

# EuroEyes

## EuroEyes International Eye Clinic Limited

### 德視佳國際眼科有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1846



# GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



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## IMPORTANT

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*If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*



# EuroEyes

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

*(Incorporated in the Cayman Islands with limited liability)*

### GLOBAL OFFERING

<b>Number of Offer Shares under the Global Offering</b>	<b>: 79,334,000 Shares (subject to the Over-allotment Option)</b>
<b>Number of Hong Kong Offer Shares</b>	<b>: 7,934,000 Shares (subject to reallocation)</b>
<b>Number of International Offer Shares</b>	<b>: 71,400,000 Shares (subject to reallocation and the Over-allotment Option)</b>
<b>Maximum Offer Price</b>	<b>: HK\$8.80 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)</b>
<b>Nominal value</b>	<b>: US\$0.01 per Share</b>
<b>Stock code</b>	<b>: 1846</b>

*Sole Sponsor and Sole Global Coordinator*



**BOC INTERNATIONAL**

*Joint Bookrunners and Joint Lead Managers*



**BOC INTERNATIONAL**



**中信建投國際**  
CHINA SECURITIES INTERNATIONAL

**FOSUN HANI**  
復星恒利

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 8 October 2019 and, in any event, not later than Friday, 11 October 2019. The Offer Price will not be more than HK\$8.80 and is currently expected to be not less than HK\$6.20. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$8.80 for each Offer Share together with a brokerage of 1%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%.

The Sole Global Coordinator, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus (which is HK\$6.20 to HK\$8.80 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and Sing Tao Daily (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.euroeyes.hk](http://www.euroeyes.hk). Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price by Friday, 11 October 2019, the Global Offering will not become unconditional and will lapse immediately.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement under the U.S. Securities Act.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares will be offered and sold only outside the United States in reliance on Regulation S.

30 September 2019

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Hong Kong Public Offering commences and **WHITE**  
and **YELLOW** Application Forms available from . . . . . 9:00 a.m. on Monday,  
30 September 2019

Latest time to complete electronic applications under  
the **HK eIPO White Form** service through the  
designated website at [www.hkeipo.hk](http://www.hkeipo.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on Tuesday,  
8 October 2019

Application lists of the Hong Kong Public Offering  
open<sup>(3)</sup> . . . . . 11:45 a.m. on Tuesday,  
8 October 2019

Latest time to complete payment of **HK eIPO White Form**  
applications by effecting internet banking transfer(s)  
or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday,  
8 October 2019

Latest time to lodge **WHITE** and **YELLOW**  
Application Forms . . . . . 12:00 noon on Tuesday,  
8 October 2019

Latest time to give **electronic application instructions**  
to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on Tuesday,  
8 October 2019

Application lists of the Hong Kong Public Offering close<sup>(3)</sup> . . . . . 12:00 noon on Tuesday,  
8 October 2019

Expected Price Determination Date<sup>(5)</sup> . . . . . Tuesday, 8 October 2019

Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications under the Hong Kong Public Offering; and
- the basis of allotment of the Hong Kong Offer Shares

to be published in The Standard (in English)  
and Sing Tao Daily (in Chinese), on the website  
of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk)  
and on the website of our Company at  
[www.euroeyes.hk](http://www.euroeyes.hk) on or before<sup>(7)</sup> . . . . . Monday, 14 October 2019

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Announcement of results of allotment in the Hong Kong Public Offering (with successful applicants' identification document numbers where applicable) available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus <sup>(7)</sup> . . . . .	Monday, 14 October 2019
Results of allocations in the Hong Kong Public Offering will be available at <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> (alternatively: <a href="http://www.hkeipo.hk/IPOResult">www.hkeipo.hk/IPOResult</a> ) with a "search by ID" function <sup>(7)</sup> . . . . .	Monday, 14 October 2019
Despatch of Share certificates in respect of wholly or partially successful applications on or before <sup>(6)(7)</sup> . . . . .	Monday, 14 October 2019
Despatch of refund cheques (if applicable) in respect of wholly and partially successful applications (if applicable) or wholly or partially unsuccessful applications on or before <sup>(6)(7)</sup> . . . . .	Monday, 14 October 2019
Despatch of <b>HK eIPO White Form</b> e-Auto Refund payment instruction (if applicable) in respect of wholly and partially successful applications (if applicable) or wholly or partially unsuccessful applications on or before <sup>(7)</sup> . . . . .	Monday, 14 October 2019
Dealings in our Shares on the Stock Exchange expected to commence at <sup>(7)</sup> . . . . .	9:00 a.m. on Tuesday, 15 October 2019

*Notes:*

- (1) All dates and times refer to Hong Kong dates and time, except otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus. If there is any change in the above expected timetable, we will issue a separate announcement in Hong Kong to be published in The Standard (in English) and Sing Tao Daily (in Chinese).
- (2) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a "black" rainstorm warning, an announcement of "extreme conditions" by the Government in accordance with the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019 and/or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 8 October 2019, the application lists will not open and close on that day. Please refer to section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.
- (5) The Price Determination Date is expected to be on or about Tuesday, 8 October 2019, and in any event will not be later than Friday, 11 October 2019. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters), and our Company on or before Friday, 11 October 2019, the Global Offering will not proceed and will lapse.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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- (6) We will issue refund cheque to you if your application is wholly or partially unsuccessful or if the Offer Price is less than the price per Offer Share payable on application. We will dispatch share certificates and refund cheque(s) by ordinary post to you at your own risk to the address you specified in your Application Form. If you have applied for 1,000,000 Hong Kong Offer Shares or more and have provided all information required in your Application Form, you may collect refund cheque(s) and/or share certificates from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 14 October 2019 or any other place and date we announce in the newspapers as the place and date of dispatch of share certificates/e-Auto Refund payment instructions/refund cheque(s). If you are an individual applicant, you may not authorise any other person to collect on your behalf. If you are a corporate applicant, you must attend by your authorised representative with your letter of authorisation stamped with your corporate chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to Hong Kong Share Registrar. If you do not collect within the time specified for collection, we will dispatch uncollected share certificates and refund cheque(s) by ordinary post at your own risk to the address specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.
- (7) In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Monday, 30 September 2019 to Tuesday, 15 October 2019, then the day of (i) announcement of results of allocations in the Hong Kong Public Offer; (ii) despatch of Share certificates and refund cheques/HK eIPO White Form e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange will be postponed according to the number of business days affected by the bad weather and/or Extreme Conditions.

**Share certificates will only become valid certificates of title if the Global Offering has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms, which is expected to be at or around 8:00 a.m. on Tuesday, 15 October 2019. Investors who trade in our Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.**

For details of the structure of the Global Offering, including its conditions, you should refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus.

If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

You should read carefully the sections headed “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details relating to the structure and conditions of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable including, inter alia, applicable conditions, the effect of bad weather, and the despatch of refund cheques and Share certificates.

**We will publish an announcement in case there is any change in the expected timetable of the Hong Kong Public Offering as described above.**



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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with different information. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person or party involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with an investment in the Offer Shares. Some of the particular risks associated with an investment in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in the section headed “Definitions” in this prospectus.*

### OVERVIEW

EuroEyes was established in 1993 and is one of the leading brands in the vision correction industry that combines German ophthalmology excellence and 25 years of experience with individualised customer-care. We provide premium services to a targeted clientele with a mid-to-high income level. We are also one of the few eye clinic groups with a far-reaching geographical coverage, with operations in Germany, Denmark and the PRC.

We offer a wide range of vision correction services to two main groups of customers: (i) those between the ages of 18 and 45, who primarily seek refractive laser surgery or phakic lens (ICL) surgery to treat their myopia (a condition in which the eyeball is too long, resulting in blurred vision when viewing distant objects), hyperopia or astigmatism; and (ii) those over 45 years of age, who primarily seek lens exchange surgery to treat their presbyopia (a condition that results from ageing, in which the lens loses its natural elasticity and therefore its ability to focus on near objects, and people cannot read anymore without the use of reading glasses or progressive glasses) or cataract. Our vision correction services can be broadly categorised into (i) refractive laser surgery (which includes ReLEx SMILE and FemtoLASIK); (ii) phakic lens (ICL) surgery; (iii) lens exchange surgery (which includes the monofocal and trifocal lens exchange surgery) and (iv) others (which include PRK/LASEK and ICRS implantation).

We have led the industry in which we operate by a myriad of parameters. According to Frost & Sullivan, in the advanced lens exchange surgery and refractive surgery without PRK/LASEK market, we ranked the first in Germany and the second in Denmark by market share in terms of revenue in 2018. We have also led this industry by being one of the first-movers in offering the Zeiss trifocal lens exchange surgery as a standalone treatment option to presbyopia for customers once they experience any major inconveniences associated with wearing reading glasses and/or progressive glasses. In 2018, we were awarded by Carl Zeiss for having performed the most the Zeiss trifocal lens exchange surgeries in the world for the fourth year in a row, and the most ReLEx SMILE procedures in Germany. We were also awarded by Staar Surgical in the same year for having performed the most phakic lens (ICL) surgeries in Europe.

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## SUMMARY

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### COMPETITIVE STRENGTHS

We believe that the following strengths have allowed, and will continue to allow, us (i) to achieve sustainable growth and profitability; (ii) to maintain our leading position in the vision correction services industry in Germany, Denmark and the PRC; and (iii) to capture the immense growth potential and market opportunities:

- (i) We are an industry leader in performing advanced lens exchange surgery and refractive surgery (without PRK/LASEK) in Germany and Denmark;
- (ii) We offer customised solutions of premium quality to our customers;
- (iii) We are one of the leaders in the industry with our innovative use of trifocal lens exchange surgery to treat presbyopia for people above the age of 45;
- (iv) We are well-positioned to benefit from the increasing opportunities in the PRC;
- (v) Dr Jørgensen, our founder, chairman and chief executive officer, is a visionary leader with industry reputation and a proven managerial record; and
- (vi) We have a professional team with outstanding reputation and technical expertise.

For more information, please see the section headed “Business – Our strengths” in this prospectus.

### FUTURE STRATEGIES

We aim to continue our growth by implementing the following strategies:

- (i) We will further expand our business operations through acquisitions in Europe in order to solidify our leadership position;
- (ii) We will further expand our business operations in the PRC in order to seize the massive market opportunities;
- (iii) We will enhance our marketing efforts in order to increase the size of our future customer base and our geographical reach;
- (iv) We will expand our service offerings in order to tap into a larger customer base; and
- (v) We will continue to attract, recruit and retain the best talents.

For more information, please see the section headed “Business – Future strategies” in this prospectus.

## SUMMARY

### BUSINESS MODEL

During the Track Record Period, our revenue was mainly derived from (i) the provision of vision correction services; (ii) rental of ophthalmic equipment and operating spaces; (iii) sales of pharmaceutical products; and (iv) others.

The table below sets out the breakdown of our revenue by product category for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue
Provision of vision correction services	29,852	98.2	36,464	98.6	42,386	98.7	10,199	99.1	11,382	99.0
Rental of ophthalmic equipment and operating spaces	449	1.5	440	1.2	404	0.9	61	0.6	54	0.5
Sales of pharmaceutical products	46	0.1	36	0.1	73	0.2	11	0.1	9	0.1
Others	55	0.2	37	0.1	98	0.2	23	0.2	47	0.4
<b>Total</b>	<b>30,402</b>	<b>100.0</b>	<b>36,977</b>	<b>100.0</b>	<b>42,961</b>	<b>100.0</b>	<b>10,294</b>	<b>100.0</b>	<b>11,492</b>	<b>100.0</b>

During the Track Record Period, apart from the premium vision correction services offered to our customers under the “EuroEyes” brand, our customers may also seek more affordable options (such as FemtoLASIK and PRK/LASEK) by engaging the ophthalmologists at the centres operating under the “LASIK Germany” brand, catering to the mass market in Germany.

The tables below sets out the breakdown of our revenue by brand and by geographical locations, during the Track Record Period. For further information on our financial performance, please see the section headed “Financial Information” in this prospectus.

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue
Germany										
– “EuroEyes”	21,455	70.6	22,394	60.5	25,226	58.7	6,051	58.8	6,739	58.6
– “LASIK Germany”	987	3.2	1,434	3.9	1,638	3.8	436	4.2	458	4.0
Denmark	4,205	13.8	4,504	12.2	3,987	9.3	983	9.6	1,284	11.2
The PRC	3,755	12.4	8,645	23.4	12,110	28.2	2,824	27.4	3,011	26.2
<b>Total</b>	<b>30,402</b>	<b>100.0</b>	<b>36,977</b>	<b>100.0</b>	<b>42,961</b>	<b>100.0</b>	<b>10,294</b>	<b>100.0</b>	<b>11,492</b>	<b>100.0</b>

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## SUMMARY

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### OUR VISION CORRECTION SERVICES

We offer two main approaches to address our customers' needs for treatment, based on the following age groups:

**Treatment options for customers between the ages of 18 and 45:**

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***Refractive laser surgery***

- This is an ideal option to treat a low to medium degree of myopia (which is myopia of up to -6.0 dioptres, however, our treatment options can treat myopia of up to -10.0 dioptres). Procedures offered include ReLEx SMILE, FemtoLASIK and PRK/LASEK.

***Phakic lens (ICL) surgery***

- A custom-made artificial lens is placed inside the eye to treat a high degree of myopia (meaning myopia of -6.0 dioptres or higher) among customers between the ages of 18 and 45.

**Treatment option for customers above the age of 45:**

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***Lens exchange surgery***

- This is an ideal option to treat presbyopia, which typically occurs when one reaches 45 years of age. Our trifocal lens exchange surgery eliminates the need to wear any type of glasses at all as the artificial lens is capable to focus near, mid-ranged and distant objects. Lens exchange surgery with the trifocal lens is also an ideal treatment for cataract.

