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

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

Stock code 股份代號：1846

Annual Report
年度報告
2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr Jørn Slot Jørgensen
(Chairman and Chief Executive Officer)

Dr Markus Braun
(Chief Financial Officer)

Dr Ralf-Christian Lerche
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent Non-executive Directors

Mr Hans Helmuth Hennig
Ms Katherine Rong Xin
Mr Philip Duncan Wright

AUDIT COMMITTEE

Mr Philip Duncan Wright *(Chairman)*
Mr Marcus Huascar Bracklo
Mr Hans Helmuth Hennig

REMUNERATION COMMITTEE

Mr Hans Helmuth Hennig *(Chairman)*
Dr Jørn Slot Jørgensen
Ms Katherine Rong Xin

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr Markus Braun
Ms Rosenna Ho

COMPANY SECRETARY

Ms Rosenna Ho

CORPORATE HEADQUARTERS

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Germany

REGISTERED ADDRESS

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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Level 54, Hopewell Centre
183 Queen’s Road East
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AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
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PRINCIPAL BANKS

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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
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Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
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TW Partners
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COMPANY WEBSITE

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STOCK CODE

01846

FIVE-YEAR FINANCIAL SUMMARY

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

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Result					
Revenue	**632,931**	473,818	429,692	397,394	325,956
Gross profit	**312,545**	214,100	177,721	161,100	115,733
Profit/(Loss) for the year	**132,384**	64,073	(3,686)	39,692	75,554
Adjusted net profit after tax for the year[1]	**137,278**	70,614	50,283	50,885	21,888[5]
Profit/(loss) attributable to owners of the Company	**133,560**	65,580	(3,440)	35,456	76,753
Adjusted profit attributable to owners of the Company[1][2]	**138,454**	71,908	47,739	46,648	23,087
Gross profit margin(%)	**49.4**	45.2	41.4	40.5	35.5
Net profit/(loss) margin(%)	**20.9**	13.5	(0.9)	10.0	23.2
Adjusted net profit margin(%)[1][3]	**21.7**	14.9	11.7	12.8	6.7
Earnings/(loss) per share[4]					
basic	**40.673**	19.935	(1.341)	15.216	33.438
diluted	**40.577**	17.458	(1.341)	15.216	33.438
Adjusted earnings per share[4]					
basic	**42.163**	21.859	18.610	20.020	10.058
diluted	**42.063**	19.143	18.610	20.020	10.058
Assets and liabilities					
Total assets	**1,369,022**	1,314,181	1,234,726	590,593	450,613
Total liabilities	**(328,545)**	(324,569)	(383,691)	(351,688)	(255,338)
Equity					
Equity attributable to the owners of the Company	**1,005,552**	953,292	807,257	227,106	194,808
Non-controlling interests	**34,925**	36,320	43,778	11,799	467
Total Equity	**1,040,477**	989,612	851,035	238,905	195,275

Notes:

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

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

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

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

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

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

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

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

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

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

(6) The above published results and statement of asset and liabilities have been prepared on a consistent basis.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors of EuroEyes International Eye Clinic Limited (the "Company" or "EuroEyes"), I am pleased to present the annual report of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "Year" or "Reporting Period").

As I reflect on the past year, I want to thank our team for their unwavering commitment and tremendous effort. We continue to provide high-quality ophthalmic services, focus on lens surgeries, and bring more happy patients. Together, we grew the business and delivered substantial profits for the full year.

FINANCIAL HIGHLIGHTS

We kept our promise of New Normal to achieve a rapid growth in revenue and profit. The total revenue of the Group for the Year was approximately HK$632.9 million, of which the revenue in Germany, the People's Republic of the PRC (the "PRC") and Denmark was approximately HK$404.0 million, HK$149.0 million, and HK$79.9 million, respectively, representing an overall 33.6% increase in total revenue as compared to the year ended 31 December of 2020.

The Group's gross profit for the Year was approximately HK$312.5 million, which represented an increase of approximately 46.0% year-on-year. The gross profit margin for the year ended 31 December 2021 was 49.4%, which represented an increase of 4.2 percentage points as compared to 2020. Excluding the effects from non-recurring items, the Group's adjusted gross profit was HK$317.4 million for the year of 2021, increased 48.2% year-on-year as compared to 2020. The adjusted gross profit margin was approximately 50.1%.

The Group's net profit after tax for the year of 2021 was approximately HK$132.4 million, representing an increase of approximately 106.6% compared to the net profit after tax of approximately HK$64.1 million for the year ended 31 December 2020. The Group's adjusted net profit after tax was approximately HK$137.3 million, represented an increase of 94.4% year-on-year compared to the year ended 31 December 2020.

BUSINESS REVIEW AND OUTLOOK

Although the COVID-19 pandemic is still lingering around the world, the Group's business is merely affected due to the implementation of normalized COVID-19 prevention and control measures we have taken.

Lens exchange surgery and phakic lens (ICL) surgery remained our business focus and achieved an aggregate revenue increase of 39.7% year-on-year. Meanwhile, the price of both types of surgery also realized a year-on-year increase of 8.4%. Our capacity utilization rate keeps improving with increasing number of surgeries.

Despite the COVID-19 pandemic, we managed to open two new clinics in the PRC – Chongqing and Chengdu, which bring our high-quality vision correction services to more patients in Southwest China. We are pushing forward more clinics and consultation centres in new cities, and expecting to accelerate the progress when the pandemic is eased.

In 2021, we made great progress in acquiring an excellent eye clinic in the United Kingdom (the "UK"), London Vision Clinic. Through the acquisition, we are able to expand our business to a new first tier city worldwide, enrich our service portfolio and further improve EuroEyes' market position in refractive surgery. We nominated the clinic founder Professor Dan Reinstein as a member of EuroEyes International Medical Advisory Board, which will deliver additional big expertise to the EuroEyes group.

Looking forward, EuroEyes will remain committed to its expansion plan as it strives to satisfy future demands for surgical eye treatment in Europe and the PRC. Although we continue to face uncertainties from the COVID-19 situation and other headwinds from the external environment, with our world-class ophthalmology excellence, strong operational capabilities and the effort from the entire team, I am confident that we will achieve new milestones and drive long-term sustainable growth of the business.

APPRECIATION

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

Dr Jørn Slot Jørgensen
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year of 2021 marked a year of meaningful milestones in the development of EuroEyes. Despite multiple waves of COVID-19 outbreaks in Europe and China, EuroEyes entered a stage of rapid development and delivered strong organic growth. The strategy of focusing on lens surgeries drove the Group's revenue and margin increase and will be the foundation of the consistent growth in the future. The Group also accomplished the first acquisition since the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), successfully accessing to refractive market in London, the UK, injecting new dynamism to the future development.

The total revenue of the Group achieved approximately HK$632.9 million, representing an increase of approximately 33.6% as compared to the year ended 31 December 2020.

The Group's gross profit increased approximately 46.0% to approximately HK$312.5 million for the year ended 31 December of 2021, representing a gross profit margin of approximately 49.4%. The adjusted gross profit increased approximately 48.2% to approximately HK$317.4 million, representing an adjusted gross profit margin of approximately 50.1%.

The Group recorded a net profit after tax of approximately HK$132.4 million for the year ended 31 December 2021, representing an increase of approximately 106.6% as compared to the year of 2020. The adjusted net profit after tax rose approximately 94.4% to approximately HK$137.3 million, representing an adjusted net profit margin of approximately 21.7%.

REVENUE BY GEOGRAPHICAL REGIONS

Revenue in Europe

Despite the lingering pandemic in Europe during 2021, the Group's business was merely affected due to the implementation of normalized COVID-19 prevention and control measures, and has kept up the momentum.

The Group's revenue in Germany for the year ended 31 December 2021 was approximately HK$404.0 million, which marked an increase of approximately 32.6% as compared to 2020, representing approximately 63.8% of the total revenue.

The Group's revenue in Denmark for the year ended 31 December 2021 was approximately HK$79.9 million, which marked an increase of approximately 31.1% as compared to 2020, representing approximately 12.6% of the total revenue.

Revenue in PRC

For the year ended 31 December 2021, the Group's revenue in the PRC was approximately HK$149.0 million, which marked an increase of approximately 37.8% as compared to 2020, representing approximately 23.6% of the total revenue.

Revenue by Types of Surgeries

The Group's momentum was accelerating in 2021 as the Group was successfully addressing the unique and large market opportunity for lens surgeries, including phakic lens (ICL) surgery and advanced lens exchange surgery, which remained the main sources of income of the Group, representing an aggregate of approximately 65.3% (2020: approximately 62.4%) of the total revenue for the year ended 31 December 2021.

The Group's revenue from performing lens exchange surgery, which included monofocal and trifocal lens exchange surgeries, was approximately HK$323.8 million, marked an increase of approximately 42.4% compared to 2020. The Group's revenue from performing lens exchange surgery accounted for approximately 51.2% (2020: approximately 48.0%) of the total revenue for the year ended 31 December 2021.

The revenue of lens exchange surgery in 2021 performed in Germany, PRC and Denmark was approximately HK$189.8 million, HK$63.9 million, and HK$70.0 million respectively, achieving an increase of approximately 42.7%, 52.3%, and 33.8% compared with 2020.

The revenue from performing phakic lens (ICL) surgery was approximately HK$89.4 million, marked an increase of approximately 30.9% compared to 2020. The Group's revenue from performing ICL surgery accounted for approximately 14.1% (2020: approximately 14.4%) of the total revenue 2021.

The revenue of ICL surgery performed in Germany and PRC was approximately HK$49.2 million and HK$38.3 million respectively, achieving an increase of approximately 37.4% and an increase of 27.7%.

Gross Profit and Net Profit

For the year ended 31 December 2021, the Group's gross profit was approximately HK$312.5 million, representing an increase of approximately HK$98.4 million as compared to 2020. The Group's adjusted gross profit was approximately HK$317.4 million, marked an increase of approximately 48.2% as compared to 2020, representing an adjusted gross profit margin of approximately 50.1% (2020: approximately 45.2%).

The Group recorded a net profit after tax of approximately HK$132.4 million for the year ended 31 December 2021, representing an increase of approximately 106.6% as compared to 2020. After adjusting for non-recurring item, the Group's Adjusted Net Profit After Tax was approximately HK$137.3 million, marked an increase of approximately 94.4% as compared to 2020, representing an adjusted net profit margin of approximately 21.7% (2020: approximately 14.9%).

ACQUISITION OF LONDON VISION CLINIC

As announced by the announcements dated 20 January 2022 and 28 January 2022, EuroEyes acquired the entire issued shares in London Vision Clinic Partners Limited (the "Acquisition") for a completion consideration of GBP13,130,000 (equivalent to approximately HK$138,211,632). The maximum consideration shall be approximately GBP34,327,985 equivalent to approximately HK$361,350,101, subject to the consideration adjustment and earn out terms. Under the earn out terms, the revenue and EBIT of London Vision Clinic are expected to grow at a high speed.

London Vision Clinic, currently located in London, the UK, is one of the leading brands in the vision correction industry worldwide, whose founder, Professor Dan Zoltan Reinstein ("Professor Reinstein"), is a top-rated expert in laser surgery, and garnered worldwide reputation for his inventions and major contributions to the refractive surgery field. Professor Reinstein pioneered and introduced PRESBYOND® Laser Blended Vision, a treatment designed for patients from the age of 40 years old who have developed presbyopia, which makes it the perfect addition to EuroEyes' trifocal lens exchange surgery.

The Group believes that the acquisition of London Vision Clinic will enable it to get access to London's high-end refractive and presbyopia surgery markets and expand its business. By implementing PRESBYOND® Laser Blended Vision treatment into EuroEyes, the Group is able to treat a larger group of patients who are suffering from presbyopia at an early stage. Moreover, Professor Reinstein has been serving as a member of the International Medical Advisory Board of the Group, which delivered tremendous value to EuroEyes' expert team.

FINANCIAL REVIEW

1. Revenue

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

	Year ended 31 December					
	2021	**2021**	2020	2020	change	change
	HK$'000	**% of total revenue**	HK$'000	% of total revenue	HK$'000	%
Provision of vision correction services	**630,808**	**99.7**	469,165	99.0	161,643	34.5
Rental of ophthalmic equipment and operating spaces	**735**	**0.1**	2,163	0.5	(1,428)	(66.0)
Sales of pharmaceutical products	**28**	**0.1**	346	0.1	(318)	(91.9)
Other	**1,360**	**0.1**	2,144	0.4	(784)	(36.6)
Total	**632,931**	**100.0**	473,818	100.0	159,113	33.6

The Group's total revenue increased by approximately 33.6% from approximately HK$473.8 million for the year ended 31 December 2020 to approximately HK$632.9 million for the year ended 31 December 2021, which was mainly attributable to the increase in the total number of surgeries performed by the Group, especially the strong growth in the Group's specialized lens surgeries, including phakic lens (ICL) surgery and lens exchange surgery.

The Group's revenue was generated in Germany, the PRC and Denmark. As at 31 December 2021, the Group had a total of 27 clinics and consultation centres worldwide. The following table sets forth the Group's revenue by geographical location for the years indicated:

	Year ended 31 December					
	2021	**2021**	2020	2020	change	change
		% of total		% of total		
	HK$'000	**revenue**	HK$'000	revenue	HK$'000	%
Germany	**404,032**	**63.8**	304,788	64.3	99,244	32.6
The PRC	**149,012**	**23.6**	108,114	22.8	40,898	37.8
Denmark	**79,887**	**12.6**	60,916	12.9	18,971	31.1
Total	**632,931**	**100.0**	473,818	100.0	159,113	33.6

For the year ended 31 December 2021, the Group generated approximately 63.8% (2020: approximately 64.3%) of its revenue in Germany, approximately 23.6% (2020: approximately 22.8%) in the PRC and approximately 12.6% (2020: approximately 12.9%) in Denmark. As compared to the year ended 31 December 2020, the Group's revenue increased by approximately 32.6% in Germany, approximately 37.8% in the PRC and approximately 31.1% in Denmark.

2. Cost of Revenue

For the year ended 31 December 2021, the largest component of the Group's cost of sales was employee benefits expenses, representing approximately 34.1% (2020: approximately 31.5%) of the total cost of sales, followed by raw materials and consumables used, accounting for approximately 29.4% (2020: approximately 30.0%) of the total cost of sales.

	Year ended 31 December		
	2021	2020	change
Cost of sales	**HK$'000**	HK$'000	%
Employee benefit expenses	**109,179**	81,896	33.3
Raw materials and consumables used	**94,308**	77,925	21.0
Depreciation of property, plant and equipment	**60,844**	54,526	11.6
Doctor's fee	**16,085**	13,986	15.0
Others(1)	**39,970**	31,385	27.4
Total	**320,386**	259,718	23.4

Note:

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

The Group's cost of revenue increased by approximately HK$60.7 million, or 23.4%, from approximately HK$259.7 million for the year ended 31 December 2020 to approximately HK$320.4 million for the year ended 31 December 2021. The increase was primarily attributable to the increase in the total number of surgeries performed by the Group, which resulted in (i) the increase of employee surgery-based payment along with the improvement of capacity utilization rate of the Group's clinics; and (ii) the increase of consumption of raw materials and consumables; and (iii) the increase of the employee share-based payment for the Group's key surgeons.

3. Gross Profit and Gross Profit Margin

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

	Year ended 31 December		
	2021	2020	change
	HK$'000	HK$'000	%
Revenue	**632,931**	473,818	33.6
Cost of sales	**(320,386)**	(259,718)	23.4
Gross profit	**312,545**	214,100	46.0
Gross profit margin	**49.4%**	45.2%	
Adjusted gross profit (see "Non-IFRS Financial Measures" section)	**317,393**	214,100	48.2
Adjusted gross profit margin	**50.1%**	45.2%	

The adjusted gross profit increased by approximately HK$103.3 million, or 48.2%, from approximately HK$214.1 million for the year ended 31 December 2020 to approximately HK$317.4 million for the year ended 31 December 2021. The adjusted gross profit margin for the year ended 31 December 2021 was approximately 50.1% (2020: approximately 45.2%), which represented an increase of 4.9 percentage points as compared to the year ended 31 December 2020.

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

4. Selling Expenses

The Group's selling expenses for the year ended 31 December 2021 amounted to approximately HK$53.8 million, representing an increase of approximately HK$7.7 million, or 16.8% as compared to the year ended 31 December 2020, which was primarily attributable to the increase of employee benefit expenses by approximately HK$5.2 million.

For the year ended 31 December 2021, the selling expenses amounted to 8.5% of the Group's total revenue (2020: 9.7%), which represented a decrease of 1.2 percentage points, as a result of the Group's further optimized operation efficiency.

The increase of employee benefit expenses was mainly attributable to the increase in the number of marketing employees in Germany along with the growth of the Group's business.

	Year ended 31 December		
	2021	2020	change
	HK$'000	HK$'000	%
Advertising and marketing expenditure	**35,137**	33,077	6.2
Employee benefit expenses	**12,932**	7,773	66.4
Depreciation of property, plant and equipment	**3,741**	3,279	14.1
Others	**1,957**	1,915	2.2
Total	**53,767**	46,044	16.8

5. Administrative Expenses

For the year ended 31 December 2021, the Group's administrative expenses amounted to approximately HK$69.0 million, representing an increase of approximately HK$8.5 million or 14.0% as compared to the year ended 31 December 2020, which was primarily attributable to the increase of employee shared-based payment along with the growth of the Group's business.

	Year ended 31 December		
	2021	2020	change
	HK$'000	HK$'000	%
Employee benefit expenses	**31,212**	27,343	14.1
Legal, consulting and other service fee	**14,779**	14,217	4.0
Depreciation of property, plant and equipment	**9,310**	8,766	6.2
Office and consumption expenses	**4,154**	3,262	27.3
Others	**9,523**	6,903	38.0
Total	**68,978**	60,491	14.0

6. **Finance Income and Expenses, Net**

The Group's finance income increased by approximately HK$10.4 million, or 411.6%, from approximately HK$2.52 million for the year ended 31 December 2020 to approximately HK$12.9 million for the year ended 31 December 2021. The Group's finance expenses decreased by approximately HK$6.5 million, or 43.3%, from approximately HK$14.9 million for the year ended 31 December 2020 to approximately HK$8.5 million for the year ended 31 December 2021. The increase in net finance income was primarily attributable to the increase in foreign exchange gains arising from the Group's HK$ denominated listing proceeds deposited with banks in Hong Kong.

7. **Borrowings**

As at 31 December 2021, the Group had outstanding borrowings of approximately HK$4.6 million (2020: approximately HK$7.1 million), of which approximately HK$1.9 million (2020: approximately HK$2.0 million) was repayable within one year and approximately HK$2.7 million (2020: approximately HK$5.1 million) was repayable within two to five years. The borrowings were related to the property, plant and equipment financed from a financial leasing company. The decrease in the Group's borrowings for the year ended 31 December 2021 was mainly due to the payment of regular rent to the financial leasing company.

