------|--|--|
|                            | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Floating rate              |  |  |
| – expiring within one year | –  | –  |
| – expiring beyond one year | 8,195                                      | 8,830  |
|                            | <b>8,195</b>                               | 8,830  |

## 24 LEASES

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

|                             | As at                                      |  |
|-----------------------------|--|--|
|                             | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| <b>Right-of-use assets*</b> |  |  |
| Properties                  | 284,034                                    | 194,772                                      |
| Medical equipment           | 393  | 655  |
|                             | <b>284,427</b>                             | 195,427                                      |

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 24 LEASES (Continued)

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

|                          | As at                                      |  |
|--------------------------|--|--|
|                          | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| <b>Lease liabilities</b> |  |  |
| Current                  | 50,564                                     | 43,499                                       |
| Non-current              | 255,072                                    | 173,332                                      |
|                          | <b>305,636</b>                             | 216,831                                      |

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

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Depreciation charge of right-of-use assets</b>                            |                                 |                                 |
| Properties   | 23,079                          | 20,147                          |
| Medical equipment  | 966                             | 2,554                           |
|  | <b>24,045</b>                   | 22,701                          |
| <b>Interest expenses on lease liabilities (included in finance expenses)</b> | <b>3,523</b>                    | 3,564                           |

The total cash outflow for leases for the six months ended 30 June 2022 was HK\$25,037,000 (six months ended 30 June 2021: HK\$21,326,000).



## 24 LEASES (Continued)

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

|   | As at                                      |  |
|---|--|--|
|   | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Commitments in relation to leases are payable as follows: |  |  |
| – Within one year   | 50,900                                     | 45,781                                       |
| – Later than one year but not later than two years        | 42,254                                     | 36,774                                       |
| – Later than two years but not later than five years      | 104,610                                    | 84,866                                       |
| – Later than five years                                   | 134,621                                    | 76,569                                       |
| Minimum lease payments                                    | 332,385                                    | 243,990                                      |
| Future finance charge                                     | (26,749)                                   | (27,159)                                     |
| Total lease liabilities                                   | 305,636                                    | 216,831                                      |
| The present value of lease liabilities is as follows:     |  |  |
| – Within one year   | 50,564                                     | 43,499                                       |
| – Later than one year but not later than two years        | 41,533                                     | 33,355                                       |
| – Later than two years but not later than five years      | 95,202                                     | 73,008                                       |
| – Later than five years                                   | 118,337                                    | 66,969                                       |
|   | 305,636                                    | 216,831                                      |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 24 LEASES (Continued)

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

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Balance at beginning of the period           | 216,831                         | 232,425                         |
| Acquisition of a subsidiary (Note 25)        | 47,730                          | –                               |
| Lease payment                                | (25,037)                        | (21,326)                        |
| Accrued interest                             | 3,523                           | 3,564                           |
| Increase in right-of-use assets              | 84,458                          | 15,246                          |
| Lease modification                           | 1,189                           | 19,315                          |
| Decrease in right-of-use assets              | –                               | (683)                           |
| Rent concession related to COVID-19 (Note 8) | (1,171)                         | –                               |
| Exchange differences                         | (21,887)                        | (7,456)                         |
| <b>Balance at end of the period</b>          | <b>305,636</b>                  | <b>241,085</b>                  |

## 25 BUSINESS COMBINATION

On 20 January 2022, the Group acquired 100% of the issued shares in London Vision Clinic Partners Ltd., one of the leading companies in the vision correction industry in the UK. Subject to the terms and conditions set out in the share purchase agreement, the consideration composed of (a) the completion cash consideration; (b) the completion consideration shares; (c) the contingent cash consideration; and (d) the earn out consideration, and subject to the consideration adjustment. The maximum consideration for the acquisition shall be approximately GBP34,327,985 (equivalent to HK\$363,866,000). As of 20 January 2022, the fair value of the total consideration was GBP25,017,000 (equivalent to HK\$265,172,000).