A customer seeking our vision correction services in Germany, Denmark or the PRC will typically undergo the following process:



## SUMMARY

The table below sets out the breakdown of our revenue by type of services provided for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	% of total revenue from providing vision correction services		% of total revenue from providing vision correction services		% of total revenue from providing vision correction services		% of total revenue from providing vision correction services		% of total revenue from providing vision correction services	
	€'000		€'000		€'000		€'000		€'000	
Refractive laser surgery										
– ReLEx SMILE	8,705	29.2	10,629	29.1	13,489	31.8	3,038	29.8	3,491	30.7
– FemtoLASIK	3,621	12.1	4,333	11.9	4,017	9.5	1,302	12.8	1,024	9.0
<b>Subtotal</b>	<b>12,326</b>	<b>41.3</b>	<b>14,962</b>	<b>41.0</b>	<b>17,506</b>	<b>41.3</b>	<b>4,340</b>	<b>42.6</b>	<b>4,515</b>	<b>39.7</b>
Phakic lens (ICL) surgery	3,214	10.8	4,463	12.2	6,671	15.8	1,572	15.4	1,415	12.4
Lens exchange surgery										
– Monofocal lens exchange surgery	1,634	5.5	1,843	5.1	2,172	5.1	482	4.7	451	4.0
– Trifocal lens exchange surgery	12,413	41.6	14,946	41.0	15,776	37.2	3,754	36.8	4,934	43.3
<b>Subtotal</b>	<b>14,047</b>	<b>47.1</b>	<b>16,789</b>	<b>46.1</b>	<b>17,948</b>	<b>42.3</b>	<b>4,236</b>	<b>41.5</b>	<b>5,385</b>	<b>47.3</b>
Others										
– PRK/LASEK	235	0.8	238	0.7	232	0.5	51	0.5	67	0.6
– ICRS implantation	30	0.0	12	0.0	29	0.1	–	–	–	–
<b>Subtotal</b>	<b>265</b>	<b>0.8</b>	<b>250</b>	<b>0.7</b>	<b>261</b>	<b>0.6</b>	<b>51</b>	<b>0.5</b>	<b>67</b>	<b>0.6</b>
<b>Total revenue from providing vision correction services</b>	<b>29,852</b>	<b>100.0</b>	<b>36,464</b>	<b>100.0</b>	<b>42,386</b>	<b>100.0</b>	<b>10,199</b>	<b>100.0</b>	<b>11,382</b>	<b>100.0</b>

For further details about the services and procedures as offered and performed at our clinics or centres, please see the section headed “Business – Our services” in this prospectus.

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## SUMMARY

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### SHAREHOLDER INFORMATION

Immediately after completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), Dr Jørgensen, our chairman, executive Director and chief executive officer, will be directly interested in approximately 52.84% of the total issued share capital of our Company. Accordingly, Dr Jørgensen will be regarded as our Controlling Shareholder under the meaning of the Listing Rules.

### RISK FACTORS

Our Directors believe that there are certain risks involved in our operations. Many of these risks are beyond our control. A detailed discussion of the risk factors that we believe are particularly relevant to us is set out in the section headed “Risk Factors” in this prospectus. Set out below are some of the major risks that may materially and adversely affect us:

- (i) We rely significantly on our brand image and reputation. Any failure to develop, maintain and enhance, or any damage to, our brand image or reputation could materially and adversely affect our reputation, business, financial condition and results of operations;
- (ii) Our operation is highly dependent on the provision of quality services by our surgeons and conservative ophthalmologists to our customers, and we incur significant costs in retaining them. We cannot guarantee that we will be able to continue to attract, recruit and retain qualified professionals;
- (iii) Our services depend on the availability of certain equipment and supplies to provide vision correction services. Any price fluctuations in these supplies or failure to source sufficient supplies with reasonable prices may materially and adversely affect our financial performance and results of operations;
- (iv) The development and/or uncertainties in the regulatory regimes for the vision correction services industry in the countries which we operate could also have a material adverse effect on our business. If we fail to retain or renew our requisite licenses and permits on time, we may not be able to maintain or expand our business operations; and
- (v) We rely heavily on the continued services of our management team and if we are unable to attract or retain the management team, our reputation, business, financial performance and results of operations may be materially and adversely affected.

## SUMMARY

### REGULATORY COMPLIANCE

We have historically had incidents of non-compliance with German and Danish laws and regulations. We do not expect that any of these matters will result in a material adverse effect on our business, financial or trading position and results of operations. Please see the section headed “Business – Legal proceedings and compliance matters” in this prospectus for details.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below present the summaries of selected consolidated financial information of us for the Track Record Period, which are derived from, and should be read in conjunction with our financial information, including the notes thereto, set out in the accountant’s report in Appendix I to this prospectus.

#### Summary of consolidated statements of comprehensive income

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€’000	€’000	€’000	€’000	€’000
Revenue	30,402	36,977	42,961	10,294	11,492
Cost of sales	(20,485)	(23,848)	(25,545)	(6,045)	(6,307)
<b>Gross profit</b>	9,917	13,129	17,416	4,249	5,185
<b>Profit for the year/period<sup>(Note)</sup></b>	1,939	8,571	4,291	1,362	331

*Note:*

Our Group has adopted IFRS 16 in the preparation of financial information of our Group during the Track Record Period, pursuant to which operating lease of properties are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses and interest expenses are charged. The right-of-use assets and lease liabilities also include the equipment that under finance lease, which would have been recorded as an asset and lease liability under IAS17 (before adoption of IFRS 16). Set out below is the breakdown of depreciation of property, plant and equipment, and the finance cost on lease liabilities charged during the Track Record Period:

	For the year ended 31 December			For the three months ended 31 March	
	2016	2017	2018	2018	2019
	€’000	€’000	€’000	€’000	€’000
Depreciation of property, plant and equipment (other than right-of-use assets)	1,721	1,789	1,829	470	459
Depreciation of property, plant and equipment of right-of-use assets	3,176	3,787	4,128	1,044	1,276
Interest expenses on lease liabilities	592	707	717	158	287



## SUMMARY

Increases in revenue were mainly attributable to increases in revenue from the provision of vision correction services due to the increased number of surgeries performed. The increases in cost of sales were mainly due to the increase in cost of raw materials and consumables used in performing the treatment and employee benefit. Our gross profit increased during the Track Record Period, which was mainly inline with the increase in the revenue during the same periods. For the year ended 31 December 2017, we received a one-off termination compensation from the landlord of our former premises in Hamburg amounting to approximately €9.0 million with an after tax effect of approximately €6.1 million to our profit for the year ended 31 December 2017. For the year ended 31 December 2018, we incurred listing expenses of approximately €1.2 million. Excluding the one-off impact from such compensation and listing expenses, our net profit increased from €1.9 million for the year ended 31 December 2016 to approximately €2.5 million for the year ended 31 December 2017, and further increased to approximately €5.5 million for the year ended 31 December 2018, as a result of improving economies of scale and business growth across our clinics, especially those in the PRC. For the three months ended 31 March 2019, we incurred listing expenses of approximately €1.4 million, which mainly accounted for the decrease of our net profit from approximately €1.4 million for the three months ended 31 March 2018 to approximately €0.3 million for the three months ended 31 March 2019.

### Accumulated losses as at 1 January 2016 (i.e. the beginning of the Track Record Period)

As at 1 January 2016, we had accumulated losses of approximately €0.9 million which was mainly due to the low level of retained earnings balance of the German segment after the declaration of dividends in 2015 and the accumulated losses position of the PRC segment. Such accumulated losses were recovered as at 31 December 2016 since we had generated a profit of approximately €1.9 million for the year ended 31 December 2016. Our Directors believe that with the organic growth of our business in Germany and the continuous expansion in the PRC segment by opening new clinics, we were able to turnaround our financial performance so as to be profitable since 2014 and to sustain our profitability during the Track Record Period.

### Non-IFRS Financial Measures<sup>(1),(2),(3)</sup>

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Profit after tax	1,939	8,571	4,291	1,362	331
After-tax adjustments					
– Compensation from landlord for early termination of lease contract in Hamburg	–	(6,088)	–	–	–
– Listing expenses	–	–	1,210	–	1,449
<b>Adjusted NPAT<sup>(4)</sup></b>	<b>1,939</b>	<b>2,483</b>	<b>5,501</b>	<b>1,362</b>	<b>1,780</b>
Revenue	30,402	36,977	42,961	10,294	11,492
Adjusted NPAT margin <sup>(4)</sup>	6.4%	6.7%	12.8%	13.2%	15.5%

## SUMMARY

*Notes:*

- (1) We present the unaudited non-IFRS financial measures to supplement our consolidated statements of profit or loss for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 that were prepared in accordance with IFRS to provide additional information about our operating performance. We believe that the non-IFRS financial measures are useful for our management and investors to assess our financial performance and financial condition as: (i) these are non-IFRS financial measures which are used by the management to evaluate our financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluating the actual performance of our business; and (ii) during the Track Record Period, we recorded certain significant one-off income and expenses. In particular, we incurred significant amount of listing expenses relating to the preparation of the Listing of the Company, which had a significant impact on our IFRS net profit. The listing expenses are non-recurring in nature. Similarly, the compensation from landlord for early termination of lease contract in Hamburg is also a one-off item and non-recurring in nature.
- (2) None of the unaudited non-IFRS financial measures is a recognised term under IFRS. They do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS. You should not consider our definition of adjusted NPAT in isolation or construe it as an alternative to profit for the year indicated or as an indicator of operating performance or any other standard measure under IFRS.
- (3) The use of the non-IFRS financial measures has certain limitations. The non-IFRS financial measures should be read in conjunction with our IFRS financial measures. For more details about such limitations, the definitions of our non-IFRS financial measures as well as reconciliation of such non-IFRS financial measures to their respective most directly comparable financial measures, see the section headed “Financial Information – Results of operations – Non-IFRS financial measures” in this prospectus for more details.
- (4) We define adjusted NPAT as net profit after tax for the year adjusted for the after-tax impact of the significant one-off items. For further details of the definitions of adjusted NPAT and adjusted NPAT margin, see the section headed “Financial Information – Results of operations – Non-IFRS financial measures” in this prospectus.

### Summary of consolidated statements of financial position

The following table sets out details of our current assets and liabilities and net current assets as at the dates indicated:

	As at 31 December			As at 31 March	As at 31 July
	2016	2017	2018	2019	2019
	€'000	€'000	€'000	€'000	€'000
					<i>(unaudited)</i>
Current assets	8,462	18,571	23,909	25,678	21,974
Current liabilities <sup>(Note)</sup>	13,412	15,769	16,862	18,625	12,641
<b>Net current (liabilities)/ assets</b>	<b>(4,950)</b>	<b>2,802</b>	<b>7,047</b>	<b>7,053</b>	<b>9,333</b>

## SUMMARY

*Note:* Our Group has adopted IFRS 16 in the preparation of financial information of our Group during the Track Record Period, pursuant to which lease liability is recognised for operating lease of properties. Set out below is the lease liabilities included in current liabilities during the Track Record Period:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Lease liabilities (current)	4,167	4,207	4,867	4,958

As at 31 December 2016, our net current liabilities amounted to approximately €5.0 million, which was primarily contributed by lease liabilities of approximately €4.2 million, trade payables of approximately €2.4 million, bank borrowings of approximately €2.0 million and accruals and other payables of approximately €2.5 million. This was partially set off by our total current assets of approximately €8.5 million. For more information, please see the section headed “Financial Information – Liquidity and capital resources” in this prospectus.

### Summary of consolidated statements of cash flows

The following table sets out our cash flows for the periods indicated:

	Year ended 31 December			For the three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Cash flows from operating activities					
before changes in working capital <sup>(1)</sup>	8,711	11,822	13,960	4,110	2,975
Net cash (used in)/generated from					
operating activities	(342)	8,850	17,495	11,018	3,858
Net cash used in investing activities	(2,362)	(3,959)	(2,130)	(1,196)	(874)
Net cash used in financing					
activities <sup>(2)</sup>	(1,426)	(3,645)	(5,380)	(3,321)	(1,059)
Net (decrease)/increase in cash and					
cash equivalents	(4,130)	1,246	9,985	6,501	1,925
Cash and cash equivalents at					
beginning of year/period	9,497	5,354	6,556	6,556	16,546
Effect of exchange rate changes on cash					
and cash equivalents	(13)	(44)	5	(1)	(1)
<b>Cash and cash equivalents at</b>					
<b>end of year/period</b>	<b>5,354</b>	<b>6,556</b>	<b>16,546</b>	<b>13,056</b>	<b>18,470</b>

## SUMMARY

*Notes:*

- (1) The operating cash flows before changes in working capital represented profit before tax adjusted for, among other things, the depreciation of rights-of-use assets and interest expenses on lease liabilities which in aggregate amounted to approximately €3.8 million, €4.5 million and €4.8 million for the years ended 31 December 2016, 2017 and 2018 and approximately €1.2 million and €1.6 million for the three months ended 31 March 2018 and 2019 respectively, following the adoption of IFRS 16. Details of the reconciliation of profit before tax to operating cash flows before changes in working capital are set out in “Financial Information – Impacts of new IFRS – Adoption of IFRS 16”.
- (2) The net cash used in financing activities includes payments for lease liabilities and related interests amounting to approximately €3.1 million, €3.4 million and €3.8 million for the years ended 31 December 2016, 2017 and 2018 and approximately €0.9 million and €1.1 million for the three months ended 31 March 2018 and 2019 respectively, following the adoption of IFRS 16. Details of the reconciliation of the cash flow from financing activities are set out in “Financial Information – Impacts of new IFRS – Adoption of IFRS 16”.

During the Track Record Period, we generated cash flows from operating activities before changes in working capital of approximately €8.7 million, €11.8 million, €14.0 million and €3.0 million, respectively. For the year ended 31 December 2016, our net cash used in operating activities, which amounted to approximately €0.3 million, was primarily contributed by the decrease in other payables of approximately €6.4 million which primarily consisted of payments of doctors’ fees and bonus. Our net cash generated from operating activities for the years ended 31 December 2017 and 2018 increased mainly due to the increased profits as a result of the increased number of surgeries performed and the one-off compensation received in 2018 from the landlord of our former premises in Hamburg. For more information, please see the section headed “Financial Information – Liquidity and capital resources” in this prospectus.