As at 31 December 2021, the borrowings were denominated in EUR. Approximately HK$4.6 million (2020: approximately HK$7.1 million) of the borrowings held by the Group were at fixed rates which ranged from 5.71% to 6.12% per annum (2020: 1.77% to 6.12% per annum).

Details of the borrowings of the Group during the Reporting Period are set out under note 28 of the consolidated financial statement of this annual report.

8. **Foreign Exchange Risk**

The subsidiaries of the Company mainly operate in Germany, Denmark and the PRC with most of the transactions being settled in Euro ("EUR" or "€"), Danish Krone ("DKK"), and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2021 and 2020, the financial assets and liabilities of the subsidiaries of the Group in Germany, Denmark and the PRC were primarily denominated in EUR, DKK and RMB, respectively, which were their respective functional currencies.

Management believes that the foreign exchange risk mainly arises from the Group's HK$ denominated listing proceeds deposited with banks in Hong Kong. As at 31 December 2021, if HK$ had weakened/strengthened by 5% against EUR with all other variables being held constant, the total net asset of the Group would have been approximately HK$6.8 million (2020: approximately HK$4.0 million) lower/higher; post-tax profit for the year ended 31 December 2021 would have been approximately HK$6.8 million lower/higher (2020: post-tax profit for the year would have been approximately HK$4.0 million higher/lower).

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

9. **Charges on Group Assets**

As at 31 December 2021, borrowings of approximately HK$4.6 million (2020: approximately HK$7.1 million) were secured by property, plant and equipment with net book value of approximately HK$5.7 million (2020: approximately HK$7.1 million) for the finance lease.

10. Capital Commitments

Save for the capital commitment of approximately HK$0.3 million (2020: approximately HK$0.4 million) in relation to the addition of property, plant and equipment as at 31 December 2021, the Group had no significant capital commitments.

11. Contingent Liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities (2020: Nil).

12. Significant Investments, Material Acquisitions and Disposals

There were no significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2021.

13. Plans for Material Investments or Capital Assets

Save as disclosed in the prospectus dated 30 September 2019 (the "Prospectus") and the capital commitment in relation to the addition of property, plant and equipment as mentioned above which will be funded by the proceeds from the Company's global offering as announced by the Prospectus (the "Global Offering"), the Group did not have other plans for material investments or capital assets as at 31 December 2021.

14. 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 year ended 31 December 2021, the principal source of liquidity of the Company was cash generated from the business operations of the Group and proceeds from the Global Offering. As at 31 December 2021, the Group had cash and cash equivalents of approximately HK$845.6 million.

The Group's current ratio (calculated as current assets over current liabilities) was approximately 6.7 as at 31 December 2021 (2020: approximately 7.1).

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as long-term borrowings divided by the total capital. The total capital is calculated as "equity" as shown in the consolidated statement of financial position plus long-term borrowings. The Group's gearing ratio as at 31 December 2021 was approximately 0.26% (2020: approximately 0.51%).

15. Use of Net Proceeds From the Global Offering

Since 15 October 2019, the shares of the Company have been 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 Global Offering (after deducting underwriting fees and expenses) amounted to approximately HK$660.66 million, which would be used for (i) establishing clinics in major cities in the PRC, including Chengdu and Chongqing; (ii) the potential acquisition of clinic groups in Europe; (iii) the expansion of marketing efforts; and (iv) working capital and general corporate purposes.

The net proceeds from the 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 under the section headed "Future Plans and Use of Proceeds" of the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2021:

Use of net proceeds	Percentage of the net proceeds (%)	Planned application (HK$'000)	Actual usage up to 31 December 2021 (HK$'000)	Unutilised net proceeds as at 31 December 2021 (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	29,988	234,278	By 31 December 2025
For the potential acquisition of clinic groups in Europe	33.0	218,019	–	218,019	By 31 December 2024
For the expansion of marketing efforts	17.0	112,313	2,703	109,610	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	34,194	626,470	

Note: 1. The expected timeline for utilisation of the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement.

OUTLOOK AND FUTURE STRATEGIES

Looking ahead, there are still uncertainties from the COVID-19 situation and other headwinds from the external environment. In order to maintain rapid and sustainable growth, the Group will be persistent in its long-term mentality and business development strategy to maintain organic growth at high speed while proactively seeking opportunities in mergers and acquisitions.

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. These three clinics are anticipated to commence trail operation in the second half of 2022.

In the PRC, the new clinic in Chengdu has commenced operation in March 2022. Located along the main street of Taikoo Li, the high-end commercial area in Chengdu, the clinic is expected to attract huge traffic. Chengdu is an emerging city in Southwest China with a sizeable population and large consumption capacity, and the Group is confident about the Chengdu market and the performance of this new clinic. Moreover, the Group is looking for suitable premises for consultation centres in Beijing and Shanghai, which after construction, would be the third clinic in Beijing and the second clinic in Shanghai, respectively. 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.

In Denmark, the new flagship clinic in Copenhagen has commenced operation in substitution of the Group's former clinic. It is located in a prominent location in the city centre and larger in scale, supporting the continuous growth of the Group's business in Denmark.

Access to New Markets

Through the Acquisition, the Group is equipped with an established premium brand, two experienced surgeons with excellent reputation and a sizeable team in the UK, which enable the Group to establish a second clinic in London, the UK.

The Group is actively seeking opportunities to explore in new markets with low refractive market penetration rate and large potential such as Hong Kong and other metropolises outside London, the UK, to expand its footprints worldwide.

Mergers & Acquisitions

The Group is implementing its strategy of mergers and acquisitions at a fast pace and intends to seek such targets of famous privately-owned eye clinics in Europe. Through acquisitions, the Group expects to acquire leading brands of eye clinic or engage reputable and excellent surgeons to expand the clinic network and extend its reach into new geographic regions with a particular interest in emerging markets. With a more extensive and stronger surgeon network, the Group will improve its ophthalmic level and strengthen its leading position in the industry.

Surgeons and Ophthalmologists Training

The Group places great emphasis on the improvement of internal training system. During 2021, the Group has trained three new Chinese surgeons to perform laser surgeries in the PRC, which will increase the utilization rate and support the Group's development in the long run. Looking ahead, the Group will keep training news surgeons, supporting them to obtain additional qualification certification, and providing further training to the current team across the Group.

BOARD OF DIRECTORS

As at the date of this annual report, the board (the "Board") of directors (the "Directors" and each a "Director") of the Company consisted of eight Directors including four executive Directors, one non-executive Director and three independent non-executive Directors.

EXECUTIVE DIRECTORS

Dr Jørn Slot Jørgensen ("Dr Jørgensen"), aged 67, is the chairman, executive Director and chief executive officer of the Company and is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He was appointed as a Director on 13 August 2018 and subsequently re-designated as an executive Director, and appointed as chairman of the board of Directors, on 25 March 2019. He is a founder of the Group and is mainly responsible for formulating its overall development strategies and business plans and overseeing the management and strategic development of the Group. He is also a director of several subsidiaries of the Company.

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

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

Membership/Position	Associations/Organisations	Period
Member	American Society of Cataract and Refractive Surgery	Since December 2002
Member	European Society of Cataract and Refractive Surgeons	April 2010 – March 2016
Member	Professional Association of German Ophthalmologists (BVA)	Since 1992
Member of the board, vice president and president	Association of Specialty Clinics for Eye Laser and Refractive Surgery (VSDAR)	Since 2004
Active Member	International Intra-Ocular Implant Club (IIIC)	Since October 2021

Dr Jørgensen has received numerous awards and recognitions for his achievement, including (i) the "Hans-Sautter-Laureate" awarded by the Vereinigung Norddeutscher Augenärzte in 1987, and (ii) inclusion into the "Best Doctors List" under the category of "Experts for Refractive and Cataract Surgery" in "FOCUS", a German magazine from 2012 to 2019 and (iii) "Germany's Excellent Doctors 2022" for Refractive Surgery, awarded by the publication of the STERN special issue "Gute Ärzte für mich" (Good Doctors for Me). The STERN cooperates for the list "Germany's excellent doctors" with the independent Munich research institute Munich Inquire Media GmbH (MINQ), which has been compiling lists of doctors and clinics since 2010.

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

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

Dr Markus Braun, aged 48, is an executive Director and chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. He was appointed a Director on 14 December 2018 and subsequently re-designated as an executive Director on 25 March 2019.

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

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

Dr Ralf-Christian Lerche, aged 53, is an executive Director and senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of surgeons and conservative ophthalmologists, handling patients' complaints and advising on medical trends and practices. He also moderates the discussion and scientific round at the Group's annual doctors meeting and oversees the Group's medical operations. Dr Lerche is a freelancer and has entered into a contract for service with the Group.

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

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

Mr Jannik Jonas Slot Jørgensen, aged 30, is an executive Director and vice president, Denmark of the Company. He joined the Group in March 2012 and was appointed an executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the business development and marketing of the Group's business in Denmark and the the People's Republic of China ("PRC" or "China"). He is also a director of several subsidiaries of the Company.

Prior to joining the Group, Mr Jørgensen interned and worked in the ophthalmological and marketing sectors on a part-time basis. He was an intern at the Group's eye clinic in Copenhagen, Denmark from January to July 2011, and was also an intern at Moorfields Eye Hospital in London, United Kingdom from August to December 2011. Since February 2014, he has been a marketing manager of the Group's marketing department in the PRC. From May to July 2015, he interned at the ophthalmology department at Instituto Zaldivar, an ophthalmological centre in Mendoza and Buenos Aires, Argentina. From May to July 2017, he interned in the emergency department of Tygerberg Hospital in Cape Town, South Africa. He was also a marketing manager overseeing the marketing department of the Group's eye clinics in the PRC from April to August 2017. From August 2018 to February 2019, he was a resident doctor at the department of abdominal surgery at Randers Hospital in Denmark. Since December 2020, he has been working at the department of ophthalmology at the Charite in Berlin, Germany, where he is finishing his specialization in the field of medical and surgical ophthalmology.

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

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

NON-EXECUTIVE DIRECTOR

Mr Marcus Huascar Bracklo, aged 57, is a non-executive Director and strategic advisor of the Company and he is also a member of the Audit Committee. He first joined the Group in July 2012 and was appointed a non-executive Director on 25 March 2019, and is primarily responsible for advising on strategy and business development of the Group.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Hans Helmuth Hennig, aged 64, was appointed as an independent non-executive Director of the Company on 25 March 2019 and is the chairman of the Remuneration Committee and a member of the Audit Committee. He is mainly responsible for providing independent judgment to bear on policy, performance, accountability, key appointments and standard of conduct of the Group. Mr Hennig worked with Jebsen & Co. Ltd. ("Jebsen"), a privately-held marketing, distribution and investment company established in Greater China, from September 1983 to May 2020. In May 1990, Mr Hennig was promoted to the role of General Manager-Corporate Development of Jebsen where he was responsible for developing the business strategy of the Group. He was then further appointed as a director of the board of directors of Jebsen in January 1994. In January 1997, Mr Hennig became group deputy managing director of Jebsen up until March 2000, with his last position as group managing director of Jebsen, where he was responsible for the overall business operations, strategies and development of Jebsen.

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

Ms Katherine Rong Xin, aged 58, was appointed as an independent non-executive Director of the Company on 12 April 2021 and is a member of both of the Remuneration Committee and the Nomination Committee. She is mainly responsible for supervising and providing independent advice to the Board.

Ms. Xin has been a professor of management since September 2001 and Associate Dean since 2011 at the China Europe International Business School (中歐國際工商學院). From August 2006 to December 2009, Ms. Xin worked as a professor of management at the International Institute for Management Development in Lausanne, Switzerland . She worked as an associate professor of management at The Hong Kong University of Science and Technology from September 1999 to August 2001. From September 1995 to August 1999, she served as an assistant professor of management at the University of Southern California. Ms. Xin served as an independent director in Shanghai Blossom Hill Hotel Management Co. Ltd., (上海布洛斯酒店管理有限公司), a company mainly engaged in boutique hotel management in China under the Blossom Hill (花間堂) brand, from March 2012 to April 2017. She is currently an independent non-executive director of Fosun Tourism Group (HKEx: 1992), Kingdee International Software Group Company Limited (HKEx: 268). Both companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited, and E Fund Management Co. Ltd. (a company established in Guangzhou, China with limited liability), respectively.

Ms. Xin was awarded the Chinese Most Cited Researchers by Elsevier, a global provider of scientific, technical, and medical information, for seven consecutive years from 2014 to 2020.

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

Mr Philip Duncan Wright, aged 68, was appointed as an independent non-executive Director of the Company on 25 March 2019 and is the chairman of the Audit Committee and a member of the Nomination Committee. He is mainly responsible for financial oversight and supervising and providing independent advice to the Board.

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

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

Mr Wright has been a non-executive director and chair of the audit committee of Allia Limited, a communal benefit society, since October 2012. He is also a non-executive director and the chairman of the audit committee of Retail Charity Bonds Plc, which is a listed bond company that helps charitable organisations to raise unsecured loan finance since March 2014, In October 2021, he became a non-executive director of Ureco Limited, a UK property company and in December 2021 he became chairman of Digby Fine Wines, a producer of English sparkling wine.

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

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

SENIOR MANAGEMENT

Dr Jørn Slot Jørgensen, aged 67, is the chief executive officer of the Company. He is also the founder of the Group and is mainly responsible for formulating the overall development strategies and business plans and overseeing the management and strategic development of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Jørn Slot Jørgensen" in this section.

Dr Markus Braun, aged 48, is the chief financial officer of the Company. He joined the Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of the Group. For more information, see the paragraph headed "– Executive Directors – Dr Markus Braun" in this section.

Dr Ralf-Christian Lerche, aged 53, is the senior vice president, medical affairs (Germany) of the Company. He has worked with the Group since April 2005 and is primarily responsible for supervising and overseeing the Group's medical operations in Germany. For more information, see the paragraph headed "– Executive Directors – Dr Ralf-Christian Lerche" in this section.

Prof Dr Michael Christian Knorz, aged 63, is the senior vice president, medical affairs (international) of the Company. He has worked with the Group since July 2015 and is primarily responsible for supervising and overseeing the Group's medical operations worldwide. Prof Knorz also serves as the Group's consulting surgeon in the PRC and has been a member of the Group's international medical advisory board since October 2017. Prof Knorz is a freelancer and has entered into a contract for service with the Group.

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

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

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

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

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

Mr Keith Nicholas McKay, aged 53, is the senior vice president, operations (Germany) of the Company. He joined the Group in March 2005 and is primarily responsible for supervising and overseeing the Group's operations in Germany.

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

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

Dr Lars Jannik Boberg-Ans, aged 65, is senior vice president, Denmark of the Company. He joined the Group in September 1997 and is primarily responsible for supervising and overseeing the overall operations of the Group's business in Denmark. He is also a director and the chief executive officer of EUROEYES ApS, a wholly-owned subsidiary of the Company.

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

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

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

Mr Jannik Jonas Slot Jørgensen, aged 30, is vice president, Denmark of the Company. He joined the Group in March 2012 and is primarily responsible for supervising and overseeing the business development and marketing of the business. For more information, please see the paragraph headed "– Executive Directors – Mr Jannik Jonas Slot Jørgensen" in this section.

Ms Yan Wang (alias Jenny Wang), aged 52, is the vice president, China of the Company. Ms Wang joined the Group in August 2014, and is primarily responsible for supervising and overseeing the overall operations of the Group's business in the PRC.

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

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

COMPANY SECRETARY

Ms Rosenna Ho, aged 38, is the company secretary of the Company. She was appointed as Company Secretary of the Company on 30 April 2020 and is also a director of several subsidiaries of the Company.

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

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

The Board is pleased to present the report of the Directors and audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

An analysis of the Group's performance for the year ended 31 December 2021 by geographical segment is set out in note 5 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated financial statements on pages 103 to 188 of this annual report.

The Board recommend the payment of final dividend of HK$0.09932 per ordinary share for the year ended 31 December 2021, totally amounting to approximately HK$33,097,397. The proposed final dividend is subject to the approval of the relevant resolution at the forthcoming annual general meeting of the Company.

DIVIDEND POLICY

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

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

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

Any dividend declared by the Company shall be conducted in accordance with the Companies Act (formerly known as "Companies Law") of the Cayman Islands, the Articles and other applicable laws and regulations, and shall not affect the normal operation of the Group.

To the best knowledge of the Directors, there has been no arrangement under which a Shareholder has waived or agreed to waive any dividends. The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

BUSINESS REVIEW

A fair review of the Group's business for the year and an indication of the likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 6 to 7 and 8 to 18 of this annual report respectively. A discussion and analysis of the Group's performance during the year using certain financial key performance indicators are set out in the section headed "Five-Year Financial Summary" on pages 4 to 5 of this annual report.

IMPORTANT EVENTS AFTER THE END OF 31 DECEMBER 2021

As announced in the announcements of the Company dated 20 January 2022 and 28 January 2022, the Group entered into a share purchase agreement with an independent third party to acquire the sales shares of London Vision Clinic Partners Limited at a maximum consideration of GBP34,327,985 of which GBP7,635,000 had been settled in cash and the payment of GBP3,120,000 had been settled by allotment of 4,006,000 shares of the Company. The remaining earn out consideration may be settled by issue the earn out consideration shares or by way of cash, which is subject to the achievement of future revenue targets. The issue price for the earn out consideration shares is to be determined at the time of the Company in the future, with reference to the average of the closing price per shares as shown by the daily official list of the Stock Exchange for each of the 20 trading days immediately preceding the proposed date of issue for such earn out consideration shares by seeking a general mandate or specific mandate by the Shareholders at the relevant time in future. Up to the date of this annual report, the Acquisition has been completed.

OUTLOOK AND FUTURE STRATEGIES

Looking ahead, there are still uncertainties from the COVID-19 situation and other headwinds from the external environment. In order to maintain a rapid and sustainable growth, the Group will persistent in its long-term mentality and business development strategy to maintain organic growth at a high speed while proactively seek opportunities in mergers and acquisitions.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Concentrated senior management personnel

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

Financial instability affecting demand for vision correction services

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

Inability to reduce operational costs

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

Exposure to reputational risks

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Discussion on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report" on pages 66 to 96 of this annual report.

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in Germany, Denmark, the UK and the PRC, while the Company is incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange. During the year ended 31 December 2021, the Group's businesses were in compliance with the relevant laws and regulations in Germany, Denmark, the UK, the PRC, the Cayman Islands and Hong Kong in all material aspects.

RELATIONSHIP WITH KEY STAKEHOLDERS

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

STAFF

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

CUSTOMERS

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

SUPPLIERS

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

FIVE-YEAR FINANCIAL SUMMARY

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND RESERVES

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

DISTRIBUTABLE RESERVES

As at 31 December 2021, the reserves of the Company available for distribution to the Shareholders under the Companies Act (formerly known as "Companies Law") of the Cayman Islands amounted to HK$1,054,587,000 (2020: HK$1,102,301,000).