After the acquisition date of 20 January 2022, the Group obtained the control over London Vision Clinic Partners Ltd. and London Vision Clinic Partners Ltd. became a subsidiary of the Group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

|                                     | HK\$'000       |
|-------------------------------------|----------------|
| Purchase consideration:             |                |
| Cash paid                           | 128,021        |
| Consideration shares (ii)           | 35,733         |
| Contingent consideration (iii)      | 101,418        |
| <b>Total purchase consideration</b> | <b>265,172</b> |



## 25 BUSINESS COMBINATION (Continued)

As at the acquisition date, the assets and liabilities recognised as a result of the acquisition are as follows:

|   | <b>Fair value<br/>HK\$'000</b> |
|---|--------------------------------|
| Cash and cash equivalents               | 36,468                         |
| Property, plant and equipment           | 55,065                         |
| Trademark ( <i>Note 15</i> )            | 34,979                         |
| Software                                | 373                            |
| Inventories                             | 1,335                          |
| Receivables                             | 11,477                         |
| Contract liabilities                    | (7,351)                        |
| Lease liabilities                       | (47,730)                       |
| Trade and other payables                | (14,178)                       |
| Net deferred tax liabilities            | (7,675)                        |
| <b>Net identifiable assets acquired</b> | <b>62,863</b>                  |
| <b>Add: goodwill</b>                    | <b>202,309</b>                 |
|   | <b>265,172</b>                 |

The goodwill is attributable to London Vision Clinic Partners Ltd.'s strong position and profitability in vision correction industry and synergies expected to arise after the Group's acquisition of this new subsidiary. It has been allocated to the UK segment. None of the goodwill is expected to be deductible for tax purposes.

The fair value of the acquired property, plant and equipment is HK\$55,065,000 per final valuations for those assets. Deferred tax liability of HK\$6,646,000 has been provided in relation to these fair value appreciation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 25 BUSINESS COMBINATION (Continued)

### (i) Acquisition-related costs

Acquisition-related costs of HK\$3,293,000 are included in the administrative expenses in the profit or loss.

### (ii) Consideration shares

On 4 February 2022, the consideration of GBP3,371,000 (equivalent to HK\$35,733,000) is settled by way of allotment and issue of ordinary shares at an issue price of HK\$8.92 per share.

### (iii) Contingent consideration

Pursuant to the conditions of the share purchase agreement, the contingent consideration arrangement requires the Group to pay the former owners of London Vision Clinic Partners Ltd. first earn out of GBP1,560,000 (equivalent to HK\$16,536,000) in excess of GBP7,629,000 (equivalent to HK\$80,865,000) cumulative adjusted EBIT for three years from 2022 to 2024, second earn out of GBP390,000 (equivalent to HK\$4,134,000) per year on reach of the target adjusted EBIT for each financial year from 2022 to 2025, and cash earn out up to a maximum undiscounted amount of GBP14,625,000 (equivalent to HK\$155,021,000) on the reach of target revenue growth and target EBIT growth of each financial year from 2022 to 2025.

The fair value of the contingent consideration arrangement of HK\$101,418,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 5.9% and assumed probability-adjusted EBIT and revenue growth rate in London Vision Clinic Partners Ltd. from 2022 to 2025 (Note 4.2).

As at 30 June 2022, a loss of HK\$2,497,000 (Note 10) was recognised in other gains, net off in the profit or loss for the change of fair value of contingent consideration and a gain of HK\$3,224,000 was recognised in finance expenses in the profit or loss for the change of foreign exchange rate. The liability is presented within contingent consideration payable in the balance sheet.

### (iv) Revenue and profit contribution

The acquired business contributed revenues of HK\$56,488,000 and net profit of HK\$11,279,000 to the Group for the period from 20 January 2022 to 30 June 2022.



## 26 COMMITMENTS

### (a) Capital commitments

|                        | As at                                      |  |
|------------------------|--|--|
|                        | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Leasehold improvements | –  | 300  |

### (b) Lease commitments for short-term leases

|               | As at                                      |  |
|---------------|--|--|
|               | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Within 1 year | 1,073                                      | –  |

## 27 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

London Vision Clinic Limited

Controlled by an Executive Director of the Company

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 27 RELATED PARTY TRANSACTIONS (Continued)

### (a) Transactions with related parties

|                                 | Six months ended 30 June        |                                 |
|---------------------------------|---------------------------------|---------------------------------|
|                                 | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Rendering services from:        |                                 |                                 |
| – London Vision Clinic Limited  | 1,676                           | –                               |
| Rendering services to:          |                                 |                                 |
| – Dr Jørgensen und Kollegen GbR | 633                             | 655                             |

### (b) Balances with related parties

|                                 | As at                                      |  |
|---------------------------------|--|--|
|                                 | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Trade receivables:              |  |  |
| – Dr Jørgensen und Kollegen GbR | 74   | 44   |
| Other payables:                 |  |  |
| – London Vision Clinic Limited  | 2,000                                      | –  |

### (c) Key management compensation

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Salaries and other short-term employee benefits | 3,061                           | 3,606                           |
| Directors' fees                                 | 870                             | 990                             |
| Share-based payments                            | 402                             | 411                             |
|   | 4,333                           | 5,007                           |



## BUSINESS REVIEW

The first half of the year 2022 was a challenging period to EuroEyes. The global pandemic and COVID-19 control policy remain as the most critical factor that affects the Group's business.