### Key financial ratios

	Year ended 31 December			Three months ended
				31 March
	2016	2017	2018	2019
	%	%	%	%
Net profit margin <sup>(1)</sup>	6.4	23.2	10.0	2.9
Return on equity <sup>(2)</sup>	18.5	52.3	18.0	1.2
Return on assets <sup>(3)</sup>	4.8	19.5	7.5	0.5

	As at 31 December			As at
				31 March
	2016	2017	2018	2019
	Times	Times	Times	Times
Current ratio <sup>(4)</sup>	0.6	1.2	1.4	1.4
Quick ratio <sup>(5)</sup>	0.5	1.1	1.2	1.1
Debt to equity ratio <sup>(6)</sup>	1.7	0.8	1.0	1.0

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## SUMMARY

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*Notes:*

- (1) Net profit margin represents profit for the year/period divided by revenue for the same financial year/period.
- (2) Return on equity represents profit for the year/period divided by the average of the beginning and ending total equity for the financial year/period.
- (3) Return on assets represents profit for the year/period divided by the average of the beginning and ending total assets for the financial year/period.
- (4) Current ratio represents total current assets divided by total current liabilities as at the end of the financial year/period.
- (5) Quick ratio represents total current assets less inventories divided by total current liabilities as at the end of the financial year/period.
- (6) Debt to equity ratio represents total borrowings and lease liabilities divided by total equity as at the end of the financial year/period.

For more details of the financial information of our Group, please refer to the section headed “Financial Information” in this prospectus.

### **OUR CUSTOMERS AND SUPPLIERS**

Our customers are mostly individuals who visit us seeking vision correction services. We serve a mix of customers from different age groups. During the Track Record Period, none of these individual customers accounted for more than 5% of our total revenue. To the best knowledge and belief of our Directors, all of our five largest clients during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or any Shareholders (which to the best knowledge of our Directors beneficially own more than 5% of our Shares) had any interest in any of our five largest customers during the Track Record Period.

During the Track Record Period, our suppliers primarily include manufacturers and distributors of intraocular lenses, medical consumables and pharmaceuticals, advertising and marketing services providers. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, purchases from our five largest suppliers accounted for approximately 63.3%, 49.4%, 53.3% and 61.1% of our total purchases, respectively. For the same period, purchases from our largest supplier accounted for approximately 23.7%, 22.4%, 20.0% and 28.0% of our total purchases, respectively. To the best knowledge and belief of our Directors, all of our five largest suppliers during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or any Shareholders (which to the best knowledge of our Directors beneficially own more than 5.0% of our Shares) had any interests in any of our five largest suppliers during the Track Record Period. None of our five largest suppliers during the Track Record Period was a customer of our Group.

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## SUMMARY

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### RECENT DEVELOPMENT

#### Continued business growth

Following the Track Record Period, our business continued to grow. The total number of surgeries performed by the Group was 11,027 for the seven months ended 31 July 2019, with 6,899 surgeries performed in Germany, 3,094 surgeries performed in the PRC and 1,034 surgeries performed in Denmark for the same period.

As part of the expansion of our operations in the PRC, we opened our Hangzhou clinic in June 2019 and our Beijing (East) clinic in September 2019.

#### Special Dividend prior to the Listing

We declared a special dividend of €7.4 million (the “**Special Dividend**”) on 23 September 2019. Taking into account of various factors including our operation needs and financial resources, the Special Dividend will be distributed within 12 months from the Listing Date to maintain sufficient flexibility for our operations and business expansion. The payment is expected to be funded from internal resources. Our Directors confirm that the Special Dividend is based on the Company’s distributable profits accumulated before 31 December 2018. Our Directors have considered several factors such as our retained earnings and our cash and cash equivalents, being approximately €14.1 million and €16.6 million, respectively as at 31 December 2018. Our Directors are of the view that the Special Dividend declared is fair and reasonable and in the best interest of our Company and the Shareholders as a whole. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy, and that they will not be entitled to the Special Dividend via the Global Offering. We will disclose further details about the declaration and the payment of the Special Dividend by way of announcement on the Stock Exchange before such payment.

#### Pre-IPO Investments

We have received Pre-IPO Investments from some of our existing Shareholders, including but not limited to Mr Hassel, Dr Jørgensen, Mr Jannik Jørgensen, Dr Lerche, Professor Knorz and a number of additional Pre-IPO Investors as part of our Reorganisation.

For more information, see section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments” in this prospectus.

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## SUMMARY

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### **Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany**

During the Track Record Period (and up to 26 March 2019), we failed to comply with local professional laws applicable to our Bremen and LASIK Germany Centres which prohibit the participation of private investors or shareholders that are not healthcare professionals in a legal entity under private law which provides medical services. For more details in relation to the historical non-compliances of EuroEyes ALZ Bremen and LASIK Germany, please see the section headed “Business – Legal proceedings and compliance matters – Compliance” in this prospectus.

In order to comply with local professional laws, EuroEyes ALZ Bremen and LASIK Germany adopted an alternative model on 27 March 2019. Under the alternative model, the self-employed surgeons and conservative ophthalmologists contract directly with their patients and provide medical services to the patients directly, and the patients are invoiced by the self-employed surgeons and conservative ophthalmologists or the Bremen and LASIK Germany Centres acting on their behalf. The Bremen and LASIK Germany Centres offer the infrastructure to self-employed surgeons and conservative ophthalmologists, including the provision of facility and rooms, non-medical assistants, medical equipment etc. The Bremen and LASIK Germany Centres are responsible for the goods and equipment, providing support in the scheduling of consultation, pre-examination, treatments and any follow-up services, and billing and payment collection on behalf of each self-employed surgeon and conservative ophthalmologist. The Bremen and LASIK Germany Centres will receive usage fees from the self-employed surgeons and conservative ophthalmologists for treatments that are carried out in the respective Bremen and LASIK Germany Centres.

As advised by our German Medical Law Adviser, the reorganisation of EuroEyes ALZ Bremen and LASIK Germany for adoption of the alternative model is in compliance with all relevant laws and/or regulations in Germany. For more details in relation to the alternative model, please see the section headed “Business – Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany” in this prospectus.

### **DIVIDENDS**

During the Track Record Period, our Company did not declare any dividend. EuroEyes ALZ Bremen, our subsidiary, declared dividends to the then shareholders of EuroEyes ALZ Bremen for the years ended 31 December 2016 and 2017, of which €104,000 and €123,000 were declared and distributed to its non-controlling shareholders (i.e. shareholders other than EuroEyes Deutschland) respectively. All these dividends had been fully settled as of 31 March 2019, which were paid using internal resources of our Group. We declared a Special Dividend of €7.4 million on 23 September 2019. We currently intend to adopt, after the Listing, a general annual dividend policy of declaring and paying dividends on an annual basis of not more than 20% of our distributable net profit attributable to our equity shareholders in the future. Dividends declared will be subject to German withholding tax and solidarity surcharge but no German capital gains tax will be chargeable on the dividends received by the shareholders.

For more information, see sections headed “Summary – Recent development – Special Dividend prior to the Listing” and “Financial Information – Dividends” in this prospectus.



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## SUMMARY

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### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, and except as otherwise disclosed in the paragraph headed “Summary – Recent development” in this prospectus, there had been no material adverse change in our financial or trading position since 31 March 2019 and there is no event since 31 March 2019 which would materially affect the information shown in the accountant’s report in Appendix I to this prospectus.

### THE GLOBAL OFFERING

The Global Offering consists of:

- (i) the offer of initially 7,934,000 Hong Kong Offer Shares for subscription by the public in Hong Kong, referred to in this prospectus as the Hong Kong Public Offering; and
- (ii) the offer of initially 71,400,000 International Offer Shares outside the United States in offshore transactions in reliance on Regulation S, including to professional and institutional investors in Hong Kong, referred to in this prospectus as the International Offering.

### KEY OFFERING STATISTICS<sup>(1)</sup>

	<b>Based on an Offer Price of HK\$6.20 per Offer Share</b>	<b>Based on an Offer Price of HK\$8.80 per Offer Share</b>
Market capitalisation of our Shares <sup>(2)</sup>	HK\$1,967.5 million	HK\$2,792.5 million
Pro forma adjusted net tangible asset value per Share <sup>(3)</sup>	HK\$2.07	HK\$2.70

*Notes:*

- (1) All statistics in this table assume the Over-allotment Option is not exercised.
- (2) The calculation of market capitalisation is based on 317,334,000 Shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised at all).
- (3) For details of the bases and assumptions, please refer to “Unaudited pro forma financial information” in Appendix II to this prospectus. No adjustment has been made to reflect the Special Dividend of €7.4 million.
- (4) The unaudited pro forma adjusted net tangible assets of our Group does not take into account the Special Dividend of €7.4 million declared by the Company. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$1.87 (equivalent to €0.22) and HK\$2.50 (equivalent to €0.29) per Share based on the Offer Price of HK\$6.20 (equivalent to €0.72) and HK\$8.80 (equivalent to €1.02), respectively, after taking into consideration the declaration and payment of the Special Dividend.

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## SUMMARY

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### LISTING EXPENSES

Assuming that the Over-allotment Option is not exercised, the Listing expenses (including underwriting commission) are estimated to be approximately €7.9 million (based on the mid-point of the indicative price range for the Global Offering), of which an amount of approximately €1.2 million and €1.4 million has been charged to the consolidated statements of comprehensive income for the year ended 31 December 2018 and the three months ended 31 March 2019, respectively. We expect that an additional amount of approximately €2.0 million will be charged to the consolidated statements of comprehensive income for the year ending 31 December 2019 and €3.3 million will be accounted for as a deduction from equity upon Listing. This amount of Listing expenses could have an impact on our profitability for the year ending 31 December 2019.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering (but for the avoidance of doubt excluding any discretionary incentive fees, if applicable), and assuming an Offer Price of HK\$7.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$6.20 to HK\$8.80 per Offer Share) will be approximately HK\$526.7 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- (i) approximately HK\$210.7 million, representing approximately 40.0% of the net proceeds from the Global Offering, is expected to be used primarily for establishing clinics in major cities in the PRC, including Chengdu and Chongqing;
- (ii) approximately HK\$173.8 million, representing approximately 33.0% of the net proceeds from the Global Offering, is expected to be used primarily for potential acquisition of clinic groups in Europe;
- (iii) approximately HK\$89.5 million, representing approximately 17.0% of the net proceeds from the Global Offering, is expected to be used primarily for the expansion of our marketing efforts; and
- (iv) the remaining approximately HK\$52.7 million, representing approximately 10.0% of the net proceeds from the Global Offering, is expected to be used to fund our working capital and for general corporate purposes.

Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further information on our use of net proceeds of the Global Offering.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.*

“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 23 September 2019 and which will come into effect upon Listing, a summary of which is set out in Appendix III to this prospectus, and as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Deshijia”	Beijing Deshijia Eye Clinic Co., Ltd.* (北京德視佳眼科診所有限公司), a company incorporated in the PRC with limited liability on 28 May 2015 and a subsidiary of our Company
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“BOCI Asia Limited”	BOCI Asia Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“Bremen and LASIK Germany Centres”	the centres that are operated by EuroEyes ALZ Bremen and LASIK Germany, which are subsidiaries of our Company

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## DEFINITIONS

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“BVA”	Professional Association of German Ophthalmologists* ( <i>Berufsverband der Augenärzte Deutschlands e.V.</i> ), an association incorporated in 1950 for ophthalmologists practicing in Germany
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made on the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the section headed “Statutory and General Information – A. Further information about our Group – 2. Changes in share capital of our Company” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or sole individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Securities (International) Corporate Finance Company Limited”	China Securities (International) Corporate Finance Company Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	EuroEyes International Eye Clinic Limited 德視佳國際眼科有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 13 August 2018
“Concession(s)”	the concession(s) ( <i>Konzession</i> ) granted under section 30 of the GewO, which relates to the ownership and operation of “private clinics” in Germany (within the meaning of the GewO)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract of Use”	has the meaning ascribed to it in the section headed “Connected Transactions – Fully exempt continuing connected transaction – Sublease of premises and provision of services to Dr Jørgensen und Kollegen GbR” in this prospectus
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of our Company refers to Dr Jørgensen
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 23 September 2019 executed by our Controlling Shareholder in favour of our Company (for ourselves and as trustee for each member of our Group), details of which are set out in the section headed “Statutory and General Information – F. Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 23 September 2019 executed by our Controlling Shareholder in favour of our Company (for ourselves and as trustee for each member of our Group), details of which are set out in the section headed “Relationship with our Controlling Shareholder – Non-competition undertaking” in this prospectus
“Director(s)”	director(s) of our Company

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## DEFINITIONS

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“DOG”	German Ophthalmological Society* ( <i>Deutsche Ophthalmologische Gesellschaft</i> ), a society incorporated in 1857 for ophthalmologists practicing in Germany
“Dr Boberg-Ans”	Dr Lars Jannik Boberg-Ans, our medical director and senior vice president, Denmark
“Dr Jørgensen”	Dr Jørn Slot Jørgensen, our founder, chairman, executive Director, chief executive officer and Controlling Shareholder
“Dr Jørgensen und Kollegen GbR”	Dr. med Jørn Jørgensen und Kollegen GbR – Gemeinschaftspraxis für Augenheilkunde, a German civil law partnership ( <i>BGB-Gesellschaft</i> ) governed under the German Civil Code
“Dr Lerche”	Dr Ralf-Christian Lerche, our executive Director and senior vice president, medical affairs (Germany)
“EEH AG”	EuroEyes Holding AG, a stock company incorporated under the laws of Switzerland on 23 December 2003, which is wholly-owned by Dr Jørgensen
“Euro”, “EUR” or “€”	the lawful currency of the European Union
“EuroEyes”, “Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“EuroEyes ALZ Bremen”	EuroEyes AugenLaserZentrum Bremen GmbH, a company incorporated in Germany with limited liability on 20 October 1999 and a subsidiary of our Company
“EuroEyes ALZ Hamburg”	EuroEyes AugenLaserZentrum City Hamburg GmbH, a company incorporated in Germany with limited liability on 14 January 2009 and a wholly-owned subsidiary of our Company
“EuroEyes Deutschland”	EuroEyes Deutschland GmbH, a company incorporated in Germany with limited liability on 5 December 2002 and a wholly-owned subsidiary of our Company