CHARITABLE DONATIONS

During the year ended 31 December 2021, no charitable donations were made by the Group. However, the Group supported charitable causes, details of which are set out in the Environmental, Social and Governance Report on pages 66 to 96 of this annual report.

BORROWINGS

The Group's borrowings as at 31 December 2021 is set out in note 28 to the consolidated financial statements of this annual report.

TAX RELIEF

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

EMPLOYEES AND EMPLOYMENT POLICIES

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

As at 31 December 2021, the Group had 225 full-time employees. In addition, the Group also engages certain surgeons, conservative ophthalmologists and a member of the senior management via freelance arrangements.

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

EMOLUMENT POLICY

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

PENSION SCHEME

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

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 23 September 2019 (the "Adoption Date") and shall be valid until 23 September 2029.

(a) Purpose, duration and administration

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

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

The Share Option Scheme has come into immediate effect on 15 October 2019, the date on which the shares of the Company are listed on the Stock Exchange (the "Listing Date"), subject to:

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

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

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

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

(b) Eligible Persons

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

(c) Determination of eligibility

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

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

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

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

(d) Grant of share options

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

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

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

(e) Subscription price of Shares

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

(i) the nominal value of share;

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

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

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

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

(f) Exercise of share options

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Lapse of share options

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

(i) the expiry of the option period;

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

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

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

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

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

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

(h) Maximum number of shares

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

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

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

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

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

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

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

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

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

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

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 31,733,400 Shares, representing approximately 9.5% of the total number of Shares in issue.

RESTRICTED SHARE AWARD SCHEME

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

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

During the year ended 31 December 2021, a total of 1,167,484 shares of the Company were granted to the eligible participants under the Restricted Share Award Schemes.

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

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

PERMITTED INDEMNITY

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

The Company has taken out and maintained appropriate liability insurance for the Directors during the Reporting Period as at 31 December 2021.

DIRECTORS

Executive Directors

Dr Jørn Slot Jørgensen *(Chairman and Chief Executive Officer)*
Dr Markus Braun *(Chief Financial Officer)*
Dr Ralf-Christian Lerche
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent non-executive Directors

Mr Hans Helmuth Hennig
Mr Philip Duncan Wright
Ms Katherine Rong Xin

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out in the section headed "Profile of Directors, Senior Management and Company Secretary" on pages 19 to 28 of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

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

CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration paid to and/or entitled by each of the Directors and the five highest paid individuals for the year ended 31 December 2021 is set out in note 8 to the consolidated financial statements. No Director has waived or has agreed to waive any emoluments and no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Directors or their connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period and required to be disclosed under the Listing Rules and the Companies (Directors' Report) Regulation (Cap. 622D).

CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

NON-COMPETITION UNDERTAKING

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

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

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that Dr Jørgensen has complied with his undertakings given under the deed of non-competition during the Reporting Period. As at 31 December 2021, no new business opportunity has been notified by Dr Jørgensen.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

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

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company pursuant to section 352 of the SFO or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

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

Name of Director/ Chief Executive	**Capacity**	**Number of shares interested**	**Approximately percentage of the total issued share capital of the Company** (Note 1)
Dr Jørgensen	Beneficial owner, interest in a controlled corporation and interest of spouse	177,742,100(L) (Note 2)	53.99%
Dr Markus Braun	Beneficial owner	238,000(L)	0.07%
Dr Ralf-Christian Lerche	Beneficial owner and interest of spouse	3,101,000(L) (Note 3)	0.94%
Mr Jannik Jonas Slot Jørgensen	Beneficial owner	5,886,000(L)	1.79%
Mr Marcus Huascar Bracklo	Beneficial owner	238,000(L)	0.07%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2021 was 329,234,000.

2. Out of 177,742,100 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 3,101,000 shares that Dr Ralf-Christian Lerche was interested, 14,000 shares were held by Ms Claudia Lerche, the spouse of Dr Ralf-Christian Lerche.

Save as disclosed above, as at 31 December 2021, so far as is known to any Directors or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2021, other than interests disclosed above in respect of the Directors and the chief executive of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Interests in shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares interested	Approximately percentage of the total issued share capital of the Company (Note 1)
Dr Susanne Jørgensen	Beneficial owner and interest of spouse	177,742,100(L) (Note 2)	53.99%

Notes:

(L) denotes long position.

1. Total number of issued shares of the Company as at 31 December 2021 was 329,234,000.

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

Save as disclosed above, as at 31 December 2021, the Directors have not been notified by any person (other than the Directors or the chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

RELATED PARTY TRANSACTIONS

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

CONNECTED TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

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

During the Reporting Period, purchase from the Group's largest supplier amounted to approximately HK$22.8 million, representing approximately 14.9% of the Group's total cost of raw materials and consumables used, advertising and marketing expenditure, electricity and other utility expenses and clinic, office and consumption expenses for the same period, while purchases from the Group's top five suppliers amounted to approximately HK$75.8 million, representing approximately 49.5% of the Group's total cost of raw materials and consumables used, advertising and marketing expenditure, electricity and other utility expenses and clinic, office and consumption expenses for the same period.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any direct/ indirect interest in these major suppliers or customers during the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

For details of the Corporate Governance Report, please refer to pages 52 to 65 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The text of the Environmental, Social and Governance Report 2021 is set out on pages 66 to 96 of this annual report.

LITIGATION AND ARBITRATION

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021 which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the year ended 31 December 2021 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The Audit Committee has also reviewed the annual results for the year ended 31 December 2021.

AUDITOR

The financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, Certified Public Accountants, in accordance with International Standards on Auditing, who will retire and, being eligible, have offered themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

The Company confirms that no change in the auditor of the Company in any of the preceeding three years.

INFORMATION TO SHAREHOLDERS

Closure of register of members

In determining the right to attend and vote at the annual general meeting of the Company (the "AGM") in 2022: the register of members of the Company will be closed from 30 May 2022 to 2 June 2022 (both days inclusive) for the purpose of determining this right. In order to be entitled to attend and vote at the AGM in 2022, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 27 May 2022.

In determining the entitlement to the proposed final dividend: the register of members of the Company will be closed from 9 June 2022 to 10 June 2022 (both days inclusive) for the purpose of determining this entitlement. In order to be qualified for the proposed final dividend (if approved by the Shareholders at the AGM in 2022), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's Share Registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on 8 June 2022. It is expected that the proposed final dividend will be paid on or around 24 June 2022 to those Shareholders whose names appear on the register of members of the Company at the close of business on 10 June 2022.

By order of the Board

Dr Jørn Slot Jørgensen
Chairman

Hong Kong, 23 March 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

Save for the deviation discussed below, the Company has applied and complied with the principles (the "Principles") set out in the Corporate Governance Code contained in Appendix 14 (the "Corporate Governance Code") to the Listing Rules from the Listing Date to 31 December 2021 and annually reviewed the application of the Principles.

The Board is of the view that the Company has complied with all the mandatory disclosure requirements and the code provisions in the Corporate Governance Code during the Reporting Period, with the exception of code provision C.2.1, as explained under the paragraph headed "Chairman and Chief Executive Officer" below. Save as disclosed in this annual report, to the best knowledge of the Directors, no Director is aware of any information that reasonably reveals that there was any non-compliance with the Corporate Governance Code by the Company at any time during the Reporting Period.

THE BOARD AND THE DIRECTORS

Board Composition

The composition of the Board during the year ended 31 December 2021 and up to the date of this annual report is set out below:

Executive Directors

Dr Jørn Slot Jørgensen *(Chairman and Chief Executive Officer)*
Dr Markus Braun *(Chief Financial Officer)*
Dr Ralf-Christian Lerche
Mr Jannik Jonas Slot Jørgensen

Non-executive Director

Mr Marcus Huascar Bracklo

Independent non-executive Directors

Mr Hans Helmuth Hennig
Mr Philip Duncan Wright
Ms Katherine Rong Xin

After the annual assessment by the nomination committee of the Company (the "Nomination Committee"), the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategies. The Directors and their biographical details as at the date of this annual report are set out on pages 19 to 24 of this annual report.

Independence of the Independent Non-Executive Directors

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

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

Relationships between the Directors

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

Chairman and Chief Executive Officer

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

To facilitate good corporate governance, the company has established the division of responsibilities between the Chairman and Chief Executive Officer set out in writing. The responsibilities of the Chairman are performed in accordance with the code provisions under the Corporate Governance Code.

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

Roles and Responsibility of the Board

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

The non-executive Director and independent non-executive Directors have diversified industry expertise and professional knowledge, and provide advisory, adequate check and balances for effective and constructive contribution to the executive Directors to safeguard the interests of the Company and the shareholders as a whole. Independent non-executive Directors and non-executive Directors are encouraged to make positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction will be present at that Board meeting.

Delegation to Management

Day-to-day operational management and administration functions of the Group and implementation of the corporate strategies of the Group are delegated to the management of the Company led by the executive Directors. The management will report back to the Board and obtain prior Board approval before making decisions or entering into any commitments on behalf of the Company. The Company reviews these arrangements periodically to ensure these remain appropriate to the Company's needs.

Management also regularly provides all members of the Board with updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Corporate Governance Functions

The Board is responsible for the performance of functions of corporate governance. During the Reporting Period, the Board has performed the functions as set out in code provision A.2.1 of the Corporate Governance Code.

Appointment, Re-election, Rotation and Removal of Directors

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

All Directors (including the non-executive Director and independent non-executive Directors) entered into a service contract or letter of appointment with the Company for a term of two (2) years setting out the key terms and conditions of their appointment. Each term of office is the period up to his retirement by rotation or retirement, but eligible for re-election at the AGM in accordance with the Articles.

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

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

Induction and Continuing Professional Development of Directors

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. In accordance with Code Provision C.1.4 of the Corporate Governance Code regarding continuous professional development, the Company had received the training records from each of the executive Directors, namely Dr Jørn Slot Jørgensen, Dr Markus Braun, Dr Ralf-Christian Lerche, and Mr Jannik Jonas Slot Jørgensen, the non-executive Director, namely Mr Marcus Huascar Bracklo and each of the independent non-executive Directors, namely Mr Hans Helmuth Hennig, Ms. Katherine Rong Xin and Mr Philip Duncan Wright, who had attended training sessions and seminars as well as read the materials on corporate governance, updates on laws, rules and regulations and accounting/financial/management or other professional skills to develop and refresh their knowledge and skills on the roles, functions and duties as a director of a listed company during the reporting period.

Supply of and Access to Information

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

Members of the management of the Company has an obligation to supply the Board and the Board committee with complete, reliable and adequate information, in a timely manner, to enable it to make informed decisions and are usually invited to attend the Board meetings to promote effective communication within the Group. Each Director is authorised to hire external consultants or experts for independent professional advice at the Company's expenses to discharge the Director's responsibilities. Save as disclosed in this annual report, the Directors did not request for separate independent professional advice during the reporting period.

Number of meetings and Directors' attendance

The Board meets regularly and the Board meetings are held at least four times a year at approximately quarterly intervals. The Directors actively participated in meetings and all the Directors have devoted sufficient time and attention to the Company's affairs. A summary of the attendance records of each Director during the year ended 31 December 2021 are set out below:

	Attendance/Number of Meetings (Note 1)				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting (Note 2)
Executive Directors					
Dr Jørn Slot Jørgensen	4/4	1/1	1/1	N/A	1/1
Dr Markus Braun	4/4	N/A	N/A	N/A	1/1
Dr Ralf-Christian Lerche	4/4	N/A	N/A	N/A	1/1
Mr Jannik Jonas Slot Jørgensen	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Mr Marcus Huascar Bracklo	4/4	N/A	N/A	2/2	1/1
Independent non-executive Directors					
Mr Hans Helmuth Hennig	4/4	N/A	1/1	2/2	1/1
Ms Katherine Rong Xin	3/4	1/1	1/1	N/A	0/1
Mr Philip Duncan Wright	4/4	1/1	N/A	2/2	1/1

Notes:

(1) No alternate of the Directors attended the above meetings during the year ended 31 December 2021.

(2) Pursuant to article 62 of the Articles, Annual General Meeting of the Company shall be held in each year.

Board Committees

The Board established three Board committees on 23 September 2019, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with written terms of reference. All of these Board Committees are chaired by an independent non-executive Director or the Chairman to oversee their respective functions set out below, and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. The terms of reference of each of the Board committees have been published on the websites of the Company (www.euroeyes.hk) and the Stock Exchange (www.hkexnews.hk). To provide independent views and input to the Board, the Board has adopted the following arrangements: (i) each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities; and (ii) most of the committee members in each Board committee are independent non-executive Directors. The Board is responsible for the review of the implementation of such arrangements on an annual basis.

Audit Committee

The Audit Committee was established by the Board with its written terms of reference. The primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the Group's financial reporting process, risk management and internal control systems, and providing advices and comments to the Board. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2020. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters.

During the Reporting Period and as at the date of this annual report, the Audit Committee consists of Mr Philip Duncan Wright (an independent non-executive Director) as its chairman, and Mr Marcus Huascar Bracklo (a non-executive Director) and Mr Hans Helmuth Hennig (an independent non-executive Director) as its members.

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

Remuneration Committee

The Remuneration Committee was established by the Board with its written terms of reference adopting a model of making recommendation to the Board on the remuneration packages of individual Directors and senior management. The primary duties of the Remuneration Committee are set out in the written terms of reference which include regular monitoring of the remuneration of all the Directors and senior management to ensure that levels of their remuneration and compensation are appropriate. The Remuneration Committee also has the duty to assess the performance of Directors and approve the terms of service contracts of the Directors.

During the Reporting Period, the Remuneration Committee consists of Mr Hans Helmuth Hennig (an independent non-executive Director) as its chairman, and Dr Jørn Slot Jørgensen (an executive Director) and Ms Katherine Rong Xin (an independent non-executive Director) as its members.

Nomination Committee

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

During the Reporting Period and as at the date of this annual report, the Nomination Committee consists of Dr Jørn Slot Jørgensen (an executive Director and the Chairman) as its chairman, and Mr Philip Duncan Wright (an independent non-executive Director) and Ms. Katherine Rong Xin (an independent non-executive Director) as its members.

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

Nomination Policy

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

(1) Nomination Procedures and Appointment of Directors

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

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

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

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

(2) Re-appointment of Directors

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

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

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

d. The Board recommends the retiring Directors to stand for re-election at the AGM in accordance with the Articles.

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

DIVERSITY

Board Diversity

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

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

Set out below is the composition of the Board in terms of diversity.

Name	Dr. Jørn Slot Jørgensen	Dr. Markus Braun	Dr. Ralf-Christian Lerche	Mr. Jannik Jonas Slot Jørgensen	Mr. Marcus Huascar Bracklo	Mr. Hans Helmuth Hennig	Ms. Katherine Rong Xin	Mr. Philip Duncan Wright
Gender	Male	Male	Male	Male	Male	Male	Female	Male
Age	67	48	53	30	57	64	58	68

Workforce Diversity

The Group aims to provide a diversified working environment to the workforce. Set out below is the table summarising the diversity ratio among the workforce (including the senior management):

Gender	
Male	57
Female	252

Age Group	
Under 30 Years Old	91
30 to 50 Years Old	160
Above 50 Years Old	58

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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

Specific enquiries regarding non-compliance of the Model Code were made to all Directors, and they all confirmed that they had fully complied with the required standards set out in the Model Code and its code of conduct regarding the securities transactions of the Directors during the reporting period.

COMPANY SECRETARY

The Company Secretary, Ms Rosenna Ho is employed on a full time basis and have day-to-day knowledge of the Company affairs. She has fulfilled the requirements pursuant to Rule 3.28 of the Listing Rules and is responsible for advising the Board on corporate governance matters during their respective term of appointment of the reporting period. Ms Rosenna Ho had taken no less than 15 hours of professional training during the reporting period.

Under the corporate governance measures adopted by the Company, the Board is responsible for approving the selection, appointment or dismissal of the Company Secretary of the Company. The Company Secretary should report to the Chairman and the Chief Executive Officer. All Directors should have access to the advice or services of the Company Secretary to ensure the Board procedures, and all applicable laws, rules and regulations, are followed.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

	Number of individuals
Emolument bands	
HK$2,000,001 to HK$2,500,000 (approximately €226,491 to €283,113)	1
HK$2,500,001 to HK$3,000,000 (approximately €283,114 to €339,735)	N/A
HK$4,500,001 to HK$5,000,000 (approximately €509,603 to €566,226)	N/A
Above HK$5,000,000 (approximately above €566,226)	N/A

REMUNERATION OF EXTERNAL AUDITOR AND RELATED MATTERS

During the reporting period, the remuneration paid or payable to PricewaterhouseCoopers, Certified Public Accountants, the external auditor of the Company (the "External Auditor") in respect of the annual audit for the year ended 31 December 2021 amounted to approximately HKD2,895,000. The External Auditor did not provide non-audit services to the Group and there was no remuneration paid or payable to the External Auditor of the Company for non-audit services during the year ended 31 December 2021.

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

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

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2021 to give true and fair presentation of the financial position of the Company in accordance with all applicable International Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

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

The statements as to the auditor's responsibility of financial reporting is set out in the independent auditor's report on pages 97 to 102 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

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

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

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

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

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meetings

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

Procedures for directing shareholders' enquiries to the Board

The Company's Hong Kong share registrar serves the shareholders with respect to all share registration matters and the Chairman would ensure the appropriate steps are taken to provide effective communication with Shareholders and that their view are communicated to the Board as a whole. Specific enquiries of shareholders and other stakeholders to the Board could be sent in writing to the company secretary of the Company by mail to the Company's principal place of business in Hong Kong set out below:

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

Procedures for putting forward proposals at shareholders' general meetings

There are no provisions allowing Shareholders to put forward new resolution at a general meeting under the Companies Act (formerly known as Companies Law) of the Cayman Islands or the Articles. Shareholders who wish to move a resolution may request the Company to convene an extraordinary general meeting following the aforesaid procedures.

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company had not made any changes to the Articles. The latest version of the Articles is also available on the websites of HKEX and the Company.

INVESTORS' RELATIONSHIP

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

On 23 September 2019, the Company adopted a Shareholders' communication policy (the "Policy"). Under the Policy, the Company communicates with the Shareholders and investors through various channels. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the websites of the Company (www.euroeyes.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) could keep the shareholders updated of the Company's financial position and latest development. Shareholders are highly recommended to pay attention to the information available to the public. Annual General Meeting and other general meetings could provide an effective forum for the shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming Annual General Meeting. The Directors or their delegates, appropriate senior executive and the external auditor of the Company would be available at the forthcoming Annual General Meeting to answer shareholders' questions about the annual results for the year ended 31 December 2021 and the business of the Group. The Company considers that the Policy contributed an effective communication between the Company and the Shareholders during the Reporting Period.

INQUIRY TO THE BOARD

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

Germany headquarters:
Valentinskamp 90
20355 Hamburg
Germany

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

Email: ir@euroeyes.com

Further information

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

Dear Valued Stakeholders,

On behalf of the board of directors (the "Board"), I hereby present you the environmental, social and governance report (the "ESG Report"), demonstrating in detail the approach and performance in terms of sustainable development of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (collectively, the "Group") during the financial year ended 31 December 2021 ("FY2021").