In the first half of 2022, Euro depreciation against Hong Kong Dollar resulted in a decrease in profit contribution in HKD terms, affecting the Group's financial position and performance. The average exchange rate of EUR to HKD during the first half of 2022 declined approximately 8.6% compared to the corresponding period of 2021. However, the unfavorable currency fluctuation has no material operational effect to the Group.

### Business and Operation in the PRC

Multiple waves of Omicron variant outbreaks emerged in the PRC during the first half of 2022, spreading to some major cities in the PRC where the Group operates its business, including Shanghai, Shenzhen, Beijing, and Hangzhou. Subsequent to it, Shanghai experienced a two-month citywide static management, which caused the Group's business in Shanghai to be suspended from the end of March 2022, and only resumed operation in early June 2022. Beijing imposed strict control measures, including intracity and intercity traffic restrictions and partial static management during May and June 2022, resulting in a negative impact on the number of outpatient consultation and surgery reservations in Beijing.

However, with the strict COVID-19 control measures easing in the PRC, the Group's business gradually returned to normality. The number of outpatient consultation has been gradually getting back to pre-COVID levels.

### Business and Operation in Europe

The lifting of the two-year pandemic inter-country travel restrictions across Europe has shifted consumer interests into vacation travel, delaying the patients' operation schedules. However, this is seen as a one-time seasonal effect. The surgery demand in Europe is expected to rebound when the vacation season ends.

In Denmark, the construction period of new Copenhagen clinic was prolonged in early 2022 due to COVID-19 control policy in Denmark which resulted an around 60-day of vacancy for surgery operation. The clinic has operated the first surgery in March 2022.

On 20 January 2022, the Group entered into a share purchase agreement with an independent third party to acquire the entire issued shares in London Vision Clinic Partners Limited. During the period for the six months ended 30 June 2022, the business of London Vision Clinic is growing and is on track with the agreed growth targets stated in the share purchase agreement under the Acquisition (as defined below).

### Business Performance of the Group

Despite the continued operational headwind induced by the pandemic, the Group is confident that its business model and adaptability will facilitate the Group to thrive during recovery from the unfavourable environment.

For the six months ended 30 June 2022, the total revenue of the Group was approximately HK\$315.6 million, representing a decrease of approximately 1.3% (EUR equivalent: an increase of approximately 8.0%) compared to the corresponding period in 2021. The strict control measures in the PRC have been eased gradually and the intracity and intercity travel is allowed, the business in China has resumed to normal. The new Copenhagen clinic in Denmark has been open for business. The Group is gradually getting back on track and getting close to the pre-COVID levels.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gross profit for the six months ended 30 June 2022 was approximately HK\$142.6 million, decreased 10.8% (EUR equivalent: approximately 2.4%) compared to the corresponding period in 2021. The adjusted gross profit was approximately HK\$144.3 million, decreased approximately 11.7% (EUR equivalent: approximately 3.5%) compared to the corresponding period of 2021, representing an adjusted gross profit margin of approximately 45.7%.

The Group's net profit after tax of approximately HK\$43.5 million for the six months ended 30 June 2022, decreased approximately 33.7% (EUR equivalent: approximately 27.5%) compared to the corresponding period in 2021. The adjusted net profit after tax was approximately HK\$53.5 million, decreased approximately 28.2% (EUR equivalent: approximately 21.7%), representing an adjusted net profit margin of approximately 17.0%.

### REVENUE BY GEOGRAPHICAL REGIONS

#### Revenue in PRC

For the six months ended 30 June 2022, the Group's revenue in the PRC was approximately HK\$48.8 million, which decreased approximately 36.5% compared to the corresponding period in 2021, representing approximately 15.4% of the total revenue.

#### Revenue in Europe

The Group's revenue in Germany for the six months ended 30 June 2022 was approximately HK\$180.4 million, decreased approximately 10.5% compared to the corresponding period in 2021, representing approximately 57.2% of the total revenue.

The Group's revenue in the United Kingdom for the six months ended 30 June 2022 was approximately HK\$56.5 million, representing approximately 17.9% of the total revenue.

The Group's revenue in Denmark for the six months ended 30 June 2022 was approximately HK\$30.0 million, decreased approximately 27.4% compared to the corresponding period in 2021, representing approximately 9.5% of the total revenue.