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## DEFINITIONS

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“EuroEyes Holdings”	EuroEyes Holdings Limited 德視佳控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 17 August 2018 and a wholly-owned subsidiary of our Company
“EuroEyes KG”	EuroEyes Deutschland Holding GmbH & Co. KG, a limited partnership registered in Germany, which was converted from EuroEyes Deutschland Beteiligungs GmbH, a company with limited liability incorporated in Germany, on 27 February 2019 and a wholly-owned subsidiary of our Company
“first-tier cities”	collectively and commonly known as the PRC cities of Beijing, Shanghai, Guangzhou and Shenzhen
“Fosun Hani Securities Limited”	Fosun Hani Securities Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities (as defined under the SFO)
“Frost & Sullivan”	Frost & Sullivan International Limited, a global market research and consulting company, which is an Independent Third Party
“Frost & Sullivan Report”	an independent market research report commissioned by our Company on the advanced lens exchange surgery and refractive surgery market prepared by Frost & Sullivan
“GDP”	gross domestic product, which is the total market value of all final goods and services produced within an area in a given period and is a commonly used measure of economic activity
“GDPR”	the General Data Protection Regulation 2016/679 promulgated by the European Union
“German Civil Code”	the civil code of Germany ( <i>Bürgerliches Gesetzbuch</i> ), which is the body of codified private law in Germany
“German Legal Adviser”	Eversheds Sutherland (Germany) LLP, legal adviser to our Company as to German law



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## DEFINITIONS

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“German Medical Law Adviser”	Seufert Rechtsanwälte Partnerschaft mbB, legal adviser to our Company as to German law on the reorganisation of EuroEyes ALZ Bremen and LASIK Germany particular medical law matters
“GewO”	the Trade Regulation Act of Germany ( <i>Gewerbeordnung</i> )
“Global Offering”	the Hong Kong Public Offering and the International Offering
“ <b>GREEN</b> Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company
“Guangzhou Deshijia”	Guangzhou Deshijia Eye Clinic Co., Ltd.* (廣州德視佳眼科門診部有限公司), a company incorporated in the PRC with limited liability on 26 August 2016 and a subsidiary of our Company
“HK\$”, “HK dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“ <b>HK eIPO White Form</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of <b>HK eIPO White Form</b> Service Provider at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“ <b>HK eIPO White Form</b> Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Hong Kong Offer Shares”	the 7,934,000 Offer Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer for subscription of Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus) at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 27 September 2019 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters
“IFRS”	International Financial Reporting Standards
“Independent Shareholder”	any Shareholder who is not a Director or a Shareholder Surgeon and does not have a material interest in the transaction or resolution that is being considered and to be approved at the general meeting of the Company or pursuant to a written Shareholders’ approval in lieu of a general meeting (as the case may be)
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which/are not connected person(s) of our Company within the meaning of the Listing Rules

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## DEFINITIONS

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“International Offer Shares”	the 71,400,000 Offer Shares our Group offered by our Company pursuant to the International Offering, together with any additional Shares offered pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Offering”	the offer of International Offer Shares by the International Underwriters at the Offer Price outside the United States in accordance with Regulation S under the U.S. Securities Act or another available exemption from registration under the Securities Act, as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Underwriters”	one or more underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering, which is expected to be entered into among our Company, our Controlling Shareholder, the Sole Global Coordinator and the International Underwriters on or around 8 October 2019
“JJB”	JJ Beteiligungs-GmbH, a company incorporated in Germany with limited liability on 29 March 2018, which is wholly-owned by Dr Jørgensen
“Joint Bookrunners”	BOCI Asia Limited, China Securities (International) Corporate Finance Company Limited and Fosun Hani Securities Limited
“Joint Lead Managers”	BOCI Asia Limited, China Securities (International) Corporate Finance Company Limited and Fosun Hani Securities Limited
“KRC”	Commission of Refractive Laser Surgery* ( <i>Kommission Refraktive Chirurgie</i> ), a joint committee incorporated in 1995 of the BVA and DOG
“LASIK Germany”	LASIK Germany GmbH, a company incorporated in Germany with limited liability on 9 April 2009 and a wholly-owned subsidiary of our Company

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## DEFINITIONS

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“Latest Practicable Date”	22 September 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Ling Rui International”	Ling Rui International Trading Company Limited (靈銳國際貿易有限公司), a company incorporated in Hong Kong with limited liability on 3 February 2009, which is controlled by Mr Xu Xuyang
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or about Tuesday, 15 October 2019, on which our Shares are listed and from which dealings in our Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company, adopted on 23 September 2019, as supplemented, amended or otherwise modified from time to time and a summary of which is set out in Appendix III to this prospectus
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr Hassel”	Mr Jörg Matthias Hassel, our senior consultant, operations (international)

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## DEFINITIONS

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“Mr Jannik Jørgensen”	Mr Jannik Jonas Slot Jørgensen, our executive Director and vice president, Denmark
“Mr Xu Xuyang”	Mr Xu Xuyang (徐旭陽), a director of Shanghai Deshijia, Guangzhou Deshijia, Beijing Deshijia and Shenzhen Hero, which are subsidiaries of our Company
“Offer Price”	the final price per Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of no more than HK\$8.80 at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed “Structure and Conditions of the Global Offering – Determining the Offer Price” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together, where relevant, with any additional Shares issued pursuant to the Over-allotment Option
“Over-allotment Option”	the option to be granted by us to the Sole Global Coordinator on behalf of the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 11,900,000 additional Shares at the Offer Price, representing approximately 15% of total number of Offer Shares initially available under the Global Offering, to cover, among other things, over-allocation in the International Offering, if any
“PRC”	the People’s Republic of China, for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to the “PRC” does not include Hong Kong, Macau and Taiwan
“PRC EIT”	the PRC Enterprise Income Tax (中華人民共和國企業所得稅)

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## DEFINITIONS

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“PRC EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) promulgated by the National People’s Congress on 16 March 2007 and became effective on 1 January 2008 and last revised on 29 December 2018
“PRC Legal Adviser”	Tian Yuan Law Firm, legal adviser to our Company as to PRC law
“Pre-IPO Investment(s)”	the Pre-IPO investments in our Group undertaken by the Pre-IPO Investors before the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments” in this prospectus
“Pre-IPO Investor(s)”	(i) Ms Antonie Neuhann, (ii) Mr Hassel, (iii) ØJENKROGEN ApS, (iv) Dr Jørgensen, (v) Mr Jannik Jørgensen, (vi) Dr Lerche, (vii) Professor Knorz, (viii) Dr Hans-Göran Gustaf Helgason, (ix) Mr Marcus Huascar Bracklo, (x) Mr Shu Pai Li, (xi) Mr Keith Nicholas McKay, (xii) Mr Lars Meier, (xiii) Dr Frank Schreyger, (xiv) Ms Yan Wang, (xv) Dr Mathias Fleischer, (xvi) Dr Markus Braun, (xvii) Ms Lam Na Linda Li, (xviii) Mr Thomas Gottschalk, (xix) Ms Thea Gottschalk and (xx) Ms Xia Huang
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Tuesday, 8 October 2019 but no later than Friday, 11 October 2019, on which the Offer Price is to be fixed by agreement between our Company and the Sole Global Coordinator (on behalf of the Underwriters) for the purposes of the Global Offering
“Principal Share Registrar”	Harneys Fiduciary (Cayman) Limited
“Professor Knorz” or “Prof Knorz”	Professor Dr Michael Christian Knorz, our senior vice president, medical affairs (international)
“Professor Neuhann” or “Prof Neuhann”	Professor Dr Thomas Friedrich Wilhelm Neuhann, our executive Director

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## DEFINITIONS

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“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which is currently known as the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“second-tier cities”	collectively and commonly known as provincial capitals and sub-provincial cities, namely the PRC cities of Hangzhou, Tianjin, Chongqing, Shijiazhuang, Taiyuan, Shenyang, Changchun, Harbin, Nanjing, Hefei, Fuzhou, Nanchang, Jinan, Zhengzhou, Wuhan, Changsha, Haikou, Chengdu, Guiyang, Kunming, Xi’an, Lanzhou, Xining, Hohhot, Nanning, Yinchuan, Urumqi, Dalian, Qingdao, Ningbo and Xiamen
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Deshijia”	Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司), a company incorporated in the PRC with limited liability on 18 July 2012 and a subsidiary of our Company
“Shanghai Lingrui”	Shanghai Lingrui Enterprise Development Co., Ltd.* (上海靈銳企業發展有限公司), a company incorporated in the PRC with limited liability, which is held by Mr Xu Xuyang and Mr Xu Wugui (徐五桂), who is the father of Mr Xu Xuyang, as to 86% and 14%, respectively

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 23 September 2019, the principle terms of which are set out in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of our Share(s)
“Shareholder Surgeon(s)”	Surgeon(s) of our Group who are or deemed as Shareholders of the Company as at the date of the Listing, i.e. Dr Jørgensen, Dr Boberg-Ans, Dr Lerche, Prof Knorz, Dr Hans-Göran Gustaf Helgason and Prof Neuhann
“Shenzhen Deshijia”	Shenzhen Deshijia Eye Clinic* (深圳德視佳眼科門診部), a company incorporated in the PRC with limited liability on 3 November 2015 and a subsidiary of our Company
“Shenzhen Hero”	Shenzhen Hero Consulting Management Co., Ltd.* (深圳市英雄諮詢管理有限公司), a company incorporated in the PRC with limited liability on 8 October 2001 and a subsidiary of our Company
“Sole Global Coordinator”	BOCI Asia Limited
“Sole Sponsor”	BOCI Asia Limited
“Special Dividend”	has the meaning ascribed to it in the section headed “Summary – Recent development – Special Dividend prior to the Listing” in this prospectus
“sq.m.”	square metres
“Stabilising Manager”	BOCI Asia Limited
“State Administration of Taxation” or “SAT”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“statutory health insurance”	the statutory health insurance ( <i>Gesetzliche Krankenversicherung</i> ), which contributes to the healthcare system in Germany and entitles members to receive healthcare services



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## DEFINITIONS

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“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Dr Jørgensen and BOCI Asia Limited on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the three financial years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the united States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“VAT”	value-added tax
“VSDAR”	Association of Specialty Clinics for Eye Laser and Refractive Surgery* ( <i>Verband der Spezialkliniken Deutschlands für Augenlaser und Refraktive Chirurgie e.V.</i> ), an association incorporated in 1997 for clinics specialising Eye Laser and Vision Correction in Germany
“ <b>WHITE</b> Application Form(s)”	the application form(s) to be completed in accordance with the instructions in section headed “How to Apply for Hong Kong Offer Shares – 3. Applying for Hong Kong Offer Shares – Which application channel to use” in this prospectus

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## DEFINITIONS

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“**YELLOW** Application Form(s)” the application form(s) to be completed in accordance with the instructions in section headed “How to Apply for Hong Kong Offer Shares – 3. Applying for Hong Kong Offer Shares – Which application channel to use” in this prospectus

“%” per cent

All dates and times refer to Hong Kong dates and time.

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be as arithmetic aggregation of the figures preceding them.*

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. Similarly, if there is any inconsistency between the German or Danish names of entities or enterprises established in Germany or Denmark and their English translations, the German or Danish names shall prevail. The English translation of company names in Chinese or another language which are marked with “\*” and the Chinese translation of company names in English which are marked with “\*” are for identification purposes only.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains certain definitions and technical terms used in this prospectus in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.*

“age-related macular degeneration”	age-related macular degeneration (“AMD”) is an eye disease that affects the central part of the retina, known as macula. There are two forms of AMD – wet and dry. The extent of vision loss is dependent on the degree of involvement of the fovea, which is the centre of the macula and supplies the sharpest vision. The rest of the retina outside the macular area is responsible for peripheral vision, which is usually unaffected in AMD patients. AMD is considered to be a back-of-the-eye disease involving the retina as well as the macula and is characterised by loss of central visual acuity
“astigmatism”	a condition where a person experiences blurred vision caused by the inability of the eye to focus a point object into a sharp focused object on the retina. It occurs when the cornea is shaped more like an oblong football than like the normal spherical baseball. This condition is broadly classified into regular and irregular astigmatism. Irregular astigmatism is often caused by a corneal scar or scattering in the crystalline lens
“cataract”	a condition involving the clouding or opacification of the natural lens most commonly due to advanced age but also caused by other reasons like malnutrition, diabetes, trauma or radiation. The more opaque the lens the more the quality of vision is reduced. The clear artificial lens implanted serves as a substitute to restore clear vision. The implant can be a monofocal or trifocal lens
“Cataract & Refractive Surgery Today”	medical magazine established in Europe
“conservative ophthalmologist”	an ophthalmologist who only engages in conservative ophthalmology and would not perform the surgeries as detailed in the section headed “Business – Our services” in this prospectus

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## GLOSSARY OF TECHNICAL TERMS

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“conservative ophthalmology”	conservative ophthalmology typically refers to diagnostic and treatment procedures for eye diseases without surgical intervention, which include but is not limited to general eye examination, visual testing of refractive errors for prescription of glasses, examinations of retina and glaucoma, etc. Refractive laser surgeries and lens exchange surgeries are excluded from the scope of conservative ophthalmology
“cornea”	the clear front surface of the eye, which bends light that enters the eye
“crystalline lens”	the lens of the eye which lies behind the iris and the pupil, which further bends light and, in a properly functioning young eye, focuses it onto the Retina
“diopetre” or “D”	unit of measure of the refractive power of an optical lens. If used in reference to refractive errors of the human eye, a negative diopetre value (such as -2D) signifies an eye with myopia and positive diopetre value (such as +2D) signifies an eye with hyperopia
“Deutsches Institut Für Service Qualität”	independent market research consultancy established in Germany
“Deutschland TEST”	independent review survey (part of FOCUS)
“Die Welt”	nationwide newspaper established in Germany
“Dysfunctional Lens Syndrome”	changing of the crystalline lens as a result of the natural ageing
“Excimer laser”	a laser which is used to reshape the cornea to correct any existing refractive error (e.g. myopia, hyperopia and astigmatism). An excimer laser is used during LASIK, FemtoLASIK, and PRK/LASEK
“FDA”	the Food and Drug Administration of the United States
“FemtoLASIK”	a surgical procedure used to correct refractive errors of the eye. It involves the preparation of a thin flap of the anterior cornea with a femtosecond laser, which is lifted up followed by a re-shaping of the cornea with an excimer laser to correct any existing refractive errors

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## GLOSSARY OF TECHNICAL TERMS