The COVID-19 pandemic dominated all aspects of life and business and the Group was no exception with impacts felt both operationally and among its people. In the face of huge challenges, the Group continued to make progress on its environmental, social and governance ("ESG") strategy during FY2021. The Group's risk management and internal control procedures have served to increase business resiliency in the face of extreme events. During the COVID-19 pandemic, at a time when flights were grounded and courier service was suspended, the Group's well-implemented procedures have enabled it to continue to provide all essential eye surgeries to clients around the world.

The Group fully understands that building a solid governance structure is the key to sustain the business and to make positive impact. Adhering to that, the Group manages its ESG issues by adopting a top-down management approach, which comprises of the Board and the environmental, social and governance task force (the "ESG Task Force"). The Board has the ultimate accountability for the Group's ESG strategies, management approach, performance and reporting. In order to better manage the Group's ESG related issues, the Board delegates the ESG Task Force to oversee and review the Group's ESG-related matters such as policies, performance, and risk and opportunities as well as to recommend the improvements. More information on the Group's ESG governance structure is mentioned in the section headed "The ESG Governance Structure".

In prevailing circumstances, it is vital for the Group to engage with its stakeholders in response to the increasing attention and interest in ESG matters. To prioritise the material ESG-related issues, the Board and the ESG Task Force assess the significance of multiple ESG topics with reference to different stakeholders' opinions. The Group regularly collects their opinions through various communication channels such as meetings, surveys and workshops. The Group will further strengthen its communication with stakeholders and formulate relevant sustainable development policies and measures with reference to their opinions to enhance the Group's ESG performance.

As a responsible corporation, the Group always cares about its sustainability performance regarding service quality, privacy protection, environmental protection, green operation, staff development, occupational health and safety, supply chain management and community works. In particular, to actively respond to the global vision of decarbonisation, the Group is committed to supporting the development of low-carbon economies by setting targets in reducing emissions, waste, energy consumption and water use. The environmental targets were approved by the Board and the progress will be reviewed by the ESG Task Force annually. Looking forward, the Group will continue to formulate improvement plans regarding all material aspects, and strengthen the standard of internal management, so as to provide a long-lasting driving force for the long-term development of the Group.

In closing, I would like to express my sincere gratitude to my fellow directors, the management team, all employees and stakeholders for their contributions to the Group's sustainable development.

Dr. Jørn Slot Jørgensen
Chairman and Chief Executive Officer

INTRODUCTION

The Group is principally engaged in the provision of vision correction services in Germany, Denmark, the United Kingdom (the "UK") and the People's Republic of China (the "PRC" or "China"). For the purpose of this ESG Report, the PRC and China excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. The Group has become one of the leading brands in the vision correction industry that combines German ophthalmology excellence and years of professional experience with bespoke customer care service.

This ESG Report summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Group has developed a core governance framework to ensure the alignment of ESG governance with its strategic growth, while advocating ESG integration into its business operations. The structure of the Group's ESG governance is divided into two components, namely the Board and the ESG Task Force.

The Board holds the overall responsibility for the Group's ESG strategies, as well as overseeing all ESG-related matters through the support of the ESG Task Force. Based on the recommendation from the ESG Task Force, the Board carries out an evaluation of and approves the Group's ESG policies, approaches, priorities, risk and opportunities, as well as the Group's ESG goals and targets, strategies and the progress made towards achieving those objectives on an ongoing basis. The Board is also responsible for ensuring the effectiveness of the risk management systems and internal control mechanisms.

In order to assist the Board in implementing ESG initiatives and ensuring the establishment of appropriate and effective ESG risk management and internal monitoring system, the Group has set up the ESG Task Force, which is composed of representatives from various functional departments, to report to the Board regularly and fully implement the Group's ESG strategies and related actions. The ESG Task Force also reviews and reports to the Board on ESG-related goals and targets, management approach, strategies, risk and opportunities, policies and priorities relating to the businesses of the Group. In addition, the ESG Task Force examines and evaluates ESG risks and opportunities as well as the performance and practices of different ESG aspects such as environment, health and safety, labour standards and product responsibilities annually.

SCOPE OF REPORTING

This ESG Report follows the reporting scope of the Group's annual report, and covers its operations in Germany, Denmark, the PRC and the administrative office in Hong Kong, including two newly opened clinics in the PRC.

REPORTING FRAMEWORK

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

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

During the preparation for this ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as follow:

Materiality: This ESG Report is structured based on the materiality of respective issues, resulting from materiality assessment. The result of the materiality assessment was reviewed and confirmed by the Board and the ESG Task Force. For further details, please refer to the section headed "Materiality Assessment".

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses key performance indicators ("KPIs") in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used for KPIs is stated wherever appropriate.

Consistency: Unless otherwise stated, the Group's disclosure and statistical methods are consistent with the previous financial year for meaningful comparison. If there is any change that may affect comparison with previous reports, the Group will make explanatory notes to the corresponding section hereof.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during FY2021 as well as comparative data for the financial year ended 31 December 2020 ("FY2020") where appropriate.

STAKEHOLDER ENGAGEMENT

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

Stakeholders' expectations have been taken into consideration in formulating the Group's businesses and ESG strategies by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Engagement Methods	Expectations
The Stock Exchange	• The Stock Exchange website • Training and seminars • Announcements	• Compliance with Listing Rules and other relevant ordinances
Government and other regulatory authorities	• Routine reports • Written or electronic correspondences • Visits and government inspections	• Legal compliance • Stability in business operations

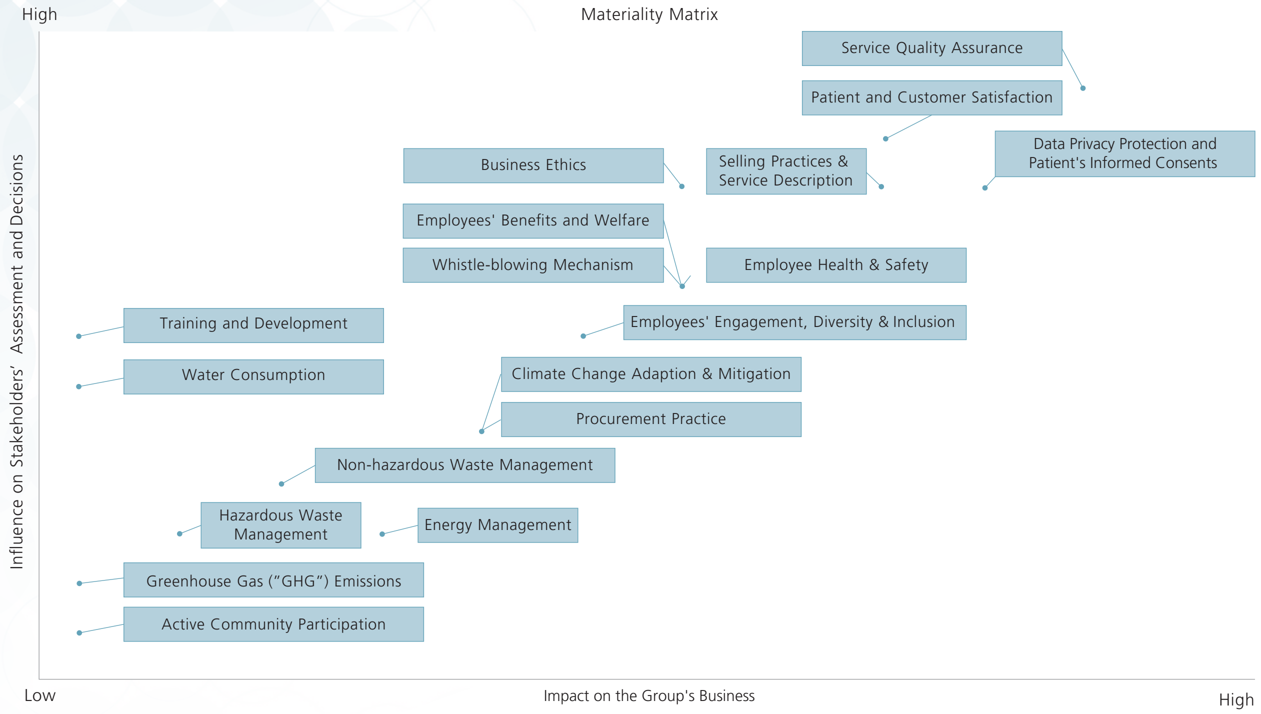
Stakeholders	Engagement Methods	Expectations
Shareholders and investors	• General meeting and other shareholder meetings • Annual and interim reports • Announcements and circulars • Company website	• Sustainable profitability • Corporate governance • Legal compliance • Shareholder return
Employees	• Training, seminars and briefing • Employee suggestion boxes • Email and internal memos • Regular meetings	• Remuneration, compensation and benefits • Safe working environment • Career development
Patients and customers	• Customer service hotline and email • Visits to clinics	• Patient and customer satisfaction • Great post-operative care • High-quality services
Suppliers	• Site visits • Engagement and cooperation • Business meetings and discussion	• Fair and open procurement • On-time payment • Sustainable relationship
Media and the public	• ESG reports • Newsletters on company website • Reports and announcements	• Transparency of ESG issues and financial disclosure • Legal compliance • Corporate governance
Community	• Community activities (e.g. EuroEyes Cyclassics) • Employee voluntary activities • Charitable donations	• Active participation to worthy causes • Community development

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

MATERIALITY ASSESSMENT

The Board and the ESG Task Force of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing their relevant importance to its businesses and stakeholders. To ensure that the disclosures in the ESG Report reflect the Group's efforts in tackling sustainability issues, a materiality assessment has been conducted to identify ESG issues that are material to different stakeholders and the Group's business. The result of materiality assessment is also used to formulate strategies, set targets and determine the focus of the ESG Report.

With the assistance of the Group's management and the ESG Task Force, the Group identified the list of material ESG issues for the Group, based on its business, the Sustainable Accounting Standard Board (SASB) Standard, the ESG Reporting Guide, and analysis of industry peers. To prioritise the identified material ESG issues, the Group compiled a questionnaire according to the material ESG aspects identified and approached various groups of stakeholders to complete the said questionnaire in order to fully reflect different stakeholders' opinions. The results of the materiality assessment were reviewed and approved by the ESG Task Force, and then approved by the Board. The outcome of the materiality assessment is presented in the form of a materiality matrix, as shown below:



For FY2021, the Group confirmed that it has established appropriate and effective management policies and internal control systems to identify and handle ESG issues, and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

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

A. ENVIRONMENTAL

A1. Emissions

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

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

During FY2021, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group including but not limited to, the Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of the laws of Hong Kong), the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Water Pollution Law of the People's Republic of China, the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Regulations on the Administration of Medical Wastes of the People's Republic of China, the Ordinance on Hazardous Substances (Gefahrstoffverordnung) and the Federal Water Act of Germany and the Environmental Protection Act of Denmark.

Air Emissions

Air emissions were generated from the use of company vehicles for daily commute. As the Group's core business activity focuses on the provision of vision correction services, no significant air emissions were produced in its daily operations. The Group actively implements green measures to reduce fuel consumption by vehicles which are mentioned in the section headed "Scope 1 – Direct GHG emissions" under this aspect.

Summary of air emissions performance:

Air Emissions	Unit	FY2021	FY2020
Nitrogen Oxides (NOx)	kg	37.57	37.75
Sulphur Oxides (SOx)	kg	0.1432	0.1079
Particulate Matter (PM)	kg	3.48	3.51

GHG Emissions

The principal GHG emissions of the Group were generated from petrol and diesel consumption of vehicles (Scope 1), purchased electricity (Scope 2) and paper waste disposal at landfills (Scope 3). To minimise the environmental impacts of GHG emissions generated from the Group's business operations, the Group has set target to reduce the total GHG emissions intensity (tCO_2e/million revenue (HK$)) gradually throughout the next 5 years, using FY2021 as the baseline year. To achieve the target, the Group has adopted the following measures:

Scope 1 – Direct GHG emissions

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

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

Scope 2 – Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption, said measures are mentioned in section headed "Energy Management" under aspect A2.

Scope 3 – Other Indirect GHG Emissions

Office paper waste disposal accounted for other indirect GHG emissions. Measures implemented to reduce paper waste disposal are mentioned in the section headed "Waste Management" under this aspect.

Total GHG emissions have increased by approximately 37.41% from approximately 989.20 tCO_2e in FY2020 to approximately 1,359.21 tCO_2e in FY2021. This was mainly due to an increase in the use of electricity as a result of an increased number of surgeries performed. The Group will continue to actively promote environmentally friendly measures to help reduce GHG emissions.

Summary of GHG emissions performance:

Indicator[1]	**Unit**[2]	**FY2021**	**FY2020**
Scope 1 – Direct GHG Emissions	tCO_2e	23.95	19.04
• Petrol and Diesel Consumption by vehicles		23.95	19.04
Scope 2 – Indirect GHG Emissions	tCO_2e	1,330.53	969.24
• Purchased Electricity		1,330.53	969.24
Scope 3 – Other Indirect GHG Emissions	tCO_2e	4.73	0.92
• Paper Waste Disposal		4.73	0.92
Total GHG Emissions	tCO_2e	1,359.21	989.20
Total GHG Emissions Intensity[3]	tCO_2e/million revenue (HK$)	2.15	2.09

Note(s):

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the HK Electric Investments Sustainability Report 2020 published by the HK Electric, the 2019 Baseline Emission Factors for Regional Power Grids in China, Agorameter Documentation Version 10 published by Agora Energiewende and Energy Statistics 2019 published by Danish Energy Agency.

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

3. For FY2021, the Group recorded a revenue of approximately HK$632.93 million (FY2020: HK$473.82 million). This data is used for calculating other intensity data.

Sewage Discharges into Water and Land

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

Waste Management

Hazardous Waste Management

Due to the Group's business nature, a material amount of hazardous wastes was generated by the Group. The major hazardous wastes produced in the Group's operations were clinical wastes. The Group remains vigilant to the management of proper clinical wastes disposal. Guidelines on the handling and storage of clinical wastes disposal have also been formulated to illustrate the procedures on dealing with hazardous wastes to reduce the risk of unnecessary exposure to contaminants and ensure that the disposal process complies with statutory requirements. Employees are required to familiarise themselves and strictly follow the procedures in handling hazardous waste as set out by the Group. Licenced medical waste collectors have also been contracted to lawfully handle and dispose of such clinical wastes. During FY2021, hazardous waste was lawfully disposed of by contracted third parties in different jurisdictions.

Total hazardous waste disposed have increased by 38.51% from approximately 13.32 tonnes in FY2020 to approximately 18.45 tonnes in FY2021. This was mainly due to increased number of surgery performed. In order to continuously reduce the adverse impact associated with the production of hazardous waste, the Group will continue to monitor the amount of clinical waste generated during its operations.

Summary of major hazardous waste generation performance:

Category of waste	**Unit**	**FY2021**	**FY2020**
Total Hazardous Waste	Tonnes	18.45	13.32
• Clinical Waste		18.45	13.32
Total Hazardous Waste Intensity	Tonnes/million revenue (HK$)	0.029	0.028

Non-hazardous Waste Management

Non-hazardous wastes generated were principally general waste and office paper, and the Group was not aware of a disproportional amount of waste produced. To minimise the environmental impacts of non-hazardous waste generated from the Group's business operations, the Group has set target to reduce the total non-hazardous waste intensity (tonnes/million revenue (HK$)) gradually throughout the next 5 years, using FY2021 as the baseline year. To achieve the target, the Group continues to place great effort in educating its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its environmental performance.

Green measures include but not limited to the following:

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

Total non-hazardous waste disposal increased by approximately 9.54% from approximately 10.38 tonnes in FY2020 to approximately 11.37 tonnes in FY2021. This was mainly due to an increased number of surgeries performed. The Group will continue to actively promote environmentally friendly measures to help reduce total non-hazardous waste disposal.

Summary of major non-hazardous waste disposal performance:

Category of waste	**Unit**	**FY2021**	**FY2020**
Total Non-hazardous Waste	Tonnes	11.37	10.38
• Office Paper		0.98	0.92
• General Waste		10.39	9.46
Total Non-hazardous Waste Intensity	Tonnes/million revenue (HK$)	0.02	0.02

A2. Use of Resources

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

Energy Management

The Group recognises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. Striving to reduce energy consumption during its operation, the Group has set a target to reduce its total energy consumption intensity (kWh/million revenue (HK$)) gradually throughout the next 5 years, using FY2021 as the baseline year. To achieve the target, the Group has adopted the following energy-saving measures:

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

Anomaly in electricity consumption will be investigated to find out the root cause and preventive measures will be taken. Total energy consumption increased by approximately 26.21% from approximately 1,618,066.82 kWh in FY2020 to approximately 2,042,201.32 kWh in FY2021. This was mainly due to an increase in the use of electricity, following an increased number of surgeries performed.

Summary of energy consumption performance:

Types of energy	**Unit**	**FY2021**	**FY2020**
Direct Energy Consumption	kWh	95,119.42	71,262.91
• Petrol		8,499.32	46,559.85
• Diesel		86,620.10	24,703.06
Indirect Energy Consumption	kWh	1,947,081.90	1,546,803.91
• Electricity		1,947,081.90[4]	1,546,803.91[5]
Total Energy Consumption	kWh	2,042,201.32	1,618,066.82
Total Energy Consumption Intensity	kWh/million revenue (HK$)	3,226.58	3,414.95

Note:

4. Electricity consumption data in FY2021 included all branches in the PRC and Germany and the Aarhus branch in Denmark. Electricity usage and its related costs in excluded branches were included in the rental arrangement with hospitals where the surgeries were performed, a breakdown of such data is hence not available. The total electricity consumption also excluded those usage in the newly rented shared office in Hong Kong, which the electricity consumption data were included in the management fee paid and unable to be obtained for the occupied areas.

5. Electricity consumption data in FY2020 included all branches in the PRC and Germany and the Aarhus branch in Denmark and the old office in Hong Kong. Electricity usage and its related costs in excluded branches were included in the rental arrangement with hospitals where the surgeries were performed, a breakdown of such data is hence not available.

Water Consumption

Water was mainly used in the offices and clinics. To minimise the environmental impact of water consumption from its operation, the Group has set target to reduce total water consumption intensity (m^3/million revenue (HK$)) gradually throughout the next 5 years, using FY2021 as the baseline year. To achieve the target, the Group actively promotes the importance of water conservation to its employees. Apart from posting banners around the offices, the Group also regularly inspects water taps to prevent leakage, installs dual flush water cistern in toilets and aerators on water faucets in sinks where possible.

Total water consumption increased significantly from approximately 1,523.24 m^3 in FY2020 to approximately 3,054.21 m^3 in FY2021. This was mainly due to the adoption of water-intensive practices for general cleaning and maintaining personal hygiene amidst the COVID-19 pandemic and the increased number of surgeries performed.