### REVENUE BY TYPES OF SURGERIES

Lens surgeries continue to form an integral and essential part of the Group's business, including phakic lens (ICL) surgery and advanced lens exchange surgery, and constituted an aggregate of approximately 56.0% (2021: approximately 66.7%) of the total surgery revenue for the six months ended 30 June 2022. The decrease in the percentage of revenue from lens surgery is mainly attributable to the first consolidation of London Vision Clinic, which is focused on refractive laser surgeries.

#### Lens exchange surgery

For the six months ended 30 June 2022, the Group's revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately HK\$135.3 million, marked a decrease of approximately 15.7% compared to the corresponding period in 2021. The revenue from lens exchange surgery accounted for approximately 44.1% (2021: approximately 51.1%) of the total surgery revenue.

The revenue of lens exchange surgery for the six months ended 30 June 2022 performed by Germany, PRC and Denmark was approximately HK\$89.8 million, HK\$17.9 million and HK\$26.6 million respectively, decreased approximately 3.9%, 42.1%, and 26.4% compared with the corresponding period in 2021. The revenue of lens exchange surgery performed in the UK was HK\$1.0 million for the six months ended 30 June 2022.



### Phakic lens (ICL) surgery

The revenue from performing phakic lens (ICL) surgery was approximately HK\$36.4 million, decreased approximately 25.3% compared to the corresponding period in 2021. The revenue from ICL surgery accounted for approximately 11.9% (2021: approximately 15.5%) of the total surgery revenue for the six months ended 30 June 2022.

The revenue of ICL surgery performed by Germany, PRC, and Denmark was approximately HK\$20.5 million, HK\$12.9 million and HK\$0.6 million respectively, decreased approximately 21.3%, 39.5%, and 54.6% compared to the corresponding period in 2021. The revenue of ICL surgery performed by UK was HK\$2.4 million for the six months ended 30 June 2022.

### Refractive Laser Surgery

The revenue from performing refractive laser surgery was approximately HK\$134.8 million, increased approximately 29.0% compared to the corresponding period in 2021. The revenue from refractive laser surgery accounted for approximately 44.0% (2021: approximately 33.3%) of the total surgery revenue for the six months ended 30 June 2022. This was mainly attributable to the first consolidation of London Vision Clinic, which is focused on refractive laser surgeries. Its specialized surgery type, Presbyond®, is included in the refractive laser surgery.

The revenue of refractive laser surgery performed by Germany, PRC and Denmark was approximately HK\$67.8 million, HK\$16.1 million, and HK\$2.0 million respectively, decreased approximately 15.2%, 27.9%, and 8.6% compared to the corresponding period in 2021. The revenue of refractive laser surgery performed by UK was HK\$48.9 million for the six months ended 30 June 2022.

## FINANCIAL REVIEW

### 1. Revenue

The Group is a high-end vision correction service provider in Germany, the PRC, Denmark, and the UK. The Group's vision correction services include refractive laser surgery (which includes ReLEx SMILE, FemtoLASIK and Presbyond®), 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 |                    |                |                    |
|---|--------------------------|--------------------|----------------|--------------------|
|   | 2022                     |                    | 2021           |                    |
|   | HK\$'000                 | % of total revenue | HK\$'000       | % of total revenue |
| Provision of vision correction services             | 313,086                  | 99.3%              | 318,677        | 99.7%              |
| Rental of ophthalmic equipment and operating spaces | 1,411                    | 0.4%               | 290            | 0.1%               |
| Sales of pharmaceutical products                    | 34                       | 0.0%               | 56             | 0.0%               |
| Others  | 1,095                    | 0.3%               | 655            | 0.2%               |
| <b>Total</b>  | <b>315,626</b>           | <b>100.0%</b>      | <b>319,678</b> | <b>100.0%</b>      |

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total revenue for the six months ended 30 June 2022 was approximately HK\$315.6 million, representing a year-on-year decrease of 1.3%, which was mainly due to i) the continuous outbreak of the COVID-19 pandemic in the first half of the year and the strict control measures carried out in the PRC; ii) prolonged construction period of new Copenhagen clinic due to COVID-19 control policy in Denmark which resulted an around 60-day of vacancy for surgery operation; iii) the lifting of the two-year pandemic inter-country travel restrictions across Europe has shifted consumer interests into vacation travel, delaying operation schedules; and iv) Euro depreciation against Hong Kong Dollar resulted in a decrease in profit contribution in HKD terms, affecting the Company's financial position and performance.