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“FOCUS”	news magazine established in Germany
“High Volume Surgeon(s)”	experienced EuroEyes surgeons who carried out more than 1,000 surgeries for the year ended 31 December 2018
“hyperopia”	hyperopia is commonly called far-sightedness. The patient typically has a shorter-than-normal eyeball, which first reduces the ability of the eye to focus on near objects. With increasing age, far vision is also blurred because the lens of the eye loses its ability to focus. The use of corrective lenses in the form of glasses or contact lenses is the non-surgical option to treat hyperopia. Laser surgery or lens implant surgery may be used to permanently correct hyperopia surgically
“IOL”	IOL stands for “Intraocular Lens”, which means an artificial lens placed inside the eye. IOLs are used to replace the natural lens of the eye once the natural lens was removed due to cataract or presbyopia or added to the eye to correct severe refractive error like high myopia. Modern IOLs are made of soft material and are available in different optical designs. Monofocal IOL focus at one distance only, and glasses are therefore still required after surgery. Trifocal (multifocal) IOL focus at various distances and therefore replace glasses completely, which makes them the first choice in patients who do not want to use glasses
“ICRS implantation”	implantation of intrastromal corneal ring segments. Intrastromal corneal ring segments consist of thin acrylic inserts of variable thickness that are placed in the periphery of the cornea to stabilise the cornea. Intrastromal corneal ring segments are used as a means of improving vision in diseases such as keratoconus and pellucid marginal degeneration
“Intralase FS 150 KHz femtosecond laser system”	a femtosecond laser which uses high-speed infrared light to prepare the corneal flap during a FemtoLASIK procedure. Due to the high frequency and low energy of the laser, the duration of the procedure is only 10 to 15 seconds and the risk of complication, when compared with other laser technology in vision correction, is reduced. This laser is also used for the preparation of the ICRS implantation

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## GLOSSARY OF TECHNICAL TERMS

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“ISO 9001:2015”	quality management system requirements under which an organisation needs to demonstrate its ability to consistently provide products and services that meet customer’s as well as applicable statutory and regulatory requirements
“keratoconous”	a rare condition when the cornea thins and gradually bulges outward into a cone shape. It is typically caused by genetic mutations
“Key Opinion Leader (KOL)”	the term KOL is used to describe experts who have earned an outstanding reputation in their professional field. As such, KOLs represent the most advanced standard of care to their peers and to the public and are therefore key resources to ophthalmic service providers
“LenSx femtosecond laser technology”	a femtosecond laser system which is used to perform laser surgery of the cornea and the lens of the eye to treat cataract or perform refractive lens exchange. It was the first femtosecond laser system to gain FDA approval for cataract surgery performed in the U.S.
“lenticule”	a small lens shaped bit of tissue within the cornea which is created by the use of the VisuMax laser of which is removed during the ReLEx SMILE procedure
“lens exchange surgery”	a surgical procedure used to correct refractive errors (myopia, hyperopia, astigmatism and presbyopia) of the eye. Lens exchange surgery targets middle-aged patients (45 to 70 years of age) because the lens of the eye loses its flexibility past the age of 45 years and these patients therefore require reading glasses. Lens exchange surgery involves the removal of the lens of the eye followed by replacement with an artificial intraocular lens (IOL). This IOL typically uses a sophisticated optical design called “trifocal” or “multifocal” which eliminates the need for glasses both at far and at near after surgery. Advanced lens exchange uses trifocal lens implants

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## GLOSSARY OF TECHNICAL TERMS

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“LASEK”	laser epithelial keratomileusis is a surgical procedure used to correct refractive errors of the eye. It involves the displacement or removal of the corneal epithelium using a diluted alcohol solution, followed by a re-shaping of the cornea with an excimer laser to correct any existing refractive error. LASEK may be an option for those who are not eligible for LASIK or FemtoLASIK due to a very thin cornea. LASEK is similar to PRK
“LASIK”	a surgical procedure used to correct refractive errors of the eye. It involves the preparation of a thin flap of the anterior cornea with a microkeratome, which is lifted up followed by a re-shaping of the cornea with an excimer laser to correct any existing refractive error
“multifocal or trifocal lenses”	IOL which are placed inside the eye during refractive lens exchange or cataract surgery. They feature two (i.e. the bifocal lens) or three (i.e. the trifocal lens) focal points to provide full range of vision without the need for additional glasses
“myopia”	a condition where the eyeball is too long which results in a blurred vision viewing distant objects. Myopic patients see well at near distance without glasses but everything is blurred from a distance. Myopia is the most common type of refractive errors
“ophthalmologist”	a medical doctor who specialises in eye and vision care and comprises surgeon or conservative ophthalmologist
“ophthalmology”	the specialisation of medicine concerned with the study and treatment of disorders and diseases of the eye
“optician”	a professional with a trade college and apprenticeship education, specialised in the refraction and measurement of the eye as well as the supply of optical aids such as glasses and contact lenses
“optometrist”	a professional with a Bachelor of Optometry degree from a university or a university college (Germany) which is specialised in refractive errors, vision screening and management, and the prescribing of optical aids such as glasses and contact lenses

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## GLOSSARY OF TECHNICAL TERMS

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“phakic lens (ICL) surgery”	a process in which a custom made IOL (i.e. an intraocular contact lens, or “ <b>ICL</b> ”) is placed inside the eye, similar to a contact lens. An ICL is also known as a “Phakic IOL”, which means it is placed inside the eye in addition to the normal lens of the eye. Phakic lens (ICL) surgery is used to correct high myopia, hyperopia and astigmatism
“presbyopia”	a condition that results from ageing. The lens loses its natural elasticity and therefore its ability to focus on near objects, and people cannot read anymore without the use of reading glasses or progressive glasses
“PRK”	photorefractive keratectomy, a surgical procedure used to correct refractive errors of the eye. It involves the mechanical removal of the outermost layer of the cornea, the epithelium, followed by a re-shaping of the cornea with an excimer laser to correct any existing refractive error. PRK may be an option for those who are not eligible for LASIK or FemtoLASIK due to a very thin cornea. PRK is similar to LASEK
“refractive laser surgery”	refractive laser surgery is the term used to summarise all laser procedures used to change the refraction of the eye. It includes the ReLEx SMILE procedure, the FemtoLASIK procedure, the LASIK procedure and PRK and LASEK. Refractive laser surgery is typically used in patients younger than 45 years because the lens of the eye is still fully functional (flexible) in these patients and they do not need reading glasses
“refractive error”	a situation in which the shape of the eye does not bend light correctly resulting in a blurred image captured by the retina
“retina”	the inner layer on the posterior part of the eye. It is responsible for the perception of the image, similar to a chip in a camera, where “rod” and “cone” photoreceptors capture the light and send visual signals to be interpreted in the brain



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## GLOSSARY OF TECHNICAL TERMS

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“ReLEx SMILE”	a minimally invasive surgical procedure used to correct refractive errors (myopia and astigmatism) of the eye. The VisuMax laser is used to create a lenticule inside the cornea and to perform a 2-4 mm incision at the edge of this lenticule. The lenticule is extracted by the surgeon through this small incision. ReLEx SMILE is typically used in patients younger than 45 years because the lens of the eye is still fully functional (flexible) in these patients, and they do not need reading glasses
“surgeon”	an ophthalmologist who engages in conservative ophthalmology as well as performs the surgeries as detailed in the section headed “Business – Our services” in this prospectus
“surgery”	surgical procedure performed/to be performed on one eye
“trifocal lens”	the most advanced form of multifocal lens, featuring three focal points to provide a full range of vision without the need for reading or progressive glasses. The implantation of these lenses has been termed by Frost & Sullivan as advanced lens exchange surgery
“toric ICL” or “TICL”	the toric ICL is a premium lens implant used in phakic lens (ICL) surgery designed to correct astigmatism (as well as other necessary refractive errors) through being placed into the eye with a specific orientation to optimise visual outcome
“Vereinigung Norddeutscher Augenärzte”	the association of Northern German eye doctors
“VisuMax laser”	the product name of the femtosecond laser which is used to carry out the ReLEx SMILE procedure. It is manufactured by Zeiss, Germany

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## FORWARD-LOOKING STATEMENTS

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In this prospectus, statements of, or references to, our intentions or that of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant known or unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- (i) our business and operating strategies and our ability to implement such strategies;
- (ii) our dividend distribution plans;
- (iii) our operations and business prospects, including development plans for our existing and/or new businesses;
- (iv) future developments and competitive environment in Germany, Denmark and the PRC in which we operate;
- (v) the regulatory environment and industry outlook in general for the industries discussed herein;
- (vi) general political, economic, legal and social conditions in the PRC and the other markets in which we operate;
- (vii) our capital expenditure plans, particularly, plans related to acquisition of land for our property development and the development of our projects;
- (viii) cost, fluctuations in the price and availability of raw materials;
- (ix) our financial condition and performance;
- (x) the competitive markets for our products and the actions and developments of our competitors;
- (xi) volumes, operations, margins, risk management and exchange rates;
- (xii) exchange rate fluctuations and developing legal system, in each case pertaining to Germany, Denmark and the PRC;
- (xiii) macroeconomic measures taken by governments of Germany, Denmark and the PRC to manage economic growth;

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## FORWARD-LOOKING STATEMENTS

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(xiv) other statements in this prospectus that are not historical fact; and

(xv) other factors beyond our control.

The words “aim”, “anticipate”, “believe”, “consider”, “could”, “predict”, “estimate”, “potential”, “continue”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those suggested by the forward-looking statements. Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our business, financial condition and results of operations may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. These forward-looking statements should be considered in light of various important factors, including those set out in the section headed “Risk Factors” in this prospectus. Moreover, the inclusion of forward looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. Our Directors confirm that these forward-looking statements are made after due and careful consideration and on bases and assumptions that are fair and reasonable. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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## RISK FACTORS

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*An investment in our Shares involves risks. You should carefully consider the following information, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to subscribe for our Shares. If any of the circumstances or events described below actually arises or occurs, our business and financial conditions, operating results and business prospects could be adversely affected. In any such case, the market price of our Shares may decline, and you may lose all or part of your investments. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.*

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**We rely significantly on our brand image and reputation. Any failure to develop, maintain and enhance, or any damage to, our brand image or reputation could materially and adversely affect our reputation, business, financial condition and results of operations.**

We rely substantially on our brand image and reputation in marketing and selling our services. As there is an increasing number of potential customers who will pay attention to refractive surgeries and they may seek our services on account of the reputation of our surgeons, conservative ophthalmologists and our brand, we will need to constantly manage our reputation and our brand recognition. In the event that we fail to meet the expectation of our potential customers, or adhere to our established standards in order to maintain our brand image, our reputation may be harmed which may lead to a reduced number of customers and strategic partners as well as members of our professional team.

Any adverse incident or negative publicity resulting from medical negligence, accidents, misconduct, allegations from employees, or false advertisements associated with our industry, may negatively affect the public perception of the refractive surgery industry. In addition, negative media coverage regarding the quality, value, or price-level of our services may materially and adversely affect our brand recognition and our customers' trust in us. Whilst we have made considerable efforts in promoting our brand, it may be costly and we may still fail to effectively maintain our reputation.

**Our operation is highly dependent on the provision of quality services by our surgeons and conservative ophthalmologists to our customers, and we incur significant costs in retaining them. We cannot guarantee that we will be able to continue to attract, recruit and retain qualified professionals.**

Our success relies on our ability to attract, recruit and retain a team of skilled and qualified professionals, such as our surgeons and conservative ophthalmologists, to provide quality services to our customers. Therefore, we have been incurring substantial costs for providing remuneration, emoluments and other welfare benefits to these qualified professionals.

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## RISK FACTORS

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In light of a limited supply of qualified surgeons and conservative ophthalmologists in the refractive surgery services industry, the continuous recruitment of professional team members might be challenging. Moreover, we are facing intense competition for qualified, skilled and experienced surgeons and conservative ophthalmologists against other competitors such as eye clinics and hospitals, both private and public. In light of the inflation and intensified competition, it is likely that we may incur higher expenses on the retention of the surgeons and conservative ophthalmologists. If our surgeons and conservative ophthalmologists request for an increase in the percentage of revenue sharing or an increase in the salaries payable, it may lead to a substantial increase in our costs which may materially and adversely affect our financial performance and results of operations.

During the Track Record Period and up to the Latest Practicable Date, the majority of our surgeons do not have a fixed term in their employment contracts. For our surgeons with a fixed term in their employment contracts, their tenure is ranged between two and four years. Our Directors do not expect that there will be material changes in the duration of any fixed term employment contracts for future surgeons joining the Group. However, we cannot guarantee that such future surgeons would agree to such a duration when negotiating a fixed term employment contract with us.

In order to attract and retain some of our surgeons, we entered into freelance services arrangements, which are contracts for services, with them instead of signing employment contracts in the ordinary sense. These contracts for services may not be as effective in providing us with control over the practices of our surgeons as direct employment. Due to the nature of such freelance arrangements, we cannot guarantee that our freelance surgeons will not engage in employment for our competitors.

**Our services depend on the availability of certain equipment and supplies to provide vision correction services. Any price fluctuations in these supplies or failure to source sufficient supplies with reasonable prices may materially and adversely affect our financial performance and results of operations.**

During the Track Record Period, Carl Zeiss had been our sole supplier in providing us with the Zeiss trifocal lenses for lens exchange surgery and treatment pack for ReLEx SMILE surgeries while Staar Surgical had been our sole supplier in providing us with lenses for phakic lens (ICL) surgery. During the Track Record Period, Carl Zeiss also supplied us with certain equipment for the provision of vision correction services. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, purchases from Carl Zeiss accounted for approximately 23.7%, 22.4%, 20.0% and 28.0% of our total purchases for the same periods, respectively, and purchases from Staar Surgical accounted for approximately 13.2%, 9.4%, 11.2% and 12.0% of our total purchases for the same periods, respectively.

If any of our key suppliers such as Carl Zeiss and Staar Surgical decide not to accept our future purchase orders on the same or similar terms, or at all, or decide to substantially reduce their volume of supply to us or terminate their business relationship with us, we may need to find a proper replacement in a timely manner, failure of which may result in disruption in our services to be provided. In such event, our business, results of operations and financial condition may be materially and adversely affected.

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## RISK FACTORS

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Our business and profitability may also be affected by fluctuations in the prices of lenses, consumables and equipment. As price of these supplies fluctuates, we may have to adjust the prices of our services from time to time to pass the expected increase in such costs to our customers. However, there is no guarantee that we will be able to pass all or any of the increased costs to our customers in a timely manner or at all.