Summary of water consumption performance:

Indicator	**Unit**	**FY2021[6]**	**FY2020[7]**
Water Consumption	m^3	3,054.21	1,523.24
Water Consumption Intensity	m^3/million revenue (HK$)	4.83	3.21

Note(s):

6. Water consumption data in FY2021 included all branches in the PRC, and the Aarhus branch in Denmark. The water consumption data of Aarhus branch in Denmark was included as a result of a more mature data collection system as compared to FY2020. Water consumption and its related costs in excluded branches were included either in the rental arrangement with hospitals or the tenancy fee, a breakdown of such data is hence not available. The total water consumption also excluded those usage in the shared office newly rented in Hong Kong, which the water consumption data were included in the management fee paid and unable to be obtained for the occupied areas.

7. Water consumption data in FY2020 included all branches in the PRC and the old office in Hong Kong. Water consumption and its related costs in excluded branches were included either in the rental arrangement with hospitals or the tenancy fee, a breakdown of such data is hence not available.

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

Use of Packaging Material

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

A3. The Environment and Natural Resources

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

Indoor Air Quality

To enhance working efficiency, the Group is committed to providing a pleasant working environment by maintaining environmental sanitation. Therefore, indoor air quality is regularly monitored and measured. During FY2021, the indoor air quality of the Group's office has been satisfactory. To improve indoor air quality, air purifying equipment has been placed in the office and the ventilation system is cleaned periodically. These measures resulted in maintained the indoor air quality at a satisfactory level.

A4. Climate Change

Climate Change Adaptation and Mitigation

To echo the growing worldwide concern on climate change, the Group is committed to identifying, managing and disclosing material climate-related risks. Therefore, the Group has integrated climate-related risks into the Group's enterprise risk management ("ERM") system and formulated the Climate Change Policy. During FY2021, the Group underwent a risk assessment exercise in examining and evaluating its climate-related risks with regards to the recommendations in the Task Force on Climate-related Financial Disclosures ("TCFD"). With reference to TCFD's recommendations and based on the latest climate policies and market changes related to the regions and industries where it operates during FY2021, the following physical and transition risks were identified, and potential countermeasures were proposed and studied.

Physical Risk

As the frequency and magnitude of extreme weather events intensify, the Group's supply chain would be affected to a degree that it would disrupt product flow and shipping worldwide, including the global markets that the Group serves. To strengthen business resiliency in face of extreme weather events, the Group has developed strategies for mitigating and responding to them across its value chain. For instance, the Group has applied inventory demand forecasting analysis in its decision-making process and practiced order in advance at critical time. Other measures taken by the Group to stabilise the supply chain will be mentioned in the section headed "Supply Chain Management" under aspect B5.

In addition, extreme weather may also have a short-term impact on the operation of the Group by damaging the power grid, and communication infrastructures, and injuring its employees during their work, leading to reduced capacity and decrease in productivity, or expose the Group to risks associated with non-performance and delayed performance. To minimise the potential risks and hazards, the Group has flexible working arrangements and precautionary measures during bad or extreme weather conditions.

Transition Risk

Compliance with new or existing laws and regulations could impact the Group's operations. In particular, as the urgency for policy makers to transition to a low-carbon economy heightens, the Group might be exposed to higher risks of claims and lawsuits regarding stricter climate-related laws and regulations. In response to emerging expectations and regulations around businesses managing corporate carbon footprint, the Group has implemented different energy-saving and GHG reduction initiatives, and set relevant target to reduce its carbon footprint. The Group also regularly monitors existing and emerging trends, policies and regulations relevant to climate change and be prepared to alert the management where necessary to avoid cost increments, non-compliance fines and reputational risks due to delayed response.

Looking forward, the Group will continuously incorporate sustainability and industry best practices in its business operations to keep up with increasingly stringent government regulations and the rising stakeholders' interest in sustainability.

B1. Employment

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

During FY2021, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance (Chapter 57 of the laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480 of the laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong), the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, the German Civil Code and relevant collective agreements and statutes of Denmark.

As at 31 December 2021, the Group had 309 employees (2020: 290 employees), which included but were not limited to surgeons, conservative ophthalmologists and optometrists. The following table shows the Group's diversity by gender, age group, employment type and geographical region:

	FY2021	FY2020
By Gender		
Male	57	58
Female	252	232
By Age Group		
Under 30 Years Old	91	81
30 to 50 Years Old	160	156
Above 50 Years Old	58	53

	FY2021	FY2020
By Employment Type		
Full-time	225	215
Part-time	84	75
By Geographical Region		
Germany	155	142
Denmark	42	38
The PRC	110	108
Hong Kong	2	2

During FY2021, the Group's overall turnover rate was approximately 26.21%. The Group's employee turnover rate by gender, age group and geographical region during FY2021 are as below.

Turnover Rate (%)[8]

By Gender	
Male	47.37%
Female	25.79%

By Age Group	
Under 30 Years Old	31.87%
30 to 50 Years Old	33.13%
Above 50 Years Old	17.24%

By Geographical Region	
Germany	31.61%
Denmark	9.52%
The PRC	35.45%
Hong Kong	–

Note(s):

8. The turnover rate is calculated by dividing the number of employees leaving employment in the specified category during FY2021 by the number of employees as at 31 December 2021 in the specified category.

Employee Engagement, Diversity & Inclusion

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

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

Promotion and Performance Appraisal

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

Compensation and Dismissal

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

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

Working Hours and Rest Periods

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

B2. Health and Safety

Employee Health & Safety

During FY2021, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance (Chapter 633 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Danish Health Act and the German Criminal Act. The Group had zero work-related fatalities in each of the past three years including FY2021 in any of its operations. During FY2021, there were no reported cases of work-related injuries and no lost days due to work injury.

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

In accordance with the Group's procedures and guidelines, employees should strictly adhere to the following safety measures:

- Wear appropriate work shoes according to the nature of work and environment;
- Label all chemicals, disinfectants and bactericides, and store them properly in the designated area;
- Wear protective clothing such as masks, goggles or gloves when they contact with patients' body fluid;
- Wash their hands immediately with hand sanitisers after removing clothing such as robes, uniforms or gloves; and
- Place used syringes in the sharp box with care to prevent acupuncture accidents which may cause infection.

Response to COVID-19 Measures

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

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

B3. Development and Training

Human Capital Development

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

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

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

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

During FY2021, approximately 23.87%[9,10] of employees were trained and the average training hours per employee was approximately 1.92 hours[11]. The following table is an overview of the Group's training statistics:

Indicators	Percentage of Trained Employees[12] (%)	Breakdown for employees[13] trained (%)	Average Training Hours[14] (Hours)
By Gender			
Male	50.00	40.54	4.00
Female	17.60	59.46	1.42

Indicators	Percentage of Trained Employees[12] (%)	Breakdown of Trained Employees[13] (%)	Average Training Hours[14] (Hours)
By Employee Category			
Surgeons	71.43	13.51	5.71
Conservative Ophthalmologists	55.56	13.51	4.44
Nurses, Optometrists, Opticians and Refractive Coordinators	12.50	21.62	1.00
Management, Finance, Human Resource and Administration	42.86	16.22	3.50
Receptionist, Sales, Marketing and Customer Feedback	21.31	35.14	1.70

Note(s):

9. Training data present and highlight the performance of the operation in Germany, the Group will improve its data collection and enhance disclosure in the coming financial year.

10. The percentage of trained employees is calculated by dividing the total number of employees who took part in training during FY2021 by the total number of employees in Germany as at 31 December 2021.

11. The average training hours per employee is calculated by dividing the total number of training hours of employees in Germany during FY2021 by the total number of employees in Germany as at 31 December 2021.

12. The percentage of trained employees by category is calculated by dividing the number of employees in the specified category who took part in training during FY2021 by the number of employees in Germany in the specified category as at 31 December 2021.

13. The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specific category during FY2021 by the total number of trained employees during FY2021.

14. The average training hours by category is calculated by dividing the total number of training hours for employees in Germany in the specified category during FY2021 by the number of employees in Germany in the specified category as at 31 December 2021.

B4. Labour Standards

Prevention of Child and Forced Labour

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

During FY2021, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Young Workers Protection Act of Germany and Working Environment Act of Denmark.

B5. Supply Chain Management

Procurement Practices

The Group mainly procures surgical equipment such as lenses, treatment packs, eye-drops, equipment and tools. Well-regulated, fair and open tendering and evaluation procedures have been established to select prospective suppliers. Apart from considering the offered price, the Group also takes into account the business licences and certifications, the provision of quality service, supplier's experience and reputation, social and environmental compliance and follow-up services when selecting prospective suppliers. During FY2021, the Group's standardised supplier engagement process was implemented on all of the Group's suppliers.

To ensure that the suppliers and distributors could compete in an open and fair way, the Group's employee should adhere strictly to principles stated in the Code of Conduct and Business Ethics. The Group closely monitors the procurement made by our staff and forbids any practices that are against business ethics. Employees or personnel who have an interest relationship with the supplier will not be allowed to be involved in the related business activity.

The Group procures only surgical equipment and medical supplies of the finest quality. The Group had a total of approximately 151 medical suppliers during FY2021. All the Group's medical suppliers are evaluated and engaged according to the Group's standardised supplier engagement process. The breakdown of the Group's suppliers is as follows:

	Total Number of Suppliers
By Geographical Region	
Germany	66
Denmark	30
The PRC	55

The Group currently has major and long-term business dealings with 2 of the aforementioned suppliers, namely Carl Zeiss, a Frankfurt-listed medical technology company since 1993, and Staar Surgical, a NASDAQ-listed medical technology company since 1997. They are both the Group's sole suppliers of Zeiss trifocal lens and phakic lens ("ICL") respectively. To enhance the stability of supply, the Group has entered into a long-term supply agreement with Carl Zeiss with a renewal provision. The Group takes pride in its harmonious and longstanding business relationships with the aforementioned crucial partners. However, the Group is aware of and remains vigilant to the potential of fluctuation in supply.

Sustainable Supply Chain

The Group strives to maintain a supply chain management that both provides stability and flexibility by adopting a three-pronged approach, i) not over-relying on a specific supplier, ii) maintaining a sustainable relationship with existing suppliers and iii) developing new connections with new prospective suppliers. Meanwhile, the Group expects suppliers to meet its standards in the area of environmental management, labour practices, corporate governance, and business ethics. To minimise potential environmental and social risks in the supply chain, performance of the suppliers is periodically evaluated and monitored to ensure their compliance with relevant standards. Should their practice or product supplied fall below the agreed standard, the cooperation may be terminated.

Additionally, the Group endeavours to support local economies and prioritises the procurement from local and regional suppliers to lower the carbon footprint during transportation. Striving to minimise potential environmental and social risks in the supply chain, the Group also endeavours to engage service providers who incorporate ESG issues into their business development and gives priority to suppliers who use environmentally preferable products and services in the selection process.

B6. Product and Service Responsibility

During FY2021, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Tort Liability Law of the People's Republic of China and the Administrative Measures on Medical Advertisement of the People's Republic of China, the German Federal Data Protection Act (Bundesdatenschutzgesetz), the Healthcare Advertisement Act (Heilmittelwerbegesetz) of Germany and the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb),the General Data Protection Regulation 2016/679 of the EU Law ("GDPR"), the Danish Health Act (Bekendtgorelse of sundhedsloven), the Executive Order 509 of 13 May 2018 and Act 326 of 6 May 2003 of Denmark.

Data Privacy Protection and Patients' Informed Consent

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

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

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

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

Service Quality Assurance

The Group's exceptional quality and post-operation satisfaction are recognised by receiving two world recognised "Zeiss Awards" for 5 consecutive years. The Zeiss Awards aim at recognising outstanding medical groups with remarkable contribution to the ophthalmology industry. The Group has been certified by Carl Zeiss as having performed the largest number of Zeiss Trifocal lens exchange surgeries in the world indicating that the Group is one of the world's leading clinical groups in performing trifocal lens exchange surgery. Meanwhile, the Chairman and Chief Executive Officer of the Group, Dr. Jørn Slot Jørgensen who successfully performed more than 100,000 eye surgeries, won the award of "The Surgeon performed the most Zeiss trifocal lenses worldwide" successively, making him one of the most experienced eye surgeons in the world.

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

In addition, the Group will perform an inspection upon delivery of the new products such as eye drops to ensure that there are no physical damages on the products, the products have not passed the expiry date and clear labels are applied to containers. Moreover, the Group has also formulated standardised procedures in monitoring the environment for product storage. For instance, Medications are stored at room temperature, away from sunlight. As the Group principally engaged in the provision of vision correction services and does not involve in any manufacturing activities, products sold or shipped subject to recalls for safety and health reasons is considered immaterial to its business.

Patient and Customer Satisfaction

The Group attaches great significance to feedback and complaints from its customers and patients are welcomed as it is the key to enhancing the Group's service. Procedures for handling complaints relating to the post-operation of refractive surgeries are stated in the refractive surgery manual for refractive coordinators' reference. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions. In addition, any complaints received are discussed and reviewed by the management during regular meetings to prevent re-occurrence. During FY2021, the Group did not receive any material cases of product or service-related complaints.

Selling Practice and Service Description

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

Intellectual Property Rights

The Group believes that intellectual property rights are critical to its continued success. The Group primarily relies on the applicable laws and regulations on trademarks, trade secrets as well as confidentiality agreements to protect its intellectual property rights. Meanwhile, to prevent third parties from adopting, registering or using its trademarks, the Group has registered a number of trademarks as well as its domain names. The Group regularly monitors to ensure that intellectual property rights are not being infringed upon.

B7. Anti-corruption

During FY2021, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the German Criminal Act and the Danish Criminal Code. During FY2021, there were no concluded legal cases regarding any forms of fraud and corrupt practices brought against the Group or its employees.

Business Ethics

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

The Group endeavours to maintain a culture of integrity, transparency and accountability by adhering to stringent anti-corruption practices. To prevent corrupt practices during its business operation, employees are required to undergo anti-corruption training to familiarise themselves with the current legislation, the identification of and correct procedures to report corrupt practices. Relevant guidelines on anti-money laundering and counter-terrorist financing have been circulated among all directors during FY2021 which helped to familiarise them with their corresponding roles and responsibilities in anti-corruption and business ethics. All directors of the Group has received an average of approximately 1 hour of anti-corruption training.

Whistle-blowing Mechanism

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

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

B8. Community Investment

Active Community Participation

The Group is committed to investing in the development and success of the communities where it operates and plans to put focus and resources on the areas of contribution of education, environmental concerns, labour needs, health, culture and sport. The Group believes that social participation and contribution is a part of responsible corporate citizenship and is able to inject positive values to the community. To encourage the Group's employees to actively participate in worthy causes, the Group has established relevant guidelines on employee community engagement, endorsing senior executives' participation in community service and acceptance of public offices.

The commitment to serve the communities where the Group operates extends beyond policies. The Group has been sponsoring Europe's largest cycling festival and Germany's Union Cycliste Internationale ("UCI") World Tour Race in Hamburg since 2016. However, due to the ongoing COVID-19 pandemic and agreement with the local authorities at the City of Hamburg, it is with deep regret that the much anticipated, exemplary annual community event, EuroEyes Cyclassics, has to be cancelled. The EuroEyes Cyclassics is set to return to the streets of Hamburg and Schleswig-Holstein in the summer of 2022.

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

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

Mandatory Disclosure	Section/Statement
Governance Structure	Chairman's Statement, The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Scope of Reporting

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Air Emissions, GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change – Climate Change Adaptation and Mitigation
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety – Employee Health & Safety

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting period.	Health and Safety – Employee Health & Safety
KPI B2.2	Lost days due to work injury.	Health and Safety – Employee Health & Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Employee Health & Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training – Human Capital Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Human Capital Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Human Capital Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management – Procurement Practices
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Procurement Practices
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Procurement Practices
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Procurement Practices
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Procurement Practices
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Service Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Patient and Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Service Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Privacy Protection and Patients' Informed Consent
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Business Ethics
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment – Active Community Participation
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Active Community Participation
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Active Community Participation

End

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

OPINION

What we have audited

The consolidated financial statements of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 103 to 188, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

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KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
The right of use assets ("ROU assets") and lease liabilities recorded as a lessee Refer to Note 4(d) (Critical accounting estimates and judgements – lease term and discount rate determination) and Note 29 to the consolidated financial statements. As at 31 December 2021, the Group had ROU assets amounting to HK$195 million and lease liabilities amounting to HK$217 million. These ROU assets and lease liabilities are initially measured on a present value basis, which is calculated through discounted future lease payments. Management exercised significant judgements in determining the carrying amount of ROU assets and lease liabilities including the discount rates and the period of the future lease payments that taking into consideration of the possibility of the lease contract extension for each lease. We focused on this area due to (a) the significance of the amounts of the ROU assets and lease liabilities; (b) the estimation of discount rate and lease term determination are subject to high degree of estimation uncertainty. The inherent risk in relation to the discount rate and lease term are considered significant due to the significance of the carrying amounts of ROU assets and lease liabilities.	Our procedures to address the key audit matter included: o We obtained an understanding of the management's internal control and assessment process of discount rate and lease term determination and assessed inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; o We evaluated the outcome of prior period assessment of the ROU assets and lease liabilities to assess the effectiveness of the management's estimation process; o We obtained a summary of leases from management, and agreed, on a sample basis, the key terms of each lease contracts including lease terms and lease payments to the relevant lease contracts; o We assessed the appropriateness of the discount rates used in the calculation of the ROU assets and lease liabilities through comparing with the respective group entities' rates of borrowing on a collateralized basis over a similar term, amount and economic environment;

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

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OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 23 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*13*	**355,636**	365,410
Intangible assets	*14*	**4,539**	5,101
Goodwill	*15*	**7,568**	7,352
Deferred tax assets	*30*	**26,438**	26,402
Deposits and other receivables	*18*	**18,005**	12,186
Total non-current assets		**412,186**	416,451
Current assets			
Inventories	*20*	**23,657**	36,243
Prepayments	*17*	**24,204**	27,995
Income tax recoverable		**32,575**	35,213
Deposits and other receivables	*18*	**11,736**	31,742
Trade receivables	*19*	**3,082**	4,577
Financial assets at fair value through profit or loss	*3.3*	**15,944**	–
Restricted cash	*23*	**2**	66
Cash and cash equivalents	*21*	**845,636**	761,894
Total current assets		**956,836**	897,730
Total assets		**1,369,022**	1,314,181
Equity			
Equity attributable to owners of the Company			
Share capital	*22*	**25,826**	25,826
Shares held for share scheme	*23*	**(11,344)**	(4,284)
Share premium	*36(b)*	**626,302**	625,422
Other reserves	*24*	**116,655**	181,584
Retained earnings		**248,113**	124,744
Total equity attributable to owners of the Company		**1,005,552**	953,292
Non-controlling interests		**34,925**	36,320
Total equity		**1,040,477**	989,612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Liabilities			
Non-current liabilities			
Borrowings	*28*	**2,729**	5,101
Lease liabilities	*29*	**173,332**	183,139
Put options		**1,042**	1,125
Deferred tax liabilities	*30*	**8,963**	8,667
Total non-current liabilities		**186,066**	198,032
Current liabilities			
Trade payables	*26*	**21,537**	21,053
Contract liabilities	*6*	**8,115**	7,952
Income tax liabilities		**41,309**	15,180
Accruals and other payables	*27*	**26,103**	31,045
Borrowings	*28*	**1,916**	2,021
Lease liabilities	*29*	**43,499**	49,286
Total current liabilities		**142,479**	126,537
Total liabilities		**328,545**	324,569
Total equity and liabilities		**1,369,022**	1,314,181

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

The financial statements on pages 103 to 188 were approved by the Board of Directors on 23 March 2022 and were signed on its behalf.