The Group's revenue was generated from Germany, the PRC, Denmark and the UK. As at 30 June 2022, the Group had a total of 29 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 |                    |          |                    |
|--------------|--------------------------|--------------------|----------|--------------------|
|              | 2022                     |                    | 2021     |                    |
|              | HK\$'000                 | % of total revenue | HK\$'000 | % of total revenue |
| Germany      | 180,358                  | 57.2%              | 201,570  | 63.1%              |
| UK           | 56,488                   | 17.9%              | –        | –                  |
| China        | 48,749                   | 15.4%              | 76,718   | 24.0%              |
| Denmark      | 30,031                   | 9.5%               | 41,390   | 12.9%              |
| <b>Total</b> | <b>315,626</b>           | <b>100.0%</b>      | 319,678  | 100.0%             |

For the six months ended 30 June 2022, the Group generated 57.2% of its revenue from Germany, 17.9% from the UK, 15.4% from the PRC and 9.5% from Denmark.

### 2. Cost of Revenue

For the six months ended 30 June 2022, the largest cost of revenue incurred continued to be employee benefit expenses, representing 21.3% of the Group's total revenue (2021: 17.0%), followed by raw materials and consumables, representing 13.3% (2021: 15.0%) of the Group's total revenue.

| Cost of sales                                 | Six months ended 30 June |                  |             |
|---|--------------------------|------------------|-------------|
|   | 2022<br>HK\$'000         | 2021<br>HK\$'000 | change<br>% |
| Employee benefit expenses                     | 67,185                   | 54,372           | 23.6%       |
| Raw materials and consumables                 | 42,037                   | 47,956           | (12.3%)     |
| Depreciation of property, plant and equipment | 32,579                   | 29,436           | 10.7%       |
| Doctor's fee                                  | 7,328                    | 7,726            | (5.2%)      |
| Others <sup>(1)</sup>                         | 23,943                   | 20,363           | 17.6%       |
| <b>Total</b>                                  | <b>173,072</b>           | 159,853          | 8.3%        |

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 2022 amounted to approximately HK\$173.1 million, representing an increase of approximately 8.3% compared to the corresponding period in 2021. The increase was primarily attributable to the increase in the number of surgeries performed by the clinic in the UK, which resulted in (i) the increase of employee benefit expenses; and (ii) the increase of depreciation of property, plant and equipment. The consumption of raw materials and consumables decreased approximately 12.3% compared to the corresponding period in 2021, which is primarily attributable to the decrease of the number of surgeries, and the fact that the Group obtained more favourable purchase prices for raw materials and consumables from its major suppliers.

### 3. Gross Profit and Gross Profit Margin

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

|   | Six months ended 30 June |                  | change<br>% |
|---|--------------------------|------------------|-------------|
|   | 2022<br>HK\$'000         | 2021<br>HK\$'000 |             |
| Revenue   | 315,626                  | 319,678          | (1.3%)      |
| Cost of sales   | (173,072)                | (159,853)        | 8.3%        |
| Gross profit  | 142,554                  | 159,825          | (10.8%)     |
| Gross profit margin   | 45.2%                    | 50.0%            |             |
| <b>Adjusted Gross profit</b><br>(see "Non-IFRS Financial Measures" section) | 144,279                  | 163,367          | (11.7%)     |
| <b>Adjusted Gross profit margin</b>   | 45.7%                    | 51.1%            |             |

The gross profit of the Group for the six months ended 30 June 2022 decreased by approximately HK\$17.3 million or 10.8% compared to the corresponding period in 2021. The adjusted gross profit decreased by approximately HK\$19.1 million or 11.7% compared to the corresponding period in 2021. The adjusted gross profit margin was 45.7%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Selling Expenses

The Group's selling expenses for the six months ended 30 June 2022 amounted to approximately HK\$29.1 million, representing an increase of approximately HK\$2.4 million or 9.1% as compared to the corresponding period in 2021, which was primarily due to the increase in the advertising and marketing expenditure in the UK. For the six months ended 30 June 2022, the selling expenses amounted to 9.2% of the Group's total revenue (2021: 8.4%).

|   | Six months ended 30 June |                  |             |
|---|--------------------------|------------------|-------------|
|   | 2022<br>HK\$'000         | 2021<br>HK\$'000 | change<br>% |
| Advertising and marketing expenditure         | 19,377                   | 17,314           | 11.9%       |
| Employee benefit expenses                     | 5,567                    | 6,781            | (17.9%)     |
| Depreciation of property, plant and equipment | 2,514                    | 1,843            | 36.4%       |
| Others  | 1,676                    | 776              | 116.0%      |
| <b>Total</b>                                  | <b>29,133</b>            | <b>26,714</b>    | <b>9.1%</b> |