**The development and/or uncertainties in the regulatory regimes for the vision correction services industry in the countries which we operate could also have a material adverse effect on our business. If we fail to retain or renew our requisite licenses and permits on time, we may not be able to maintain or expand our business operations.**

We engage in a highly regulated industry and our operations are subject to various laws, rules and regulations in our respective markets, such as those governing the licensing and operation of clinics and professionals, worker safety, labour regulations, social security and housing funds, environment protection, the use and safety management of vision correction equipment and the quality of services.

We cannot guarantee that the future policies or changes in any legislative restraints such as further regulatory requirements for providing medical services or operating clinics as promulgated by the relevant authorities will not materially and adversely affect our future operation. In the event that we fail to retain or renew on time the licenses and permits required for our operations, our reputation, business, financial performance and results of operations may be materially and adversely affected.

Furthermore, we currently hold various licenses and permits in order to operate our clinics in Germany, Denmark and the PRC. Such licences and permits are subject to review, interpretation, modification or termination by the relevant governing authorities in respective operating countries. As such, our business operation depends largely upon our ability to maintain and/or renew our existing licences and permits required for our operations in each country.

If we are found to be non-compliant with any applicable law or regulation which may be amended from time to time, we may face penalties, suspension of operations or even revocation of existing operating licenses, depending on the nature and severity of the non-compliance, any of which could materially and adversely affect our reputation, business, financial performance and results of operations.

**We rely heavily on the continued services of our management team and if we are unable to attract or retain the management team, our reputation, business, financial performance and results of operations may be materially and adversely affected.**

Our future success also depends on the continued services of our management team and other key employees. Apart from relying on the expertise, experience and leadership of Dr Jørgensen, we also rely on a number of key management team members, such as Prof Knorz, Dr Boberg-Ans, Dr Lerche and Prof Neuhann. For further information on their background and

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## RISK FACTORS

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qualifications, please see the section headed “Directors and Senior Management” in this prospectus. If we lose the services of one or more of these key management personnel, we may not be able to replace them easily or at all, and may incur additional expenses to recruit and train new personnel. Consequently, our business could be severely disrupted, and our reputation, business, financial performance and results of operations could be materially and adversely affected.

**We face fierce competition in the vision correction services industry which could adversely affect our results of operations.**

The vision correction services industry in which we operate is highly competitive. We constantly face competition with clinics or hospitals in both the public and private sectors in Germany, Denmark and the PRC. We compete across various parameters, including geographical accessibility, price, availability and quality of our services, skilled and experienced surgeons and conservative ophthalmologists, level of technology and supporting infrastructure. Our existing and potential competitors may possess competitive advantages such as stronger brand recognition, more competitive service fees, greater financial resources, greater geographical coverage or longer operating histories. Such competitive advantages may enable these competitors to increase their market share or force us to cut our prices in order to attract customers in light of intensified competition. In addition, we may also be required to incur additional manpower costs and capital expenditure.

We cannot assure you that we will be able to successfully compete against new or existing competitors. If we cannot compete effectively or maintain or increase our market share, our reputation, business, financial performance and results of operations may be materially and adversely affected.

Moreover, due to the non-recurring and permanent nature of vision correction procedures in treating refractive errors, our revenue is highly dependent on our ability to attract new customers. If we cannot maintain a constant flow of new customers seeking our services, our reputation, business, financial performance and results of operations may be materially and adversely affected.

**Our reputation, business, financial performance and results of operations could be materially and adversely disrupted by malpractice, medical negligence or misconduct claims or accusations, and our insurance coverage may not be able to cover all of our potential losses and liabilities.**

Our success depends, to a significant extent, on the recognition of our brand and reputation. We strive to provide quality services to our customers, but we cannot assure you that we will not be affected by factors which are out of our control. These may include errors made by our staff, machine or equipment malfunction, defects of our medical supplies, or the varying levels of cooperation of pre-operative or post-operative care by customers. As a result we inherently face the risk of exposure to malpractice, or medical negligence or misconduct and claims on account of alleged deficiencies in the services provided by us.

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## RISK FACTORS

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Customers may have the right to bring a claim, including against us, for professional misconduct or negligence accusations against our surgeons or conservative ophthalmologists. While such claims are typically brought against the relevant surgeons or conservative ophthalmologists who provided the treatments or services, we may be joined as a party to claims because the treatment or service in question was provided by a service provider of us. Legal actions against our surgeons or conservative ophthalmologists or us, regardless of their merit or eventual outcome, could result in damage to our reputation, significant legal costs and diversion of the management's attention from our business operations. If we face rulings or judgments against us, we may have to pay monetary compensation or damages, or may be subject to other non-monetary penalties such as suspension of qualifications or licenses of our eye surgeons in use of gross violation.

Furthermore, our surgeons or conservative ophthalmologists may be subject to disciplinary actions from governing professional bodies. An adverse ruling against our surgeons or conservative ophthalmologists may result in sanctions including, among other things, warning notice and removal of the surgeons or conservative ophthalmologists from the general register for a certain period of time or indefinitely if they are found guilty of professional misconduct. As we depend heavily on the services provided by our surgeons or conservative ophthalmologists, our operation results may be significantly affected if any of them are involved in these claims as they may be distracted from the provision of vision correction services to customers and have to divert their time and resources to handle such issues.

We have subscribed for insurance and indemnity schemes for any of the foregoing claims, but the claims may go beyond the scope of or within the specified exclusions of the insurance policies or that the claim amount may be beyond the maximum sum covered by our existing insurance and/or indemnity schemes. Defending any legal proceedings and claims is time consuming, and require substantial financial and human resources which could have material and adverse impact on our reputation, business, financial performance and results of operations.

**A failure of products we purchase to meet the quality standards expected by our customers could materially adversely affect our business and reputation.**

Our reputation for quality is a key component of our success, and our customers expect our products to meet high standards for quality. Should one or more of the products we purchased for use fail to meet the quality standards expected by our customers could had a negative impact on our reputation in the markets in which we operate, which could have a material adverse effect on our business, financial condition, and results of operations.

**Our business and operations are subject to certain laws and regulations of Germany, Denmark and the PRC**

Our business and operations are subject to certain laws and regulations of Germany, Denmark and the PRC. Any breach or non-compliance with these laws and regulations of these countries may result in the imposition of penalties by the relevant authorities, including the



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## RISK FACTORS

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suspension, withdrawal or termination of our business licenses. In addition, should there be any changes in the licensing requirements, such as a requirement to obtain more licenses or more stringent criteria having to be satisfied before certain licenses are granted, the cost to ensure that we comply with these licensing requirements may increase. The withdrawal, suspension or termination of our licenses or permits, or the imposition of any penalties, as a result of any infringement of any regulatory requirements will have an adverse impact on our business and results of operations.

**We are subject to the relevant advertising laws, rules and regulations regarding healthcare professionals in Germany, Denmark and the PRC and non-compliance may lead to government sanctions against us.**

We are obligated to ensure our advertising content complies with applicable laws, rules and regulations.

In Germany, marketing activities with respect to healthcare services are subject to laws and regulations, such as the Healthcare Advertisement Act (*Heilmittelwerbegesetz*) (the “HWG”). It regulates advertising claims relating to the detection, elimination or alleviation of illness, suffering, bodily injury or pathological complaints. The purpose is to keep advertising of medical-related goods and services true and objective. Providing misleading advertising statements is considered a criminal act and is punishable with imprisonment of up to one year or a fine under section 14 of the HWG. Violations of other provisions and/or prohibitions under the HWG constitute an offence and may be punished by a fine up to €50,000.00. The violation of a provision under the HWG at the same time may constitute a violation of the German Act against Unfair Competition\*. Consequently, competitors might issue a warning letter to cease-and-desist and file suit against the publication of marketing statement and in addition ask for damages.

In Denmark, advertising of healthcare services is regulated by Act 326 of 6 May 2003 on advertising of healthcare services and Executive order 828 of 26 June 2018 on advertising of healthcare services. They lay down the rules for advertising for healthcare services, which are healthcare activities carried out by authorised healthcare professionals, including vision correction surgeries performed by authorised ophthalmologist. Advertisement of healthcare services must be objective and factual, and the use of false, misleading or inadequate indications and course of actions are not permitted. Moreover, advertisement in television, film, video or similar media is not allowed and the use of film or other forms of vivid pictures on internet advertising the healthcare services is only permitted on the service provider’s own website. The Danish Health Authority supervises compliance with the regulation and non-compliance with the rules are subject to fines and companies can incur criminal liability in accordance with the rules in the Danish Penal Code (*Straffeloven*).

In the PRC, according to the Administrative Measures on Medical Advertisement (醫療廣告管理辦法) and Notice on Further Strengthening the Administration of Medical Advertisements (關於進一步加強醫療廣告管理的通知), our clinics must obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before publishing a medical

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## RISK FACTORS

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advertisement. Violation of these regulations may result in penalties against us, including rectification within prescribed time period and warnings, or when the circumstances are serious judged by the healthcare authorities, the penalties against us may include suspension of operations, revocation of relevant permits to engage in the provision of specific medical services, and the revocation of the Medical Institution Practicing License of our clinics by the healthcare authorities. In addition, if the content of the published advertisement is tampered from what is approved and documented in the Medical Advertisement Examination Certificate, the competent authority may revoke the Medical Advertisement Examination Certificate and suspend any application for advertisement examination for one year. For advertisements related to certain types of products and services, such as pharmaceuticals and medical devices, we are required to confirm that the advertisers have completed filings with local authorities and obtained all requisite government approvals.

We cannot assure you that we will always be able to be in compliance with such laws and regulations in Germany, Denmark or the PRC, which may delay our publication of advertisements and have a material and adverse impact on the implementation of our marketing strategies, business, financial performance and results of operations.

**If we are unable to keep abreast of the latest developments in vision correction technology and to meet our customers' changing needs, our competitive edge may be materially and adversely affected.**

We rely heavily on offering quality services to our customers by using the latest technology and equipment, but we cannot assure you that we can continue to keep up with the technology development and to meet our customers' changing needs. Changes in the refractive vision correction industry require sourcing for, and investing in, new devices and technology. From time to time, we will also need to upgrade our existing equipment and facilities.

If we fail to adapt to such developments and changes, we may lose our existing and potential customers to our competitors with better services. Moreover, if our investments on new technology could not meet our existing and potential customers' expectations and needs, we cannot provide assurance that we will be able to recover the associated financial expenditures, which could adversely affect our reputation, business, financial performance and results of operations.

**We are affected by macroeconomic conditions that may have impact on the demand of our services, such as development in vision correction procedures, customer preference, spending power and sentiment, which are out of our control.**

Our operation and growth depend on various macro economic factors which are not within our control, such as the occurrence of any economic downturn in our respective markets, which may lead to loss of customers who may be less willing to pay for our premium services. We may also be more vulnerable to changes in customer preference and spending power, consumer demand and sentiment and general economic conditions in Germany, Denmark and the PRC than some of our competitors who provide similar services at lower prices. Customers

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## RISK FACTORS

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may also choose not to undertake some of our treatments, procedures or services that are not considered medically necessary. If we are unable to predict and react to any negative changes in customer preference, consumer spending power and economic conditions in one or more of our respective markets in a timely manner, we may experience material and adverse effect on our reputation, business, financial performance and results of operations.

**We may be exposed to exchange rate volatility as a result of the PRC government control on foreign exchange and fluctuations in RMB exchange rates, which may also limit the ability of our operating subsidiaries in the PRC to remit payments to us.**

As we intend to expand our presence in the PRC market, we expect a growing portion of our revenue to be denominated in RMB. Under the existing foreign exchange regulations in the PRC, we may undertake current account foreign exchange transactions without the prior approval from SAFE by complying with certain procedural requirements. However, we cannot predict whether the PRC government may decide to restrict access to foreign currencies for current account transactions in the future. In such event, it may result in shortages in the availability of foreign currency, which may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy any foreign currency-denominated obligations we may incur. In addition, since our future cash flow from operations in the PRC will continue to be denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to receive dividends and distributions from our subsidiaries in the PRC, or otherwise fund any future business activities that may be conducted in currencies other than the RMB. In particular, our ability to purchase goods and services outside of the PRC may be severely hindered given that we rely heavily on importing consumables and devices to the PRC.

We cannot predict whether the PRC government may change its policies that have effect on the exchange rate of the RMB, as well as when and how RMB exchange rates may change going forward, which is subject to changes in the PRC policies and international economic and political developments. Fluctuations in exchange rates may adversely affect the value, when translated or converted into Euro, of our assets in the PRC, as well as the earnings or any declared dividends of our PRC subsidiaries. Furthermore, there are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the RMB and other currencies. As at the Latest Practicable Date, we have not entered into any agreements to hedge our exchange rate exposure. In any event, to the extent such hedges are available, their effectiveness may be limited and we may be unable to hedge our exposure successfully, or at all, which may materially and adversely affect our reputation, business, financial performance and results of operations.

**We may not be able to successfully implement our expansion strategies on schedule or at all and may incur further costs should there be a delay in the implementation of business strategies.**

We intend to implement our short term and long term expansion plans. These plans include but are not limited to strategic acquisitions of other clinic groups in Europe or the establishment of more clinics in the PRC. We cannot provide assurance that we can implement

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## RISK FACTORS

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these strategies according to our schedule or at all, due to the fact that the geographical reach and complexity of our business operations may increase significantly, and we are required to commit increased resources and managerial effort in implementing the strategies. For further information on our expansion plans and breakeven analysis, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.

Furthermore, we may not be able to manage our business expansions and achieve the desired financial results from such expansions. This may be due to the following challenges and risks from our expansion plans, some of which are outside our control:

- (i) our inability to identify suitable locations for new clinics or, our inability to identify suitable targets for acquisition;
- (ii) difficulty in integrating the operations, personnel, information system and other aspects of the acquired business into our operations or realizing any expected cost savings or other synergies from the acquisitions;
- (iii) our ability to secure sufficient funds to fund our expansions in light of the possibility of delays, cost overruns and any needs to upgrade facilities and equipment;
- (iv) our ability to identify and accurately analyse the magnitude of acquisition risks;
- (v) our ability to recruit, sufficient number of qualified surgeons and conservative ophthalmologists for our new locations to maintain the quality services, and management personnel who are familiar with the new market and can manage the increased scope and complexity of our business upon expansion;
- (vi) our ability to obtain the regulatory approvals and registrations that are necessary to operate the new clinics;
- (vii) our ability to establish and raise our brand’s awareness at the new locations in order to enable potential customers in the area to differentiate us from our competitors that have established operations before us;
- (viii) limited or lack of knowledge on the regulatory requirements and local demand in markets we have yet to have presence or have limited presence;
- (ix) our ability to negotiate the leasing arrangements for new premises on desirable terms; and
- (x) difficulty in maintaining uniform standards, controls, procedures and policies and overcoming differences in corporate cultures.