Dr Jørn Slot Jørgensen
Chairman and Chief Executive Officer

Dr Markus Braun
Executive Director and Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	*6*	632,931	473,818
Cost of sales	*7*	(320,386)	(259,718)
Gross profit		312,545	214,100
Selling expenses	*7*	(53,767)	(46,044)
Administrative expenses	*7*	(68,978)	(60,491)
Net impairment losses on financial assets		(110)	(27)
Other gains, net	*9*	1,572	3,519
Operating profit		191,262	111,057
Finance income	*10*	12,876	2,517
Finance expenses	*10*	(8,465)	(14,926)
Finance income/(expenses), net	*10*	4,411	(12,409)
Profit before tax		195,673	98,648
Income tax expense	*11*	(63,289)	(34,575)
Profit for the year		132,384	64,073
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		(16,829)	23,209
Items that will not be reclassified to profit or loss			
Exchange differences on translation to presentation currency		(50,829)	58,724
Other comprehensive (loss)/income for the year		(67,658)	81,933
Total comprehensive income for the year		64,726	146,006
Profit/(loss) attributable to:			
– Owners of the Company		133,560	65,580
– Non-controlling interests		(1,176)	(1,507)
		132,384	64,073

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021** **HK$'000**	2020 HK$'000
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**66,121**	147,276
– Non-controlling interests		**(1,395)**	(1,270)
		64,726	146,006
Earnings per share attributable to owners of the Company for the year			
– Basic earnings per share (HK cents)	*12*	**40.673**	19.935
– Diluted earnings per share (HK cents)	*12*	**40.577**	17.458

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital *(Note 22)* HK$'000	Shares held for share scheme *(Note 23)* HK$'000	Share premium *(Note 36(b))* HK$'000	Other reserves *(Note 24)* HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2021	25,826	(4,284)	625,422	181,584	124,744	953,292	36,320	989,612
Profit/(loss) for the year	–	–	–	–	133,560	133,560	(1,176)	132,384
Other comprehensive loss	–	–	–	(67,439)	–	(67,439)	(219)	(67,658)
Total comprehensive income/(loss) for the year	–	–	–	(67,439)	133,560	66,121	(1,395)	64,726
Transactions with owners in their capacity as owners:								
Appropriations to statutory surplus reserve	–	–	–	353	(353)	–	–	–
Acquisition of shares held for share scheme *(Note 23)*	–	(15,348)	–	–	–	(15,348)	–	(15,348)
Share-based payments *(Note 25)*	–	–	–	11,325	–	11,325	–	11,325
Issue of shares under employee share schemes	–	8,288	880	(9,168)	–	–	–	–
Dividend provided for or paid *(Note 33)*	–	–	–	–	(9,838)	(9,838)	–	(9,838)
	–	(7,060)	880	2,510	(10,191)	(13,861)	–	(13,861)
Balance as at 31 December 2021	25,826	(11,344)	626,302	116,655	248,113	1,005,552	34,925	1,040,477

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from operations	*32(a)*	**306,787**	141,363
Interest received		**138**	3,582
Income tax paid		**(33,667)**	(66,488)
Net cash generated from operating activities		**273,258**	78,457
Cash flows from investing activities			
Purchase of property, plant and equipment		**(43,980)**	(38,339)
Payments for financial assets at fair value through profit or loss		**(15,439)**	–
Purchase of intangible assets		**(570)**	–
Proceeds from disposal of property, plant and equipment		**93**	204
Net cash used in investing activities		**(59,896)**	(38,135)
Cash flows from financing activities			
Capital contributions from non-controlling interests		**4,756**	547
Transactions with non-controlling interests		**(4,214)**	–
Dividend paid		**(9,838)**	(62,053)
Acquisition of shares for employee share scheme	*23*	**(15,284)**	(4,350)
Lease payments	*29(d)*	**(42,692)**	(48,287)
Repayment of borrowings		**(1,908)**	(2,228)
Net cash used in financing activities		**(69,180)**	(116,371)
Net increase/(decrease) in cash and cash equivalents		**144,182**	(76,049)
Cash and cash equivalents at beginning of year		**761,827**	787,021
Effects of exchange rate changes on cash and cash equivalents		**(60,373)**	50,855
Cash and cash equivalents at end of year		**845,636**	761,827
Represented by:			
Cash at bank and in hand	*21*	**845,636**	761,894
Bank overdraft	*28*	**–**	(67)
		845,636	761,827

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of vision correction services in Germany, Denmark and the People's Republic of China (the "PRC" or "China"). The Company was incorporated in the Cayman Islands on 13 August 2018 as an exempted company with limited liability under the Companies 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"). These financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities measured at fair value. Except as disclosed below, there are no significant changes in accounting policies.

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and
- Covid-19-Related Rent Concessions beyond 30 June 2021.

Except the amendments to IAS 12, the amendments listed above did not have any material impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

The amendments to IAS 12 require the Group to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Impact on the deferred tax related assets and liabilities are disclosed in Note 30.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(ii) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Separate financial statements

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(iii) Group companies

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

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

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

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

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

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

(iv) Disposal of foreign operation and partial disposal

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

(i) Goodwill

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

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

(ii) Trademark and licence

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

(iii) Website

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

2.8 Impairment of non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement

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

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

Debt instruments

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

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

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

(iv) Impairment

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

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

2.10 Offsetting financial instruments

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

2.11 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital

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

2.15 Trade and other payables

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

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

2.16 Borrowings

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Borrowings (Continued)

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

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

2.17 Borrowing costs

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

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

2.18 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

Deferred income tax (Continued)

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

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

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

2.19 Employee benefits expense

(i) Employee leave entitlements

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

(ii) Pension obligations

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

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

(iii) Bonus entitlements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits expense (Continued)

(iv) Share-based payments

Share-based compensation benefits are provided to participants via the Restricted Share Award Scheme. Information relating to this scheme is set out in Note 25.

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

The shares are acquired by the Company from the market and held for the share scheme until such time as they are vested (see Note 23).

(v) Shares held for share scheme

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

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

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

2.20 Provisions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Provisions (Continued)

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

2.21 Contract liabilities

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

2.22 Revenue and other income recognition

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

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

(i) Provision of vision correction services

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue and other income recognition (Continued)

(ii) Sales of pharmaceutical products

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

(iii) Rental of ophthalmic equipment and operating spaces

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

(iv) Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 9 below.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 10 below.

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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

(ii) Diluted earnings per share

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and
- restoration costs.

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

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

Variable lease payments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Leases (Continued)

Extension and termination options

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

Residual value guarantees

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

2.25 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

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

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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

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

The subsidiaries of the Group mainly operate in Germany, Denmark and the PRC with most of the transactions settled in EUR, Danish Krone ("DKK") and Renminbi ("RMB"), respectively. Foreign exchange risk arises when recognised financial assets and liabilities are denominated in a currency that is not the group entities' functional currency. As at 31 December 2021 and 2020, the financial assets and liabilities of the subsidiaries of the Group in Germany, Denmark and the PRC are primarily denominated in EUR, DKK and RMB, respectively, which are their respective functional currencies.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Management believes that the foreign exchange risk mainly arises from the Group's HK$ denominated deposits in banks in Hong Kong. As at 31 December 2021, if HK$ had weakened/strengthened by 5% against EUR with all other variables held constant, the total net assets of the Group would have been approximately HK$6,762,000 lower/higher (2020: HK$4,011,000 lower/higher); post-tax profit for the year would have been approximately HK$6,762,000 lower/higher (2020: post-tax profit for the year would have been approximately HK$4,000,000 lower/higher).

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

(ii) Cash flow and fair value interest rate risk

The Group's borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group is also exposed to fair value interest rate risk in relation to borrowings at fixed interest rate. The interest rate profile of the Group's borrowings is disclosed in Note 28. As at 31 December 2021, the Group does not have significant borrowings and thus there is no significant cash flow and fair value interest rate risk exposure identified.

(b) Credit risk

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

(i) Risk management

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group mainly has following types of financial assets that are subject to the expected credit loss model:

- trade receivables from the provision of vision correction services, and
- financial assets at fair value through profit or loss

While cash and cash equivalents, restricted cash and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, given there is no history of default from cash and cash equivalent and other receivables, and based on management's assessment of the credit rating of the counterparties, the credit risk from cash and cash equivalent, restricted cash and other receivables are very low.

Trade receivables

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowance for trade receivables as at 31 December 2021 and 2020, based on life time expected credit loss model, was determined as follows:

	For the year ended 31 December 2021 HK$'000	For the year ended 31 December 2020 HK$'000
Net impairment loss on financial assets at January 1 *(Note 19)*	153	175
Movement in loss allowance for trade receivables	59	(22)
Net impairment loss on financial assets at December 31 *(Note 19)*	212	153

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

The reconciliation of loss allowance for trade receivables as at 31 December 2021 is presented in Note 19.

Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to the investments in structured deposit that is measured at fair value through profit or loss. The maximum exposure at 31 December 2021 is the carrying amount of these instruments of HK$15,944,000 (2020: nil).

Impairment losses on financial assets are recognized in profit or loss.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury function allows flexibility in funding by maintaining adequate cash and cash equivalents.

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

(i) Financing arrangements

The undrawn borrowing facilities of the Group as at 31 December 2021 is presented in Note 28.

(ii) Maturities of financial liabilities

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

As at 31 December 2021	**Less than 1 year HK$'000**	**1-2 years HK$'000**	**2-5 years HK$'000**	**Over 5 years HK$'000**	**Total contractual cash flows HK$'000**	**Carrying amount HK$'000**
Trade payables	**21,537**	**–**	**–**	**–**	**21,537**	**21,537**
Accruals and 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**

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

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

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

The gearing ratios as at 31 December 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Long-term borrowings *(Note 28)*	**2,729**	5,101
Total equity	**1,040,477**	989,612
Total capital	**1,043,206**	994,713
Gearing ratio	**0.26%**	0.51%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 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	*Note*	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
At December 31, 2020					
Financial assets					
Financial assets at fair value through profit or loss	*16*	–	–	–	–
At December 31, 2021					
Financial assets					
Financial assets at fair value through profit or loss	*16*	–	–	15,944	15,944

The fair value of the financial assets at fair value through profit or loss is estimated by discounting the future cash flows using the expected yield rate with reference to the benchmark yield rate of the financial investment products of banks.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 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 year ended 31 December 2021 and 31 December 2020:

	Structured deposit HK$'000
Opening and closing balance of 2020	
Additions	136,254
Settlements	(121,053)
Fair value gains on financial assets at fair value through profit or loss *(Note 9)*	505
– includes unrealized gains recognized in profit or loss	43
Exchange difference	238
Closing balance as at December 31, 2021	**15,944**

The fair value of the financial assets at fair value through profit or loss is estimated by discounting the future cash flows at the current market interest rate available for similar financial instruments.

(c) Valuation inputs and relationships to fair value

Description	**Fair value at 31 December 2021 HK$'000**	**Fair value at 31 December 2020 HK$'000**	**Inputs**
Structured deposit	**15,944**	–	The estimated weighted average return rates of these products were 1.3% to 3.0524% per annum.

(d) Valuation processes

For the financial assets, 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 valuation technique is discounted cash flows. Future cash flows are estimated and discounted using the expected yield rate with reference to the benchmark yield rate of the financial investment products of banks.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

(a) Lease term and discount rate determination

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

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

(b) Depreciation and amortisation

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Income taxes

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

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

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

The deferred tax assets include an amount of HK$13,917,000 as at 31 December 2021 which relates to carried-forward tax losses of certain subsidiaries. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for these subsidiaries. In determining the future taxable income of the subsidiaries, management exercised judgement and considers it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(e) Impairment of goodwill

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

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

(f) Impairment of trade and other receivables

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

5 SEGMENT INFORMATION

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

Description of segments and principal activities

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

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

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2021 is as follows:

	Germany segment HK$'000	China segment HK$'000	Denmark segment HK$'000	Inter-segment elimination HK$'000	Unallocated items (i) HK$'000	Total HK$'000
Segment total revenue	407,249	149,012	79,887	(3,217)	–	632,931
Cost of sales	(184,792)	(97,139)	(41,276)	2,821	–	(320,386)
Gross profit	222,457	51,873	38,611	(396)	–	312,545
EBITDA	202,788	54,199	30,698	–	(21,765)	265,920
Unallocated						
Finance income						12,876
Finance expenses						(8,465)
Depreciation and amortisation						(74,658)
Profit before tax						195,673
Income tax expense						(63,289)
Profit for the year						132,384

5 SEGMENT INFORMATION (Continued)

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

5 SEGMENT INFORMATION (Continued)

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

	Germany segment HK$'000	China segment HK$'000	Denmark segment HK$'000	Inter-segment elimination HK$'000	Unallocated items (i) HK$'000	Total HK$'000
Segment total revenue	307,377	108,114	61,031	(2,704)	–	473,818
Cost of sales	(151,640)	(74,823)	(34,983)	1,728	–	(259,718)
Gross profit	155,737	33,291	26,048	(976)	–	214,100
EBITDA	135,226	37,599	16,424	–	(10,858)	178,391
Unallocated						
Finance income						2,517
Finance expenses						(14,926)
Depreciation and amortisation						(67,334)
Profit before tax						98,648
Income tax expense						(34,575)
Profit for the year						64,073

5 SEGMENT INFORMATION (Continued)

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

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

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:

	2021 HK$'000	2020 HK$'000
Germany	**190,949**	217,436
China	**143,053**	131,812
Denmark	**33,741**	28,615
	367,743	377,863

6 REVENUE

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

Breakdown of revenue by product category is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers (a)		
Provision of vision correction services	630,808	469,165
Sales of pharmaceutical products	28	346
Others	1,360	2,144
	632,196	471,655
Rental of ophthalmic equipment and operating spaces	735	2,163
	632,931	473,818

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

	2021 HK$'000	2020 HK$'000
Germany	404,032	304,788
China	149,012	108,114
Denmark	79,887	60,916
	632,931	473,818

There is no single external customer that contributes to more than 10% of the Group's revenue for the years ended 31 December 2021 and 2020.

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

6 REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments and geographical regions for the year ended 31 December 2021:

	Provision of vision correction services			Sales of pharmaceutical products			Others			Total
	Germany HK$'000	China HK$'000	Denmark HK$'000	Germany HK$'000	China HK$'000	Denmark HK$'000	Germany HK$'000	China HK$'000	Denmark HK$'000	HK$'000
Segment revenue	401,991	149,012	79,805	28	–	–	4,577	–	–	635,413
Inter-segment revenue	–	–	–	–	–	–	(3,217)	–	–	(3,217)
Revenue from external customers	401,991	149,012	79,805	28	–	–	1,360	–	–	632,196
Timing of revenue recognition										
– At a point in time	–	–	–	28	–	–	1,360	–	–	1,388
– Over time	401,991	149,012	79,805	–	–	–	–	–	–	630,808
	401,991	149,012	79,805	28	–	–	1,360	–	–	632,196

6 REVENUE (Continued)

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

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

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

(b) Contract liabilities movement

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

	2021 HK$'000	2020 HK$'000
Balance at beginning of the year	7,952	6,971
Advance collected from customers during the year	536,666	421,773
Revenue recognised from contract liabilities existed at the beginning of the year	(7,952)	(6,971)
Revenue recognised from contract liabilities occurred during the year	(528,551)	(413,821)
Balance at end of the year	8,115	7,952

No significant cost was incurred for obtaining revenue contract for the years ended 31 December 2021 and 2020.

7 EXPENSES BY NATURE

	2021	2020
	HK$'000	HK$'000
Employee benefit expenses *(Note 8)*	**153,323**	117,012
Raw materials and consumables *(Note 20)*	**94,308**	77,925
Depreciation of property, plant and equipment *(Note 13)*	**73,895**	66,571
Advertising and marketing expenditure	**35,137**	33,077
Electricity and other utility expenses	**16,102**	13,524
Doctors' fee	**16,085**	13,986
Legal and other consulting services fee	**15,035**	15,355
Clinic, office and consumption expenses	**12,545**	9,919
Repair and maintenance	**9,512**	7,897
Transportation costs	**7,739**	6,001
Auditors' remuneration		
– PricewaterhouseCoopers	**2,895**	3,054
– other auditors	**112**	80
Amortisation of intangible assets *(Note 14)*	**763**	763
Rent on short-term leases *(Note 29)*	**414**	115
Rent concession related to COVID-19	**–**	(2,020)
Others	**5,266**	2,994
Total	**443,131**	366,253

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021	2020
	HK$'000	HK$'000
Wages and salaries	**124,297**	101,556
Contributions to defined contribution pension scheme *(a)*	**16,672**	11,052
Provision for employee benefits and housing scheme *(b)*	**1,029**	3,527
Share-based payments *(Note 25)*	**11,325**	877
	153,323	117,012

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

(a) Pension scheme

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

(b) Housing scheme

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2020: three) directors whose emoluments are reflected in the analysis presented in Note 8(d). The emoluments payable to the remaining three (2020: two) non-director individuals during the year are as follows:

	2021 HK$'000	2020 HK$'000
Basic salaries and allowances	7,344	4,946
Share-based payment	5,238	–
	12,582	4,946

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

(c) Five highest paid individuals (Continued)

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

	Number of individuals	
	2021	2020
Emolument bands		
HK$2,000,001 to HK$2,500,000 (2021: approximately €226,491 to €283,113) (2020: approximately €209,755 to €262,192)	**1**	1
HK$2,500,001 to HK$3,000,000 (2021: approximately €283,114 to €339,735) (2020: approximately €262,193 to €314,630)	**–**	1
HK$4,500,001 to HK$5,000,000 (2021: approximately €509,603 to €566,226) (2020: approximately €471,946 to €524,384)	**1**	–
Above HK$5,000,000 (2021: approximately above €566,226) (2020: approximately above €524,384)	**1**	–
	3	2

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

(d) Directors' emoluments

	Fees HK$'000	Salaries HK$'000	Share-based payment HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 December 2021						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	360	–	–	–	–	360
Dr Markus Braun	360	1,266	235	–	131	1,992
Dr Ralf-Christian Lerche *(ii)*	360	–	404	–	–	764
Mr Jannik Jonas Slot Jørgensen	360	–	312	–	–	672
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	92	–	–	–	–	92
Non-executive Director						
Mr Marcus Huascar Bracklo	360	–	–	–	–	360
Independent non-executive Directors						
Mr Hans Helmuth Hennig	360	–	–	–	–	360
Mr Zhengzheng Hu *(iv)*	79	–	–	–	–	79
Ms Katherine Rong Xin *(v)*	282	–	–	–	–	282
Mr Philip Duncan Wright	360	–	–	–	–	360
	2,973	1,266	951	–	131	5,321

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

(d) Directors' emoluments (Continued)

	Fees HK$'000	Salaries HK$'000	Share-based payment HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 December 2020						
Executive Directors						
Dr Jørn Slot Jørgensen (Chairman) *(i)*	360	–	–	–	–	360
Dr Markus Braun	360	1,771	–	–	197	2,328
Dr Ralf-Christian Lerche *(ii)*	360	–	27	–	–	387
Mr Jannik Jonas Slot Jørgensen	360	684	35	–	–	1,079
Prof Dr Thomas Friedrich Wilhelm Neuhann *(iii)*	360	–	–	–	–	360
Non-executive Director						
Mr Marcus Huascar Bracklo	360	–	–	–	–	360
Independent non-executive Directors						
Mr Hans Helmuth Hennig	360	–	–	–	–	360
Mr Zhengzheng Hu *(iv)*	360	–	–	–	–	360
Mr Philip Duncan Wright	360	–	–	–	–	360
	3,240	2,455	62	–	197	5,954

(i) During the year ended 31 December 2021, Dr Jørn Slot Jørgensen received doctors' fees of HK$2,583,000 (2020: HK$2,491,000).