### 5. Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2022 amounted to approximately HK\$41.0 million, representing an increase of approximately HK\$3.4 million or 9.0% as compared to the corresponding period in 2021. This was mainly due to the increase of the administrative expenses in the UK. For the six months ended 30 June 2022, the administrative expenses amounted to 13.0% of the Group's total revenue (2021: 11.8%).

|   | Six months ended 30 June |                  |             |
|---|--------------------------|------------------|-------------|
|   | 2022<br>HK\$'000         | 2021<br>HK\$'000 | change<br>% |
| Employee benefit expenses                     | 17,760                   | 18,146           | (2.1%)      |
| Legal, consulting and other service fee       | 9,517                    | 8,951            | 6.3%        |
| Depreciation of property, plant and equipment | 4,643                    | 5,219            | (11.0%)     |
| Office and consumption expenses               | 3,737                    | 1,974            | 89.3%       |
| Others  | 5,336                    | 3,330            | 60.2%       |
| <b>Total</b>                                  | <b>40,993</b>            | <b>37,620</b>    | <b>9.0%</b> |



## 6. Finance Income and Expenses, net

The finance income of the Group for the six months ended 30 June 2022 amounted to approximately HK\$3.0 million, representing a decrease of approximately 8.5% compared to the corresponding period in 2021, which was primarily due to the foreign exchange loss in relation to the proceeds of the Company's global offering.

The finance expenses of the Group increased by 30.3% from approximately HK\$4.2 million for the six months ended 30 June 2021 to approximately HK\$5.5 million for the six months ended 30 June 2022, which was primarily attributable to the increase in the finance costs in UK after the acquisition in 2022.

## 7. Borrowings

As at 30 June 2022, the Group had outstanding borrowings of approximately HK\$3.6 million, of which approximately HK\$2.3 million shall be repaid within one year. The borrowings are mainly 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 30 June 2022 was mainly attributable to the payment of regular rent to the financial leasing company.

As at 30 June 2022, the borrowings were denominated in Euro ("EUR" or "€") and Great British Pound ("GBP" or "£"). 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, UK and China with most of the transactions being settled in EUR, Danish Krone ("DKK"), GBP, 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. The assets and liabilities of the group entities in Germany, Denmark, UK and China are primarily denominated in EUR, DKK, GBP and RMB, respectively, which are their respective functional currencies.

As at 30 June 2022, the foreign exchange risk mainly arises from the Group's RMB denominated assets and liabilities in China segment. If RMB had weakened/strengthened by 5% against EUR with all other variables held constant, post-tax profit for the six months ended 30 June 2022 would have been approximately HK\$3,007,000 lower/higher (six months ended 30 June 2021: HK\$395,000 lower/higher).

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

## 9. Charges on Group Assets

As at 30 June 2022, borrowings of approximately HK\$3.2 million (as at 31 December 2021: approximately HK\$4.6 million) were secured by property, plant and equipment with net book value of approximately HK\$4.3 million (as at 31 December 2021: approximately HK\$5.7 million) for the finance lease.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 10. Capital Commitments

The Group had no capital commitment (as at 31 December 2021: approximately HK\$0.3 million) in relation to the addition of property, plant and equipment as at 30 June 2022.

### 11. Contingent Liabilities

According to the share purchase agreement under the Acquisition (as defined below), the contingent consideration requires the Group to pay the former owners of London Vision Clinic Partners Ltd.

As at 30 June 2022, the Group had contingent consideration payable of approximately HK\$93.4 million, of which approximately HK\$16.3 million shall be paid within one year (as at 31 December 2021: Nil).

### 12. Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

As disclosed in the announcements of the Company dated 20 January 2022 and 28 January 2022, the Group acquired 100% of the issued shares in London Vision Clinic Partners Ltd., one of the leading companies in the vision correction industry in the UK for maximum consideration of £34,327,985 (equivalent to HK\$363,866,000) (the “**Acquisition**”).

The Directors consider that the Acquisition represented a good opportunity for the Group to tap into London’s high-end refractive and presbyopia surgery markets and expand its business. Details of the material acquisitions of the Group during the reporting period are set out under Note 25 to the condensed consolidated financial statements of this report.

Save as disclosed in this report, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2022.

### 13. Significant Investments

Save as disclosed in this report, there were no significant investments of the Group for the six months ended 30 June 2022.