Any of the factors mentioned above may affect our profit margins, or extend the time required to achieve profitability at a new location, which in turn impacts our business, financial performance and results of operations. We may also face logistical and operational challenges

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## RISK FACTORS

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that are unseen from our previous practice in our existing markets, which may require extra time, costs and managerial effort. The aforementioned challenges, if present, may materially and adversely affect our reputation, business, financial performance and results of operations.

**We lease the premises in which we operate, any non-renewal of leases, substantial increase in rent or any non-compliance in relation to relevant tenancy laws may affect our business and financial performance.**

As we operate in leased properties, we are exposed to volatility in the retail rental market in our respective markets. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, our depreciation charge of right-of-use assets which are mainly related to our leased properties amounted to approximately €3.2 million, €3.8 million, €4.1 million and €1.3 million respectively, representing approximately 10.4%, 10.2%, 9.6% and 11.1% of revenue respectively.

The lease agreements we entered into for our operation premises typically have a term of 3 to 10 years with an option to renew. Upon expiry of each of the leases for our operation premises, we have to negotiate the renewal terms with our respective landlords and we cannot assure you that we can renew these leases on similar or favourable terms following expiration. Moreover, some of our landlords may exercise early termination of some of our leases.

In light of the increase in rental prices for commercial properties in our respective markets, especially in the PRC, we cannot assure you that we will be able to enter into replacement leases or renew our leases on similar or commercially acceptable terms (including, without limitation, similar tenure and on similar rental charges) in the future, if at all. The availability of commercially attractive locations for our operations is important to our brand recognition, profitability and business expansion. If we are unable to maintain operations in such locations, our reputation, business, financial performance and results of operations may be materially and adversely affected.

In addition, as the Latest Practicable Date, out of our nine leased properties in the PRC, six lease agreements (with a gross floor area of approximately 1,311.76 sq.m. representing approximately 33.5% of the total gross floor area our Group leased in the PRC) have not been registered with the competent authorities. As advised by our PRC Legal Adviser, as the non-registration of lease agreements by the lessor and us does not affect the validity of such lease agreements, our use of these leased properties would not be affected. However, we and the lessor might be notified to register the lease agreements by the competent authorities, if we and the lessor fail to register the lease agreements within the prescribed period, and accordingly a penalty of RMB1,000 to RMB10,000 per lease agreement may be imposed on the lessor and us as a result of such non-registration. As at the Latest Practicable Date, we have not received any notification from any competent authority in the PRC in relation to the non-registration of lease agreements.

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## RISK FACTORS

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### **We may face the risk of obsolescence for our inventory.**

Our inventories consist of supplies which generally include lenses, treatment packs, eye-drops, equipment and tools. As at 31 December 2016, 2017 and 2018 and 31 March 2019, the closing balance of our inventories amounted to approximately €1.2 million, €1.7 million, €3.5 million and €4.3 million, respectively. During the Track Record Period, we have not identified material inventory items requiring impairment provisioning. We believe that maintaining appropriate levels of inventories helps us to meet the market demands in a timely manner and we generally purchase lenses and the treatment packs according to our estimated surgery demands, and we monitor the expiry dates closely through our logbook and physical inspection to ensure that no expired items will be used. As our business expands, our inventory level increases and our inventory obsolescence risk may also increase along with the increased purchase of inventories. Furthermore, any unexpected material fluctuations or abnormalities in the supply of lenses, treatment packs, eye-drops, equipment and tools, or changes in customers' preferences may lead to decreased demand and overstocking of supplies and increase the risk of obsolescence.

### **We may experience errors or data lapses affecting our business if we fail to maintain adequate data management.**

An effective standardised management system, information systems, resources and internal controls are crucial for our success, especially if we are to implement our expansion plans timely and cost-effectively. We will need to modify and improve our financial and managerial controls, reporting systems and complaints-handling procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to maintain our controls, systems and procedures, they may become ineffective and cause errors or information lapses and materially and adversely affect our ability to manage our business. Our expenses and effort in improving our data management system may not result in elimination of all risks, and they may not be recovered should we fail to discover and eliminate weaknesses therein, which may materially and adversely affect our reputation, business, financial performance and operation results.

### **We have net current liabilities and net operating cash outflow**

As at 31 December 2016, we had net current liabilities of approximately €5.0 million. Our net current liability position was primarily due to the lease liability resulted from the impact of the accounting treatment of IFRS 16. In addition, we recorded net cash outflow from operating activities of approximately €0.3 million for the year ended 31 December 2016. Please refer to the section headed "Financial Information" in this prospectus for further details. If we determine that our cash requirements exceed our cash on hand, we may seek to issue debt or equity securities or obtain a credit facility. No assurance can be given that we would be able to obtain debt or equity financing in the current economic environment. In addition, any issuance of equity or equity-linked securities could dilute the shareholding of our Shareholders, while any incurrence of indebtedness could increase our debt service obligations and cause us to be subject to restrictive operating and finance covenants. As a result, our business, financial condition and results of operations may be materially and adversely affected.



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## RISK FACTORS

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### **The adoption of IFRS 16 affected our statement of financial position, profile of profit and loss statement and certain key ratios (including gearing ratio) due to our operating lease arrangements.**

As at the Latest Practicable Date, we leased 17 properties in Germany, nine properties in the PRC, two properties in Denmark and one property in Hong Kong (29 properties in total). All of our clinics and centres are operating on these leased properties. We also lease various equipment and cars. Under IFRS 16, which we have adopted since and throughout the entire Track Record Period, 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 us. Each lease payment is allocated between the liability 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. Our current accounting policy for such leases is set out in Note 2.22 of the accountant's report in Appendix I to this prospectus. As at 31 March 2019, our total lease liabilities amounted to approximately €25.5 million. Due to adoption of IFRS 16, as at 31 March 2019, there was no non-cancellable operating lease commitments.

During the Track Record Period, our future operating lease commitments have been discounted and recognised as "lease liabilities" in our consolidated statements of financial position. IFRS 16 "Leases" provides new provisions for the accounting treatment of leases and no longer allows lessees to recognise certain leases outside of the consolidated statement of financial position. Instead, for all leases with a term of more than 12 months, unless the underlying asset is of low value, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The adoption of IFRS 16 affected virtually all commonly used financial ratios and performance metrics, such as total debt to equity ratio, gearing ratio, current ratio, quick ratio, interest coverage, return on assets, return on equity, EBIT, EBITDA, earnings per Share, operating cash flows and cash flows from financing activities. The recognition of right-of-use assets and lease liabilities expanded our consolidated statement of financial position and will materially affect our related financial ratios, resulted in an increase in total debt to equity ratio and a decrease in our net current assets, current ratio and quick ratio. For details of the impact to our Group's profit for the year, current liabilities and cash flow from operating activities before changes in working capital, please see the section headed "Summary – Summary of historical financial information" in this prospectus. In our consolidated statement of comprehensive income, the adoption of IFRS 16 gave rise to recognition of depreciation of the right-of-use assets, instead of recognition of lease payments as rental expenses. Depreciation expense associated with the right-of-use assets is charged over the life of the lease on a straight-line basis. Interest expenses on the lease liability are recorded under finance costs with reference to the incremental borrowing rate of the lessee and is expected to reduce over the life of the leases as lease payments are made. As a result, the rental expenses under otherwise identical circumstances decreased, while depreciation and interest expense increased and led to an increase in EBIT, EBITDA, gearing ratio and decrease in interest coverage ratio. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability resulted in a change of expenses recognition pattern, in particular, a higher total charge to the statement of comprehensive income in the initial years

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## RISK FACTORS

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of the lease, and decreasing expenses during the latter part of the lease term, and it led to a decrease in profit before tax in the initial years of the lease as a result. In particular, (i) our current ratio and quick ratio are reduced as a result of the recognition of the current portion of the lease liabilities; (ii) our interest coverage ratios are reduced as a result of the increase in interest expenses on lease liabilities; (iii) our debt to equity ratios are increased as a result of the increase in total lease liabilities; (iv) our returns on assets are reduced as a result of the recognition of right-of-use assets; and (v) our return on equity is reduced as a result of the change in profit and equity from adoption of IFRS 16. For further information on the effects of the adoption of IFRS 16, see section headed “Financial Information – Impacts of new IFRS – Adoption of IFRS 16” in this prospectus.

**We may not be able to recover all or part of our deferred tax assets, which may affect our financial positions in the future.**

As of 31 December 2016, 2017 and 2018 and 31 March 2019, our deferred tax assets amounted to approximately €1.6 million, €1.9 million, €2.1 million and €2.2 million respectively, which mainly represent temporary differences attributable to accelerated accounting/tax depreciation, unused tax losses, accrued expenses, temporary differences due to leasing and temporary differences due to intercompany transaction. For details of the movements of our deferred tax assets during the Track Record Period, please see note 28 to the accountant’s report in Appendix I to this prospectus.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. We cannot guarantee the recoverability or predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, our financial positions may be adversely affected.

**Our past performance is not necessarily indicative of future results.**

Although our Group had grown during the Track Record Period, such growth only reflects our past performance. Past performance is not necessarily indicative of future results. In addition, the effects of changing regulatory, economic, public health, environmental and competitive conditions, future expansion of our Group, and many other factors cannot be fully predicted and may have a material adverse effect on our reputation, business, financial performance and results of operations.



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## RISK FACTORS

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**We rely on certifications and/or accreditations by other industry or authoritative standards to maintain our brand recognition and reputation, and there can be no guarantee that we can maintain all such certifications and/or accreditations.**

A certification and/or accreditation from renowned industry expert or well-known industry publication acts as an external confirmation of quality of our services, as they demonstrate that we are compatible with the widely recognised industry standards and quality practices. Hence, certifications and/or accreditations are important quality confirmations from a marketing and quality perspective. To maintain such certifications and/or accreditations, we have to comply with the obligations and duties associated with certifications and/or accreditations.

As these certifications and/or accreditations serve as an important quality assurance from a marketing perspective, any non-compliance or any malpractice, medical negligence or misconduct claims that involve such non-compliance may result in deprivation of our certification and/or accreditation status and thereby materially and adversely affect our reputation, which may lead to reduction in number of existing and potential customers.

In addition, we cannot guarantee that such standards will remain the same in the future, as some of them are subject to continuous changes and development. In such event, we cannot guarantee that we can adapt to any future changes to the standard that may be in force when our certifications and/or accreditations expire. This can result in a material and adverse effect on our reputation, business, financial performance and results of operations.

### **RISKS RELATING TO CONDUCTING BUSINESS IN GERMANY**

**Our German operation is subject to a complex German tax system. Any change in the current tax treatment may lead to an increased tax burden.**

Germany has a complex tax system which comprises federal, state and municipal taxes. We cannot exclude the possibility that additional tax charges will be imposed by the German tax authorities which may exceed taxes currently accounted for as liabilities or for provisions. For instance, our German subsidiaries that provide clinic services have treated these services as VAT exempt activities and the competent German tax authorities have not challenged with the current treatments. However, we cannot exclude the possibility that the German tax authorities may challenge the current treatments in the future, e.g. in light of any changes to factual circumstances in which we operate our business or changes to the current administrative practice as the relevant statutory provision in the German VAT Act which grants the VAT exemption contain restrictions. A different VAT treatment of our provision of clinic services may lead to an increased tax burden to the extent that the additional VAT could not be passed on to our customers.

In addition, as there is no double taxation agreement between Germany and Hong Kong and the double taxation agreement between Germany and the PRC does not apply to Hong Kong, there is no exemption from German withholding tax for shareholders resident in Hong Kong. However, this aspect is reflected in the structure of the German subsidiaries which generally avoids liability for German withholding tax.

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## RISK FACTORS

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**EuroEyes KG is, and will remain, a partnership registered in Germany. However, if EuroEyes KG's German tax residence status were to be challenged, it will increase the aggregate tax burden on our Group.**

EuroEyes KG is a partnership registered under the laws of Germany and is managed in a way to ensure that it is tax resident in Germany and that it will not become tax resident in any other jurisdictions.

However, our Company was established in the Cayman Islands with overseas operations that are conducted through our operating subsidiaries and managed by our senior management who are from various countries. Furthermore, our Company is treated as tax resident in Hong Kong. There is a risk that the relevant laws, regulations, tax treaties and regulatory requirements which are applicable to our Group (or interpretations thereof) may be subject to further review and/or the facts on which any ruling obtained from a tax authority regarding EuroEyes KG's German tax residence status may be challenged. If EuroEyes KG is to be treated as tax resident in any jurisdiction other than Germany, this could increase the aggregate tax burden on our Group.

**If we do not comply with the healthcare or other governmental regulations applicable to our businesses in Germany, we could be subject to civil, administrative or criminal penalties, or the business of one or several of our facilities in Germany could be suspended or terminated.**

We are engaged in a highly regulated industry and our business and the operations of our facilities in Germany are subject to a broad range of areas, including but not limited to:

- (i) the quality, safety, and efficacy of providing ophthalmological medical services;
- (ii) the planning, equipping, construction and management of healthcare facilities, especially the operation of so called private clinics under a Concession and other ophthalmological healthcare facilities;
- (iii) the marketing of the services offered;
- (iv) the compliance with anti-corruption and anti-bribery regulations in the healthcare sector; and
- (v) compensation of medical directors and other financial arrangements with physicians and referral restrictions. We may face anti-corruption and anti-bribery risk if the professional independence of physicians are endangered, such as if physicians refer patients to our Group without sufficient cause, for any kind of benefit, or if physicians benefit indirectly by participating as shareholders in companies which gain any financial benefit from the physicians referring patients to our Group.

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If we fail to comply with one or more of these laws or regulations or if the competent regulatory authorities determined to amend the regulatory framework that is applicable to our business, this may give rise to a number of legal consequences, including monetary and administrative penalties, increased compliance costs, withdrawals or revocation of relevant Concessions, modification of our business to an alternative business model or a complete or partial curtailment of the conduct of the business of any or all of our facilities operating in Germany. Any of these consequences could have a material adverse impact on our business, financial condition or results of operations.