(ii) During the year ended 31 December 2021, Dr Ralf-Christian Lerche received doctors' fees of HK$2,610,000 (2020: HK$2,517,000).

(iii) Prof Dr Thomas Friedrich Wilhelm Neuhann resigned on 31 March 2021 as Executive Director of the Company.

(iv) Mr Zhengzheng Hu resigned on 12 April 2021 as independent non-executive Director of the Company.

(v) Ms Katherine Rong Xin was appointed as independent non-executive Director of the Company on 12 April 2021.

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

(d) Directors' emoluments (Continued)

No directors waived or agreed to waive any emoluments during the years ended 31 December 2021 and 2020.

During the years ended 31 December 2021 and 2020, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

There is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors during the years ended 31 December 2021 and 2020.

Save for contracts amongst group companies and the transactions disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2021 and 2020.

9 OTHER GAINS, NET

	2021 **HK$'000**	2020 HK$'000
Value added tax refund	**1,140**	1,613
Net gains/(losses) on financial assets at fair value through profit or loss *(Note 3.3)*	**505**	–
Government compensation for employee welfare	**304**	904
Government compensation for COVID-19	**–**	674
(Loss)/gain on disposal of property, plant, and equipment	**(294)**	177
Others	**(83)**	151
	1,572	3,519

10 FINANCE INCOME AND EXPENSES, NET

	2021 HK$'000	2020 HK$'000
Finance income		
Interest income	(138)	(2,517)
Foreign exchange gains, net	(12,738)	–
	(12,876)	(2,517)
Finance expenses		
Foreign exchange losses, net	–	7,286
Interest expenses on leases *(Note 29)*	7,151	6,559
Interest expenses on borrowings	340	443
Other finance expenses	974	638
	8,465	14,926
Net finance (income)/expenses	(4,411)	12,409

11 INCOME TAX EXPENSE

Taxation on profits has been calculated on the estimated assessable profit or loss for the year at the rates of taxation prevailing in the countries/areas in which the group entities operate. The Group was subject to different tax jurisdiction mainly in Germany, Denmark, the PRC and Hong Kong with tax rates ranging from 16.5% to 32% during the year (2020: 16.5% to 32%).

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

	2021 HK$'000	2020 HK$'000
Current income tax	62,434	37,660
Deferred income tax *(Note 30)*	855	(3,085)
Income tax expense	63,289	34,575

11 INCOME TAX EXPENSE (Continued)

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

	2021 HK$'000	2020 HK$'000
Profit before tax	195,673	98,648
Tax calculated at the domestic tax rate applicable to profits in the respective jurisdictions	56,947	30,277
Preferential tax rates on income of certain group entities	(965)	(425)
Expenses not deductible for tax purposes	3,741	3,421
Income not subject to tax	–	(9)
Utilisation of tax losses not previously recognised	–	(496)
Recognition of deferred tax assets not previously recognised	–	(2,047)
Reversal of deferred tax assets previously recognised	1,903	–
Tax losses of certain group entities for which no deferred income tax assets were recognised	1,773	4,005
Others	(110)	(151)
Income tax expense	63,289	34,575

12 EARNINGS PER SHARE

(a) Basic earnings per share

For the years ended 31 December 2021 and 2020, basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Profit attributable to owners of the Company (HK$'000)	133,560	65,580
Weighted average number of ordinary shares in issue ('000)	328,378	328,965
Earnings per share (basic) (HK cents)	40.673	19.935

12 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

For the years ended 31 December 2021 and 2020, diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and potential ordinary shares during the year.

	2021	2020
Profit attributable to owners of the Company (HK$'000)	133,560	65,580
Weighted average number of ordinary shares and potential ordinary shares in issue ('000)	329,156	375,643
Earnings per share (diluted) (HK cents)	40.577	17.458

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

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share ('000)	328,378	328,965
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)	329,156	375,643

Potential ordinary share are number of shares considered under Restricted Share Award Scheme in Note 23.

13 PROPERTY, PLANT AND EQUIPMENT

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

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets HK$'000	Machinery HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Vehicles HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2021							
Opening net book amount	210,896	76,785	50,507	20,824	–	6,398	365,410
Additions	37,931	12,307	5,119	22,821	–	312	78,490
Transfer upon completion	–	12,160	10,551	(22,711)	–	–	–
Depreciation charge	(46,092)	(16,902)	(9,623)	–	–	(1,278)	(73,895)
Disposals	(745)	(387)	–	–	–	–	(1,132)
Exchange differences	(6,563)	(4,127)	(2,203)	(59)	–	(285)	(13,237)
Closing net book amount	195,427	79,836	54,351	20,875	–	5,147	355,636
As at 31 December 2021							
Cost	332,325	185,091	126,016	20,875	2,336	14,665	681,308
Accumulated depreciation	(136,898)	(105,255)	(71,665)	–	(2,336)	(9,518)	(325,672)
Net book amount	195,427	79,836	54,351	20,875	–	5,147	355,636

As at 31 December 2021, borrowings with amount of HK$4,645,000 (2020: HK$7,055,000) were secured by property, plant and equipment with net book value of HK$5,690,000 (2020: HK$7,055,000) (Note 28).

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

	2021 HK$'000	2020 HK$'000
Cost of sales	60,844	54,526
Selling expenses	3,741	3,279
Administrative expenses	9,310	8,766
Total	73,895	66,571

14 INTANGIBLE ASSETS

	Licence HK$'000	Website HK$'000	Trademark HK$'000	Total HK$'000
As at 1 January 2020				
Cost	6,585	1,571	36	8,192
Accumulated amortisation	(2,118)	(760)	(9)	(2,887)
Net book amount	4,467	811	27	5,305
Year ended 31 December 2020				
Opening net book amount	4,467	811	27	5,305
Additions	44	71	–	115
Amortisation charge	(674)	(89)	–	(763)
Exchange adjustment	367	75	2	444
Net book amount	4,204	868	29	5,101
As at 31 December 2020				
Cost	6,996	1,717	38	8,751
Accumulated amortisation	(2,792)	(849)	(9)	(3,650)
Net book amount	4,204	868	29	5,101
Year ended 31 December 2021				
Opening net book amount	**4,204**	**868**	**29**	**5,101**
Additions	**386**	**184**	**–**	**570**
Amortisation charge	**(708)**	**(46)**	**(9)**	**(763)**
Exchange adjustment	**(297)**	**(70)**	**(2)**	**(369)**
Net book amount	**3,585**	**936**	**18**	**4,539**
As at 31 December 2021				
Cost	**7,085**	**1,831**	**36**	**8,952**
Accumulated amortisation	**(3,500)**	**(895)**	**(18)**	**(4,413)**
Net book amount	**3,585**	**936**	**18**	**4,539**

14 INTANGIBLE ASSETS (Continued)

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

	2021 HK$'000	2020 HK$'000
Cost of sales	**690**	666
Selling expenses	**64**	97
Administrative expenses	**9**	–
Total	**763**	763

15 GOODWILL

	2021 HK$'000	2020 HK$'000
Goodwill	**7,568**	7,352

As at 31 December 2021 and 2020, the Group's goodwill of HK$7,568,000 (31 December 2020: HK$7,352,000) was generated from acquisition of 70% interest in Deshijia (Shenzhen) Consulting Management Co., Ltd. (previously called Shenzhen Hero Consulting Management Co., Ltd.), which was viewed as one CGU within China segment, on 1 November 2016.

Impairment tests for goodwill

The Group performed impairment reviews for goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. As at 31 December 2021 and 2020, for impairment review purpose, the carrying value of the CGU is compared to the recoverable amount, which is determined based on value-in-use ("VIU").

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

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

15 GOODWILL (Continued)

Impairment tests for goodwill (Continued)

The key assumptions used for value-in-use calculations in 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Annual revenue growth rate	10%~50%	10%~50%
Long-term growth rate	2.5%	3%
Gross profit margin	25%~35%	25%~35%
Pre-tax discount rate	20%	20%

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

At 31 December 2021

Items	Assumptions used	Movement of key assumptions	Decrease of value-in-use HK$'000
Annual revenue growth rate	10%~50%	Decrease by 1%	–
Long-term growth rate	2.5%	Decrease to 2%	856
Gross profit margin	25%~35%	Decrease by 5%	8,562
Pre-tax discount rate	20%	Increase to 21%	856

At 31 December 2020

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

Based on management's analysis, the negative movements of the key assumptions in the table above are unlikely to happen and thus no impairment loss is noted for the goodwill arising from acquisition of Deshijia (Shenzhen) Consulting Management Co., Ltd. for the year ended 31 December 2021.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	*Note*	**2021 HK$'000**	2020 HK$'000
– Deposits and other receivables	*18*	**29,741**	43,928
– Trade receivables	*19*	**3,082**	4,577
– Financial assets at fair value through profit or loss			
– structured deposit	*3.3*	**15,944**	–
– Cash and cash equivalents	*21*	**845,636**	761,894
– Restricted cash		**2**	66
		894,405	810,465

Financial liabilities	*Note*	**2021 HK$'000**	2020 HK$'000
Liabilities at amortised cost			
– Trade payables	*26*	**21,537**	21,053
– Other payables		**12,849**	17,372
– Borrowings	*28*	**4,645**	7,122
Lease liabilities	*29*	**216,831**	232,425
		255,862	277,972

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

17 PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Prepayments made for purchase of raw materials, services and equipment	**24,204**	27,995

18 DEPOSITS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	10,411	21,997
Capital receivable from non-controlling interests	8,840	13,339
Amounts due from third parties	9,493	7,008
Prepaid value-added tax	927	810
Others	70	774
	29,741	43,928
Less:		
Non-current portion	(18,005)	(12,186)
Current portion	11,736	31,742

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

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

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

	2021 HK$'000	2020 HK$'000
– RMB	21,802	25,001
– EUR	6,385	15,180
– DKK	1,316	2,069
– HK$	238	1,678
	29,741	43,928

19 TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables due from third parties	3,250	4,625
Trade receivables due from related parties	44	105
Total trade receivables	3,294	4,730
Less: provision for impairment	(212)	(153)
Total trade receivables, net	3,082	4,577

The majority of the Group's sales required advance payments from customers. The remaining amounts are mainly due from insurance companies who pay the Group on a regular basis. As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on the invoice date was as follows:

	2021 HK$'000	2020 HK$'000
Within 6 months	3,294	4,730

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

	2021 HK$'000	2020 HK$'000
– RMB	1,121	2,393
– EUR	1,723	1,297
– DKK	450	1,040
	3,294	4,730

19 TRADE RECEIVABLES (Continued)

(i) Fair value of trade receivables

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

(ii) Impairment and risk exposure

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

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

	2021 HK$'000	2020 HK$'000
Balance at beginning of the year	153	175
Provision for impairment recognised during the year	110	27
Receivables written off during the year as uncollectible	(51)	(49)
Balance at end of the year	212	153

The maximum exposure to credit risk as at 31 December 2021 were HK$3,294,000 (2020: HK$4,730,000).

20 INVENTORIES

	2021 HK$'000	2020 HK$'000
Lens	14,455	24,715
Lasik	7,912	10,336
Medication	344	381
Glasses	132	162
Others	814	649
	23,657	36,243

20 INVENTORIES (Continued)

The cost of inventories which was recognised as an expense and was included in "cost of sales" for the year ended 31 December 2021 amounted to HK$94,308,000 (2020: HK$77,925,000).

As at 31 December 2021 and 2020, the carrying amount of the Group's inventories did not exceed the net realisable value, thus no provision for impairment was made.

21 CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	HK$'000
Cash on hand	**71**	29
Cash at bank	**845,565**	761,865
	845,636	761,894

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

	2021	2020
	HK$'000	HK$'000
– EUR	**630,384**	625,019
– HK$	**134,662**	78,435
– RMB	**54,858**	36,595
– DKK	**25,423**	21,635
– USD	**309**	210
	845,636	761,894

The Group earns interests on cash at bank at floating bank deposit rates with no fixed maturity date, which range from 0% to 0.30% per annum for the year ended 31 December 2021 (2020: 0% to 0.30% per annum).

22 SHARE CAPITAL

	2021 Shares	2020 Shares	2021 HK$'000	2020 HK$'000
Authorised:				
Balance at the beginning and end of the year	**1,000,000,000**	1,000,000,000	**78,451**	78,451
Issued and fully paid:				
Balance at the beginning and end of the year	**329,234,000**	329,234,000	**25,826**	25,826

23 SHARES HELD FOR SHARE SCHEME

	2021 Shares	2020 Shares	2021 HK$'000	2020 HK$'000
Shares held for share scheme	**848,357**	750,000	**11,344**	4,284

These shares are shares of the Company that are held by an independent professional trustee (the "Trustee") for the purpose of issuing shares under the Restricted Share Award Scheme and other equity-based incentive schemes adopted by the Company (see Note 25 for further information). Total amount of HK$15,284,000 was paid to the Trustee during the year ended 31 December 2021, including the restricted cash of HK$2,000 (2020: Total amount of HK$4,350,000 was paid to the Trustee, including the restricted cash of HK$66,000) being reserved in the Trustee.

	Number of shares	Amount HK$'000
As at 1 January 2021	750,000	4,284
Acquisition of shares by the Trustee	1,219,000	15,348
Issue of shares under employee share scheme	(1,120,643)	(8,288)
As at 31 December 2021	848,357	11,344

24 OTHER RESERVES

	Capital reserve-contributed surplus *(i)* HK$'000	Capital reserve-share-based payment *(i)* HK$'000	Currency translation reserve *(ii)* HK$'000	Other HK$'000	Total HK$'000
At 1 January 2020	92,132	5,980	4,581	(1,004)	101,689
Exchange differences on translation of foreign operations	–	–	81,696	–	81,696
Appropriations to statutory surplus reserve	–	–	–	48	48
Transaction with non-controlling interests	–	–	–	(2,726)	(2,726)
Share-based payment	–	877	–	–	877
At 31 December 2020	92,132	6,857	86,277	(3,682)	181,584
At 1 January 2021	**92,132**	**6,857**	**86,277**	**(3,682)**	**181,584**
Exchange differences on translation of foreign operations	**–**	**–**	**(67,439)**	**–**	**(67,439)**
Appropriations to statutory surplus reserve	**–**	**–**	**–**	**353**	**353**
Share-based payment	**–**	**11,325**	**–**	**–**	**11,325**
Issue of shares under employee share schemes	**–**	**(9,168)**	**–**	**–**	**(9,168)**
At 31 December 2021	**92,132**	**9,014**	**18,838**	**(3,329)**	**116,655**

Nature and purpose of other reserves

(i) *Capital reserve*

Excess amounts contributed by shareholders above the par value of the share capital are recorded as capital reserve.

The equity settled share-based payment to employee is recorded in capital reserve-share-based payment.

(ii) *Currency translation reserve*

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

25 SHARE-BASED PAYMENT

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

Under the scheme the grantees receive the shares of the Company with a vesting period within 2 years.

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

	Number of shares 2021	Number of shares 2020
As at 1 January	**433,570**	–
Granted during the year	**1,167,484**	433,570
Vested during the year	**(1,120,643)**	–
As at 31 December	**480,411**	433,570

Expenses arising from share-based payment	**2021 HK$'000**	2020 HK$'000
Shares issued under employee share scheme	**11,325**	877

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

26 TRADE PAYABLES

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

	2021 HK$'000	2020 HK$'000
Within 3 months	16,398	11,204
Over 3 months but within 6 months	3,983	4,672
Over 6 months but within 1 year	256	2,946
Over 1 year but within 2 years	406	2,231
Over 2 years	494	–
	21,537	21,053

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

	2021 HK$'000	2020 HK$'000
– RMB	6,376	13,778
– EUR	9,483	6,941
– DKK	5,678	334
	21,537	21,053

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

The carrying amounts of trade payables are considered to be approximate as their fair values.

27 ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Salary payable	5,757	8,934
Welfare payable	4,159	639
Payables for value-added tax and other taxes	3,338	4,100
Professional service fee payable	2,358	2,441
Audit fee payable	2,234	1,306
Accrued operating expenses	2,208	467
Leasehold improvement fee payable	2,128	5,549
Consideration payable to non-controlling Interests	–	4,022
Others	3,921	3,587
	26,103	31,045

28 BORROWINGS

	2021 HK$'000	2020 HK$'000
Non-current		
Long-term borrowings – secured *(a)*	2,729	5,101
Current		
Current portion of long-term borrowings – secured *(a)*	1,916	1,954
Bank overdraft	–	67
	1,916	2,021
Total borrowings	4,645	7,122

(a) The secured borrowings carried interests range from 5.71% to 6.12% per annum (2020: range from 1.77% to 6.12% per annum) and were secured by property, plant and equipment with net book value of HK$5,690,000 (2020: HK$7,055,000) as at 31 December 2021. The repayment was expected to be in June 2024 according to the terms of the secured borrowings.

The carrying amounts of borrowings are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
– EUR	4,645	7,122

28 BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

	2021 HK$'000	2020 HK$'000
Floating rate:		
– expiring within one year	–	–
– expiring beyond one year	8,830	9,535
	8,830	9,535

The Group has the following borrowing facilities available:

	2021 HK$'000	2020 HK$'000
Facilities available	8,830	9,535

The Group borrowings were repayable as follows:

	2021 HK$'000	2020 HK$'000
Within 1 year	1,916	2,021
Over 1 year but within 2 years	2,234	1,945
Over 2 years but within 5 years	495	3,156
Total	4,645	7,122

29 LEASES

(a) Amounts recognised in the statements of financial position

	2021 HK$'000	2020 HK$'000
Right-of-use assets (i) *(Note 13)*		
Properties	110,274	205,632
Medical equipment	85,153	5,264
	195,427	210,896

(i) Right-of-use assets are included in the line item "property, plant and equipment" in the consolidated statements of financial position.