### 14. Plans for Significant Investments or Capital Assets

Save as disclosed in the prospectus of the Company dated 30 September 2019 (the “**Prospectus**”), the capital commitment in relation to the addition of property, plant and equipment, and the Acquisition 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 2022.

### 15. Liquidity and Financial 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 2022, the principal source of the Company was cash generated from the business operations of the Group and the proceeds from the Company’s global offering. As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$716.0 million and the cash and cash equivalents were denominated in EUR, HKD, RMB, GBP and DKK.

The Group's current gearing ratio (calculated as current assets over current liabilities) was approximately 4.5 times as at 30 June 2022 as compared to 6.7 times at 31 December 2021.

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 30 June 2022 was approximately 0.13% (as at 31 December 2021: 0.26%).

There were no material changes in the funding and treasury policy of the Group for the six months ended 30 June 2022.

#### 16. 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. 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 30 June 2022:

| Use of net proceeds                                  | Percentage of the net proceeds (%) | Planned application (HK\$'000) | Actual usage up to 30 June 2022 (HK\$'000) | Unutilised net proceeds as at 30 June 2022 (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                        | 34,219                                     | 230,047   | By 31 December 2025  |
| For potential acquisition of clinic groups in Europe | 33.0                               | 218,019                        | 91,453                                     | 126,566   | By 31 December 2024  |
| For the expansion of marketing efforts               | 17.0                               | 112,313                        | 3,217                                      | 109,096   | 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                        | 130,392                                    | 530,272   |  |

## OUTLOOK AND FUTURE STRATEGIES

Due to the continued impact of the pandemic and the uncertain geo-political tension, we expect the operating environment to remain challenging in the near future. However, the business of the Group has been gradually getting back to the pre-COVID levels, and the Group is confident that its business model and adaptability will facilitate the Group to thrive during the recovery from the pandemic. The Group expects a strong rebound for the second half of 2022.

The Group is prudent in its expansion plan, strives to improve its profitability, and maintains a healthy cash flow, which builds resilience under an unfavourable economic environment. Alongside, the Group has a far-reaching geographical coverage with operations in Germany, the PRC, Denmark and United Kingdom. The global footprints diversify the business risks generated from a single region, equipping the Group with a strong anti-risk ability and supporting the sustainable growth of the Group.

Looking ahead, the Group will continue to adopt its strategy to maintain the rapid and sustainable development of the Group's business. Specifically, the Group will focus on the following business strategies:

### Access to New Markets

Through the Acquisition, the Group is enabled to establish new clinics in the UK. The Group is planning for the second clinic in London to cater for the booming demands there. The new clinic will be located in Knightsbridge, which is home to many luxury boutiques, including the department stores Harrods and Harvey Nichols, and flagship stores of many British and international fashion houses. The new clinic has finished the clinic design and is anticipated to open in the first quarter of 2023.

### Access to New Patient Groups

In the second half of 2022, the Group is going to launch PRESBYOND® Laser Blended Vision in China with the help of Prof Dan Reinstein, inventor of the treatment. PRESBYOND® Laser Blended Vision is an excimer laser-based solution developed by ZEISS for treating patients with presbyopia, which will enable EuroEyes to treat an ever larger and younger group of patients (40+) suffering with the onset of presbyopia symptoms. This will also enable those presbyopia patients who are afraid of having lens exchange surgery to accept a new solution to presbyopia.



### New Clinic Pipeline

In Germany, the Group is constructing three new clinics in Baden-Baden, Wiesbaden and Kiel, respectively. Baden-Baden is a world-famous spa town in southwest Germany with a top-class reputation for healthcare. Wiesbaden is the second-largest city in the state of Hesse, and Kiel is the capital and the most populous city in the northern state of Schleswig-Holstein of Germany. Specifically, the clinics in Baden-Baden and Wiesbaden are anticipated to commence trial operation in the fourth quarter of 2022, and the clinic in Kiel is anticipated to commence trial operation in first quarter of 2023.

In the PRC, the new clinic in Chengdu has commenced operation in March 2022 and received rousing welcome by local patients. Moreover, the Group is selecting locations for consultation centres in Beijing and Shanghai. As outpatient clinics providing examination and non-surgical treatment, consultation centres are expected to increase the utilization rate of the Group's existing surgical centres, enabling the Group to penetrate further into the cities with large potential. However, affected by the COVID-19 pandemic in the PRC, the 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.

In Denmark, though affected by the COVID-19 control policy, the construction period of new Copenhagen clinic was prolonged, the new clinic located in Parken Stadium, the landmark in Copenhagen, has operated the first surgery in March 2022, and is anticipated to continue to grow in the future.