	2021 HK$'000	2020 HK$'000
Lease liabilities		
Current	43,499	49,286
Non-current	173,332	183,139
	216,831	232,425

For the year ended 31 December 2021, variable lease payment was recorded in lease liabilities and rights-of-use assets amounting to nil (2020: HK$257,000). The remeasurement of lease liability is to reflect the reassessment of variable lease payment based on an index rate.

29 LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets *(Note 13)*		
Properties	41,580	36,881
Medical equipment	4,512	5,496
	46,092	42,377
Interest expenses (included in finance expenses) *(Note 10)*	7,151	6,559
Expenses relating to short-term leases *(Note 7)*	414	115

The total cash outflow for leases for the year ended 31 December 2021 was HK$42,692,000 (2020: HK$48,287,000).

29 LEASES (Continued)

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

	2021 HK$'000	2020 HK$'000
Commitments in relation to leases are payable as follows:		
Within one year	45,781	52,023
Later than one year but not later than two years	36,774	38,350
Later than two years but not later than five years	84,866	80,886
Later than five years	76,569	90,920
Minimum lease payments	243,990	262,179
Future finance charge	(27,159)	(29,754)
Total lease liabilities	216,831	232,425
The present value of lease liabilities is as follows:		
Within one year	43,499	49,286
Later than one year but not later than two years	33,355	35,947
Later than two years but not later than five years	73,008	72,428
Later than five years	66,969	74,764
	216,831	232,425

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

	2021 HK$'000	2020 HK$'000
Balance at beginning of the year	232,425	225,563
Lease payment	(42,692)	(48,287)
Accrued interest	7,151	6,559
Increase in right-of-use assets *(Note 13)*	37,931	47,126
Decrease in right-of-use assets *(Note 13)*	(745)	(16,467)
Rent concessions related to COVID-19 *(Note 7)*	–	(2,020)
Exchange differences	(17,239)	19,951
Balance at end of the year	216,831	232,425

30 DEFERRED INCOME TAX

(i) Deferred tax assets

	2021 HK$'000	2020 HK$'000
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	–	172
Unused tax losses	13,917	14,274
Accrued expenses	1,669	1,945
Temporary differences due to leasing	34,447	32,338
Temporary differences due to intercompany transaction	2,066	2,136
Others	1,528	801
Total deferred tax assets	53,627	51,666
Set-off of deferred tax liabilities pursuant to set-off provisions	(27,189)	(25,264)
Net deferred tax assets	26,438	26,402

Movements	Accelerated accounting/ tax depreciation HK$'000	Unused tax losses HK$'000	Accrued expenses HK$'000	Temporary differences due to leasing HK$'000	Temporary differences due to inter-company transaction HK$'000	Others HK$'000	Total HK$'000
At 1 January 2020	567	12,485	332	29,201	2,103	724	45,412
Credited/(charged) to profit or loss	(417)	939	1,498	449	(168)	9	2,310
Exchange differences	22	850	115	2,688	201	68	3,944
At 31 December 2020	172	14,274	1,945	32,338	2,136	801	51,666
Credited/(charged) to profit or loss	(165)	(763)	(322)	4,393	92	818	4,053
Exchange differences	(7)	406	46	(2,284)	(162)	(91)	(2,092)
At 31 December 2021	–	13,917	1,669	34,447	2,066	1,528	53,627

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2021, the Group did not recognise deferred tax assets of HK$5,773,000 (2020: HK$4,439,000) in respect of losses amounting to HK$23,091,000 (2020: HK$17,754,000) that may be carried forward against future taxable income.

30 DEFERRED INCOME TAX (Continued)

(i) Deferred tax assets (Continued)

The expiry date of the tax losses are as follows:

	2021 HK$'000	2020 HK$'000
Year of expiry of tax losses:		
Tax losses expiring in		
– 2021	–	6,217
– 2022	9,148	7,990
– 2023	3,982	1,936
– 2024	5,528	791
– 2025	3,665	820
– 2026	768	–
	23,091	17,754

(ii) Deferred tax liabilities

	2021 HK$'000	2020 HK$'000
The balance comprises temporary differences attributable to:		
Accelerated accounting/tax depreciation	115	–
Fair value adjustments of intangible assets arising from acquisition	795	1,039
Temporary differences due to leasing	33,767	32,511
Others	1,475	381
Total deferred tax liabilities	36,152	33,931
Set-off of deferred tax liabilities pursuant to set-off provisions	(27,189)	(25,264)
Net deferred tax assets	8,963	8,667

30 DEFERRED INCOME TAX (Continued)

(ii) Deferred tax liabilities (Continued)

Movements	Accelerated accounting/ tax depreciation	Fair value adjustments of intangible assets arising from acquisition	Temporary differences due to leasing	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	–	1,117	30,432	261	31,810
Credited/(charged) to profit or loss	–	(168)	(694)	88	(774)
Exchange differences	–	90	2,773	32	2,895
At 31 December 2020	–	1,039	32,511	381	33,931
Credited/(charged) to profit or loss	**119**	**(175)**	**3,799**	**1,168**	**4,911**
Exchange differences	**(4)**	**(69)**	**(2,543)**	**(74)**	**(2,690)**
At 31 December 2021	**115**	**795**	**33,767**	**1,475**	**36,152**

31 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration of each of the companies is also its principal place of business, except for the entities incorporated in the Cayman Islands, which have their principal place of business in Hong Kong.

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2021	2020	2021	2020
				%	%	%	%
Directly held by the Company:							
EuroEyes Holdings Limited	Cayman Islands/ Limited liability company	Investment holding	USD2	100%	100%	–	–
EuroEyes Holdings Asia Limited	Cayman Islands/ Limited liability company	Investment holding	USD1	100%	100%	–	–
EuroEyes Deutschland Verwaltungs GmbH	Germany/Limited liability company	Investment holding	EUR25,000	100%	100%	–	–
EuroEyes UK Holding Limited	England and Wales/ Private company Limited by shares	Investment holding	GBP1	100%	–	–	–
Indirectly held by the Company:							
EuroEyes Deutschland Holding GmbH & Co. KG	Germany/Limited partnership	Investment holding and group-wide administrative activities	EUR25,000	100%	100%	–	–
EuroEyes Deutschland GmbH	Germany/GmbH	Investment holding and group-wide administrative activities	EUR34,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Berlin GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2021 %	Ownership interest held by the Group 2020 %	Ownership interest held by non-controlling interests 2021 %	Ownership interest held by non-controlling interests 2020 %
Indirectly held by the Company:							
EuroEyes AugenLaserZentrum Betriebs GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR50,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Stuttgart GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Hannover GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR200,000	100%	100%	–	–
EuroEyes AugenLaserZentrum City Hamburg GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	100%	100%	–	–
EuroEyes ALZ Augenklinik München GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR51,129	100%	100%	–	–
LASIK Germany GmbH	Germany/GmbH	Operation of LASIK centres	EUR25,000	100%	100%	–	–
EuroEyes AugenLaserZentrum Bremen GmbH	Germany/GmbH	Operation of consultation centres and/or clinics for eye treatments	EUR25,000	74%	74%	26%	26%
EUROEYES Aps	Denmark/ApS	Operation of consultation centres and/or clinics for eye treatments	DKK135,000	100%	100%	–	–
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB60,000,000	70%	70%	30%	30%

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2021	2020	2021	2020
				%	%	%	%
Indirectly held by the Company:							
Hangzhou Deshijia Eye Clinic Co., Ltd. * (杭州德視佳眼科門診部有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB14,000,000	70%	70%	30%	30%
Beijing Deshijia Eye Clinic Co., Ltd. * (北京德視佳眼科診所有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	70%	70%	30%	30%
Beijing Deshijia Dongbu Eye Clinic Co., Ltd. * (北京德視佳東部眼科診所有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB10,000,000	70%	70%	30%	30%
Guangzhou Deshijia Eye Clinic Co., Ltd. * (廣州德視佳眼科門診部有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB30,000,000	70%	70%	30%	30%
Deshijia (Shenzhen) Consulting Management Co., Ltd ** (德視佳（深圳）諮詢管理有限公司)	PRC/Limited liability company (joint venture)	Investment holding	RMB30,000,000	70%	70%	30%	30%
Shenzhen Deshijia Eye Clinic * (深圳德視佳眼科門診部)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB7,000,000	70%	70%	30%	30%
Chongqing EuroEyes Deshijia Eye Clinic Co., Ltd. * (重慶德視佳眼科門診有限公司)	PRC/Limited liability company (joint venture)	Operation of a clinic for eye treatments	RMB20,000,000	60%	60%	40%	40%

31 SUBSIDIARIES (Continued)

Entity Name	Place of incorporation and kind of legal entity	Principal activities	Issued/ paid-in capital	Ownership interest held by the Group 2021 %	2020 %	Ownership interest held by non-controlling interests 2021 %	2020 %
Indirectly held by the Company:							
Chengdu Jinjiang EuroEyes Deshijia Eye Clinic Co., Ltd.* (成都錦江德視佳眼科門診部有限公司)	PRC/Limited liability company	Operation of a clinic for eye treatments	RMB25,000,000	100%	–	–	–
Euroeyes (Shanghai) Medical Management Co., Ltd.* (德視佳（上海）醫療管理有限公司)	PRC/Limited liability company	Management and investment holding	RMB100,000,000	100%	–	–	–
EuroEyes Hong Kong Co. Limited	Hong Kong/Private company Limited by shares	Trading of eye clinic equipment and lenses	HK$1	100%	100%	–	–
EuroEyes Hong Kong Holdings Limited	Hong Kong/Private company Limited by shares	Investment holding	HK$1	100%	100%	–	–

* The English names are for identification purpose only

** As at 29 July 2020, Shenzhen Hero Consulting Management Co., Ltd (深圳市英雄諮詢管理有限公司) changed its name to Deshijia (Shenzhen) Consulting Management Co., Ltd (德視佳（深圳）諮詢管理有限公司)

31 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI)

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Shanghai Deshijia Eye Medical Co., Ltd. 2021 HK$'000	2020 HK$'000
Current assets	44,336	39,818
Current liabilities	(32,526)	(38,693)
Current net assets	11,810	1,125
Non-current assets	46,425	22,159
Non-current liabilities	(16,847)	(3,108)
Non-current net assets	29,578	19,051
Net assets	41,388	20,176
Accumulated NCI	12,416	6,053

31 SUBSIDIARIES (Continued)

(a) Non-controlling interests (NCI) (Continued)

Summarised statement of comprehensive income

	Shanghai Deshijia Eye Medical Co., Ltd. 2021 HK$'000	2020 HK$'000
Revenue	56,578	44,148
Profit/(loss) for the year	457	(2,845)
Other comprehensive income	–	–
Total comprehensive income/(loss)	457	(2,845)
Profit/(loss) allocated to NCI	137	(854)
Dividends paid to NCI	–	–

Summarised statement of cash flows

	2021 HK$'000	2020 HK$'000
Cash flows from operating activities	21,305	2,039
Cash flows used in investing activities	(8,896)	(948)
Cash flows used in financing activities	(10,294)	(7,259)
Net increase/(decrease) in cash and cash equivalents	2,125	(6,168)

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2021 HK$'000	2020 HK$'000
Profit before tax	**195,673**	98,648
Adjustments for:		
Depreciation of property, plant and equipment	**73,895**	66,571
Amortisation of intangible assets	**763**	763
COVID-19-related rent concessions	**–**	(2,020)
Share-based payment	**11,325**	877
Finance expenses, net	**(4,411)**	19,695
Other gains, net	**(1,572)**	(3,519)
	275,673	181,015
Changes in working capital:		
Decrease in inventories	**8,038**	632
Decrease/(increase) in trade receivables	**913**	(1,357)
Decrease/(increase) in deposits, other receivables and prepayments	**3,882**	(14,713)
Increase/(decrease) in trade payables	**3,762**	(7,685)
Increase/(decrease) in other payables	**13,120**	(16,168)
Increase/(decrease) in contract liabilities	**1,399**	(361)
Cash generated from operations	**306,787**	141,363

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Non-cash investing and financing activities

	2021 HK$'000	2020 HK$'000
Addition of right-of-use assets	37,931	46,869
Decrease in right-of-use assets	(745)	(16,467)
	37,186	30,402

(c) Net cash reconciliation

	2021 HK$'000	2020 HK$'000
Cash and cash equivalents	845,636	761,827
Borrowings	(4,645)	(7,055)
Lease liabilities	(216,831)	(232,425)
Net cash	624,160	522,347
Cash and cash equivalents	845,636	761,827
Gross debt – fixed interest rates	(221,476)	(239,480)
Gross debt – variable interest rates	–	–
Net cash	624,160	522,347

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Net cash reconciliation (Continued)

	Cash and cash equivalents HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Dividend payable HK$'000	Total HK$'000
Net debt as at 1 January 2020	787,021	(8,262)	(225,563)	(64,564)	488,632
Cash flows	(76,049)	2,228	48,287	62,053	36,519
Other non-cash movements					
– Exchange differences	50,855	(578)	(19,951)	2,511	32,837
– Accrued interest	–	(443)	(6,559)	–	(7,002)
– Increase in right-of-use assets	–	–	(46,869)	–	(46,869)
– Decrease in right-of-use assets	–	–	16,467	–	16,467
– Lease modification	–	–	(257)	–	(257)
– Rent Concessions	–	–	2,020	–	2,020
Net debt as at 31 December 2020	761,827	(7,055)	(232,425)	–	522,347
Cash flows	**144,182**	**1,908**	**42,692**	**9,838**	**198,620**
Other non-cash movement					
– Exchange differences	**(60,373)**	**842**	**17,239**	**–**	**(42,292)**
– Accrued interest	**–**	**(340)**	**(7,151)**	**–**	**(7,491)**
– Increase in right-of-use assets	**–**	**–**	**(37,931)**	**–**	**(37,931)**
– Decrease in right-of-use assets	**–**	**–**	**745**	**–**	**745**
– Declared dividend paid	**–**	**–**	**–**	**(9,838)**	**(9,838)**
Net cash as at 31 December 2021	**845,636**	**(4,645)**	**(216,831)**	**–**	**624,160**

33 DIVIDENDS

On 16 March 2021, the Board of Directors of the Company declared a dividend of HK$0.02988 per ordinary share totalling HK$9,837,512 (year ended 31 December 2020: nil) to the shareholders of the Company in respect of the year ended 31 December 2020. The dividend was approved at the Annual General Meeting on 21 May 2021 and was fully paid during the year ended 31 December 2021.

During the board meeting held on 23 March 2022, the Board proposed a final dividend of HK$0.09932 per ordinary share totalling HK$33,097,397 to the shareholders of the Company in respect of the year ended 31 December 2021. Subject to the approval of the shareholders at the forthcoming Annual General Meeting and subject to further announcement in respect to the book closure date, record date and payment date, the proposed 2021 final dividend is expected to be distributed to shareholders on or around in the middle of June 2022.

As the final dividend is proposed after 31 December 2021, such dividend is not recognised as a liability as at 31 December 2021.

34 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	2021 HK$'000	2020 HK$'000
Leasehold improvements	300	448

(b) Lease commitments

	2021 HK$'000	2020 HK$'000
Within 1 year	–	640

(c) Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2021 (2020: nil).

35 RELATED PARTY TRANSACTIONS

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

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

(a) Transactions with related parties

	2021 HK$'000	2020 HK$'000
Sales of goods to:		
– Dr Jørgensen und Kollegen GbR	–	9
Rendering services to:		
– Dr Jørgensen und Kollegen GbR	1,314	1,560

(b) Balances with related parties

	2021 HK$'000	2020 HK$'000
Trade receivables:		
– Dr Jørgensen und Kollegen GbR	44	105

(c) Key management compensation

	2021 HK$'000	2020 HK$'000
Salaries and other short-term employee benefits	6,590	9,424
Directors' fees	1,892	2,160
Share-based payments	951	62
	9,433	11,646

36 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Assets		
Non-current assets		
Investments in subsidiaries	454,249	442,924
Total non-current assets	454,249	442,924
Current assets		
Prepayments	1,060	277
Other receivables	55,702	57,725
Restricted cash	2	66
Cash and cash equivalents	604,845	629,834
Total current assets	661,609	687,902
Total assets	1,115,858	1,130,826
Equity		
Equity attributable to owners of the Company		
Share capital	25,826	25,826
Shares held for share scheme	(11,344)	(4,284)
Share premium	626,302	625,422
Other reserves	457,712	504,526
Accumulated losses	(18,083)	(23,363)
Total equity	1,080,413	1,128,127

36 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

(a) Statement of financial position of the Company (Continued)

	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000
Liabilities		
Current liabilities		
Trade payables	–	10
Accruals and other payables	35,445	2,689
Total current liabilities	35,445	2,699
Total liabilities	35,445	2,699
Total equity and liabilities	1,115,858	1,130,826

(b) Reserve movements of the Company

	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000
At 1 January 2020	625,422	445,039	(9,067)
Loss for the year	–	–	(14,296)
Share-based payment *(Note 25)*	–	877	–
Exchange differences on translation of foreign operations	–	58,610	–
At 31 December 2020	625,422	504,526	(23,363)
Profit for the year			15,118
Dividend provided for or paid *(Note 33)*	–	–	(9,838)
Share-based payment *(Note 25)*	–	11,325	–
Issue of shares under employee share schemes	880	(9,168)	–
Exchange differences on translation of foreign operations	–	(48,971)	–
At 31 December 2021	626,302	457,712	(18,083)

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Acquisition of London Vision Clinic Partners Limited

On 20 January 2022, EuroEyes UK Holding Limited, a wholly-owned subsidiary of the Company, has entered into a share purchase agreement (the "SPA") to acquire the entire issued shares in London Vision Clinic Partners Limited for a consideration of GBP13,130,000 (equivalent to HK$138,211,632) in allotment of cash consideration of GBP10,010,000 (equivalent to HK$105,369,264) and share consideration of GBP3,120,000 (equivalent to HK$32,842,368, in number of 4,006,000 shares of the Company, representing 1.2% of total shares of the Company after the acquisition). The maximum consideration shall be approximately GBP34,327,985 (equivalent to HK$361,350,101), subject to the consideration adjustment and earn out terms set out in the SPA. The acquisition completed on 20 January 2022. Based on the unaudited annual results of London Vision Clinic Partners Limited as at the Completion date, net asset of London Vision Clinic Partners Limited was approximately GBP1,830,467 (equivalent to HK$19,268,228).

The Group is currently in the process of performing the valuation and purchase price allocation on the acquisition of London Vision Clinic Partners Limited.

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