### Surgeons and Ophthalmologists Training

The Group places great emphasis on the improvement of internal training system. In July 2022, the Group signed a tri-party agreement of mutual cooperation ("AMC") with the Eye Center of Second Affiliated Hospital Zhejiang University School of Medicine, Zhejiang University Eye Hospital and The David J. Apple International Laboratory for Ocular Pathology & International Vision Correction Research Centre (IVCRC), University Eye Clinic of the Ruprecht-Karls-University of Heidelberg. The AMC includes joint participation in respective clinical and scientific activities and research, and all parties will establish an exchange programme for young doctors to train and share experiences in the different locations.

This collaboration will enable EuroEyes to get in contact with many young talented Chinese eye doctors for the Group's growth and expansion in China, and enable EuroEyes to attract talented European surgeons who get the possibilities to train and achieve more experiences in China.

Looking ahead, the Group will continue to attach great importance to nurture new generations of eye doctors, support them to obtain additional qualification certification, and provide further training to the current team across the Group.

## OTHER INFORMATION

### RESULTS AND APPROPRIATIONS

The results of the Group for the six months ended 30 June 2022 are set out in the condensed consolidated statement of comprehensive income on pages 9 to 10.

Save as disclosed in this report, there have been no material changes in the development or future development of the Group's business and financial position since the publication of the annual report of the Company for the year ended 31 December 2021, and no important events affecting the Group which have occurred since 30 June 2022.

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (for the corresponding period in 2021: 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 2022, 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<br>("Dr Jørgensen") | Interest in a controlled corporation;<br>Beneficial owner and interest of spouse | 178,282,100 (L)<br>(Note 2) | 53.50%   |
| Dr Markus Braun                            | Beneficial owner   | 263,000 (L)                 | 0.08%  |
| Dr Ralf-Christian Lerche                   | Beneficial owner and interest of spouse  | 3,131,000 (L)<br>(Note 3)   | 0.94%  |
| Mr Jannik Jonas Slot Jørgensen             | Beneficial owner   | 5,946,000 (L)               | 1.78%  |
| Mr Marcus Huascar Bracklo                  | Beneficial owner   | 588,000 (L)<br>(Note 4)     | 0.18%  |



*Notes:*

(L) denotes long position.

1. Total number of issued shares of the Company as at 30 June 2022 was 333,240,000.
2. Out of 178,282,100 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 379,100 shares were held by Dr Susanne Jørgensen, the spouse of Dr Jørgensen.
3. Out of 3,131,000 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. Out of 588,000 shares that Mr Marcus Huascar Bracklo was interested, 350,000 shares were held by Baigo Capital GmbH which is owned as to 100% by Mr Marcus Huascar Bracklo.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 pursuant to 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 (Note 1) |
|---------------------------------|---|-----------------------------|--|
| Dr Susanne Jørgensen            | Beneficial owner and interest of spouse | 178,282,100 (L)<br>(Note 2) | 53.50%   |

*Notes:*

(L) denotes long position.

1. The total number of issued shares of the Company as at 30 June 2022 was 333,240,000.
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 2022, 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 required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the six months ended 30 June 2022.

### 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 2022.

### 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.

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 2022, a total of 179,830 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.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the six-month period ended 30 June 2022, the Company has complied with the code provisions under Part 2 of the CG Code, save and except for the following:

### Code Provision C.2.1

Under CG Code provision C.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 of the Board (the “**Chairman**”) and also acts as the chief executive officer of the Company (the “**CEO**”) 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 CEO 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. The Board will continue to review and consider the separation of the roles of the Chairman and the CEO at an appropriate time, taking into considerations of the business development of the Group and the interest of the shareholders of the Company (the “**Shareholders**”) as a whole.

### Code Provision F.2.2

The provision F.2.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting of the Company. Dr Jørgensen, the Chairman did not attend the Company’s annual general meeting (the “**AGM**”) held on 2 June 2022. However, Dr Markus Braun, the Chief Financial Officer and other Directors have attended the AGM and answered questions to ensure effective communication with the Shareholders.

## 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 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## OTHER INFORMATION

### EMPLOYEES

As at 30 June 2022, the Group had 334 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 2022, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) of Hong Kong, the Labour Law of the PRC and the Labour Contract Law of the PRC, German Civil Code and relevant collective agreements and statutes of Denmark.

### AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") has reviewed the Group's unaudited condensed consolidated results for the six months ended 30 June 2022 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, with no disagreement with accounting treatment adopted in the preparation of this report by the Audit Committee.

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

Hong Kong, 24 August 2022

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