Our Group's facilities and procedures are subject to periodic inspections by several competent regulatory authorities enforcing the applicable laws and regulations. If deficiencies are detected and complaints are filed, we are required to address these issues immediately or within a very short time. Otherwise, the business of one or several of our facilities in Germany could be suspended or terminated by orders by authorities or courts, either of which could result in a material decrease in our sales and operating profit.

**Non-compliance with the data protection laws under the regime of the GDPR or German laws on data protection could have serious legal consequences.**

As in other jurisdictions in the European Union, our German subsidiaries are subject to the regulation of the GDPR which came into force in May 2018. The GDPR prescribes a risk-based approach to processing of personal data. This means that our German subsidiaries are obliged to establish appropriate risk management practices in order to be able to document and demonstrate compliance, for example, conducting regular and ad-hoc risk assessments in various contexts related to the processing of personal data, or risk mitigation. Under the GDPR, health data is considered as sensitive data which is subject to specific protection. Our German subsidiaries have already made and are continuously making considerable efforts to ensure full compliance with the GDPR. However, we cannot guarantee that our German subsidiary will always fulfill all of their obligations under the GDPR. Potential instances of non-compliance with the GDPR may come to light in connection with actions of data subjects (for example, customers and employees), competitors or data protection authorities. Data subjects may exercise their rights under the GDPR, for example their right to erasure of their personal data or their right to compensation for damages suffered as a result of non-compliance with the GDPR. Competitors may bring up cease-and-desist letters, as non-compliance with the GDPR may in some cases also constitute an act of unfair competition. Furthermore, data protection authorities may execute their investigative powers or corrective powers, such as imposing a temporary or definitive limitation including a ban on processing or imposing an administrative fee. Fines can be up to €20,000,000 or in the case of an undertaking like the German subsidiaries, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. Penalties such as imprisonment may also be imposed for serious cases and breaches.

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Moreover, our surgeons and conservative ophthalmologists in Germany are regulated by regulations such as the GDPR, the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) and the applicable local professional laws for physicians (*Musterberufsordnung-Ärzte*) prohibiting them from disclosing medical information of customers to any third party without the customer's consent, except in certain specific circumstances. For more information, see section headed "Regulatory Overview" in this prospectus. These consequences may have material and adverse effects on our reputation, business, financial performance and results of operations.

**Our business may be adversely and materially affected due to a former regulatory non-compliance of EuroEyes ALZ Bremen and LASIK Germany, our German subsidiaries.**

According to relevant German laws, if medical services are provided in the form of a legal entity (e.g. in the form of a German limited liability company, *GmbH*), which is applicable in the case of our German subsidiaries, third party private investors who are not healthcare professionals are in principle not allowed to participate and invest in such medical services company. However, this regulatory restriction does not apply to companies which have obtained a Concession for the operation of a private clinic. Under the regulatory framework of the Concession, third party private investors or shareholders (who are not healthcare professionals) are only allowed to participate and invest in such company, which provide medical services in a private clinic and have obtained a Concession.

During the Track Record Period (up to 26 March 2019) and under a previous business model that is no longer pursued by EuroEyes ALZ Bremen and LASIK Germany, each of EuroEyes ALZ Bremen and LASIK Germany, which are subsidiaries of our Company, had provided medical services without a Concession (despite certain of its private investors are not healthcare professionals and were indirect shareholders of our subsidiaries), which constituted non-compliance with local professional laws in Germany. The non-compliance was mainly due to the inadvertent oversight and mistaken judgement by the relevant staff of the Bremen and LASIK Germany Centres when considering the implications of the applicable local professional laws which led to the Concession not being obtained in respect of the Bremen and LASIK Germany Centres. Such inadvertent oversight and mistaken judgement stemmed from the fact that EuroEyes ALZ Bremen provided its medical service within the premises of another third-party private clinic that holds a valid Concession, and LASIK Germany provided medical services at the clinics/facilities of other members of our Group which all held valid Concessions, as well as in a separate centre in Hamburg (Hohe Bleichen) which was located in close proximity to the Group's facility in Hamburg and was treated the same way as the other LASIK Germany facilities. The management of both EuroEyes ALZ Bremen and LASIK Germany had originally and mistakenly believed that the Concessions granted were clinic/location specific and accordingly thought that EuroEyes ALZ Bremen and LASIK Germany could rely on the Concessions of such other clinics/facilities to provide their respective medical services at such clinics/facilities. Upon further investigation by the Company, it turned out that each Concession is both a personal and facility-related approval, and cannot be transferred to or relied upon by any other facility and/or third party (i.e. EuroEyes ALZ Bremen and LASIK Germany).

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As a result of the historical non-compliance with local professional laws by EuroEyes ALZ Bremen and LASIK Germany, the competent local professional chambers in Germany may raise a complaint or initiate a professional procedure. In the event of such professional procedure, certain sanctions may be imposed on a healthcare professional, which, as a last resort amongst other possible sanctions, may cause the healthcare professional to lose his medical license (*Approbation*). During the Track Record Period, there were five healthcare professionals (who are neither our Directors nor members of our senior management) who were involved in providing medical services in the Bremen and LASIK Germany Centres and Dr Jørgensen had been a managing director of EuroEyes ALZ Bremen, without providing any medical services in the Bremen and LASIK Germany Centres. Out of these six healthcare professionals, five healthcare professionals had provided medical services in our Group's other clinics with a revenue contribution (apart from EuroEyes ALZ Bremen and LASIK Germany, as calculated by multiplying the number of surgeries (without including non-revenue contributing surgeries) performed by the respective healthcare professionals by the average selling price of the surgeries performed during the year indicated) of approximately 30.2%, 32.2%, 30.8% and 32.1% of our Group's total revenue generated from the provision of vision correction services in 2016, 2017 and 2018 and for the three months ended 31 March 2019, respectively. Given that (i) our Company's non-compliance was not related to any patient safety issues or quality of the services provided; (ii) our Company has rectified such non-compliance, without having been requested by a competent local authority or chamber; and (iii) the potential loss of a medical license by an individual healthcare professional would only be the last resort among other potential sanctions, the German Legal Adviser is of the view that the risk that a medical license (*Approbation*) of an individual healthcare professional will be withdrawn due to the non-compliance in question is low.

Even though such sanctions are limited to the healthcare professionals in question, there is a risk that these sanctions may have a negative effect on our reputation, result in the loss of qualified healthcare professionals and/or recourse claims of the affected healthcare professionals against EuroEyes ALZ Bremen and LASIK Germany, which may have a material adverse effect on our reputation, business and financial performance.

Furthermore, whilst our German Legal Adviser is of the view that the formation of LASIK Germany and the transfer and acquisition of shares in EuroEyes ALZ Bremen by EuroEyes Deutschland as well as the transfer of the shares in EuroEyes ALZ Bremen and LASIK Germany by EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH (being the legal predecessor of EuroEyes KG) should be effective, both our German Legal Adviser and us cannot exclude the possibility that a competent court in Germany may take the view that the historical non-compliance with local professional laws as a result of the participation of non-healthcare professionals as indirect shareholders of EuroEyes ALZ Bremen and LASIK Germany, may have a negative effect on (i) the validity of the formation of LASIK Germany and the validity of the transfer and acquisition of shares in LASIK Germany by EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH and (ii) the transfer and acquisition of shares in EuroEyes ALZ Bremen by EuroEyes Deutschland and subsequently by EuroEyes Deutschland Beteiligungs GmbH. If both the transfer and acquisition of the shares in LASIK Germany from EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH and the transfer and acquisition of the shares in EuroEyes ALZ Bremen by EuroEyes Deutschland to

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EuroEyes Deutschland Beteiligungs GmbH should be considered invalid by a competent German court or tax authority, (i) it is likely that we will not be able to establish a fiscal unit for tax purpose with EuroEyes KG as controlling company (*Organträger*), and (ii) we will probably not be entitled to credit the withholding tax and solidarity surcharge applicable on the dividends paid to EuroEyes Holding as described in the section headed “Regulatory Overview” in this prospectus. Please also refer to the section headed “Business – Legal proceedings and compliance matters” in this prospectus for information regarding EuroEyes ALZ Bremen and LASIK Germany.

**We cannot guarantee that the Concessions will not be withdrawn or revoked in the future.**

The Concessions that we have obtained in respect of our German subsidiaries are valid and existing during the Track Record Period and up to the Latest Practicable Date. However, we cannot guarantee that we will be able to continuously maintain the Concessions for our German subsidiaries in the future if a competent regulatory authority and/or court in Germany were to determine in the future to apply a stricter standard in respect of the regulatory framework for the Concessions under section 30 of the GewO as compared with past and current standards or if there is a material change to the authorities’ and/or courts’ current practice or standards or the relevant legislation in the future. In such an event, we cannot exclude the possibility that this may lead to the potential consequence of the withdrawal or revocation of an existing Concession of our German subsidiaries. If this was the case, we would need to, if possible, modify our existing business to an alternative model. A switch to an alternative structure would generate additional costs and could have a negative impact on the financial performance and results of operations.

In addition, to maintain the Concessions of our German subsidiaries we must comply with the obligations and duties which are associated with such Concessions. In the event that we were found to be non-compliant with these obligations and duties, we could face withdrawals or revocations of our Concessions. If our Concessions are withdrawn or revoked, our reputation, business, financial performance and results of operations can be materially and adversely affected.

**We are subject to stringent labour standards in Germany. Our business, financial performance and results of operations may be materially and adversely affected by the strong employee protection under the employment regime.**

German employment law provides for employee protection rights from minimum standards like minimum wage, annual holidays, paid sick leave, working time restrictions, and protection against dismissals. For instance, under the German employment regime, termination of employment requires a legitimate reason, an employer’s freedom to decide which employee is to be made redundant is restricted, and dismissal can be and is often challenged in court.



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Germany also has strong regulations on employee and employee representation rights. Under German law, employees of a business with five or more employees have the right to elect a works council or an union, which is a group of employees elected to represent the work force in discussion with their employers. Such council or union has extensive co-determination rights with regard to human resources matters and may delay or hinder the implementation of management decisions in this regard. This may also increase costs if our subsidiaries are to undergo any redundancies. In addition, employees of certain German companies have the right to appoint a certain number of employee representatives onto the supervisory board.

Currently our employees have not established any works council, nor does the right to appoint employee representatives onto the supervisory board applies to our German subsidiaries. However, we cannot assure you that in the future there would be no union or works council established by our employees. In light of such event, we may be subject to a collective bargaining agreement dictating the main employment conditions, including salary and working time, and/or allowing our employees to considerable influence on the organisational and daily business decisions. This may materially and adversely affect our reputation, business, financial performance and results of operations.

**We are subject to a mandatory social security system, and we may be subject to substantial liability if our freelance arrangements with certain of our eye surgeons and senior management are retrospectively classified as employment contracts instead of contracts for services.**

Every employment relationship (with specific exceptions) in Germany is subject to mandatory social security, which covers health, retirement, care, and unemployment insurance. The German mandatory social security system is financed from payments by the employer and employee amounting to approximately 19.5% of the gross salary of each employee.

Freelancers who are engaged in a contract for services are not subject to the German social security system and have to purchase their own insurances. However, under the German legal system, whether an individual qualifies as a freelancer or an employee is subject to vague rules and is determined on a case-by-case basis, taking into account and balancing all details of the relationship whether the services are rendered as an independent freelancer or as a dependent employee. This determination can only be made with finality by the competent social security carriers and/or courts in Germany. In 2016, the social security carriers in Germany had carried out an audit on one of our German subsidiaries which included the freelancer-status of several of our doctors, and while they did not find anything amiss, they had advised that in future, the Group should initiate and finalise the status confirmation procedures with the social security carriers before the Group enters into any new contracts for services with any freelance doctors.

As at the Latest Practicable Date, none of the freelancers engaged by our Group have been found to be wrongfully classified, and the status of three freelancer eye surgeons have been explicitly confirmed in 2016 by the German social security carriers, which also advised us to carry out the confirmation procedure before the conclusion of any new freelancer eye surgeon contracts. We have initiated such confirmation procedure, which is not yet finalised, for the engagement of a new freelancer in 2019, and accordingly this status is subject to the final determination by the German social security carriers.

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In the event that the competent social security carriers and/or courts in Germany were to come to the conclusion that the classification of existing or past contracts for services entered into by certain of our eye surgeons and senior management with our Group is incorrect, we may face considerable liability of back-payment of social security contributions, wage tax, and even other administrative or criminal liabilities. This would in turn result in a material and adverse effect on our reputation, business, financial performance and results of operations. Furthermore, we cannot exclude the possibility that we may incur additional material expenditure if there are any changes to the relevant German laws and regulations on freelancers or the German competent authorities were to take a more stringent position in the interpretation of the legal and regulatory requirements for freelancers.

**Our business dealings are restricted by German and European competition laws and regulations, and we may be subject to liabilities for anti-competition, which may have a material adverse effect on our business, operating results and prospects.**

We are subject to, among others things, German and European anti-trust laws. German anti-trust law is set out in the Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*), and it largely echoes with the European anti-trust regulations. For more information, see section headed “Regulatory Overview – Applicable laws and regulations to our business in Germany” in this prospectus.

Any violation of the relevant rules may result in the imposition of significant fines in the amount of up to 10% of our consolidated world-wide group turnover, or other court orders restricting our business or marketing activities. We cannot guarantee that we can comply with the relevant rules or that the regulations will not change in a manner that we could not adapt to in a timely manner.

In particular, there is a trend for heavier fines sanctions under the European anti-trust laws. In addition, we may also be subjected to private lawsuits for damages by customers. These may materially and adversely affect our reputation, business, financial performance and results of operations.

**Our future mergers and acquisitions are subject to stringent merger controls under the German and European laws and regulations.**

German and European legislations provide that mergers and acquisitions have to be filed to respective competition authorities and may be scrutinised as to whether they may result in significant impediments to effective competition, namely by creating or strengthening a dominant position on a product and geographic market. If the mergers and acquisitions are considered to be anti-competitive, the authorities may prohibit them or impose conditions and obligations on the mergers and acquisitions. Failure to comply with such regulations and procedural rules may result in substantial fines, which may be materially adverse to our reputation, business, financial performance and results of operations. For more information, please see the section headed “Regulatory Overview” in this prospectus.



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**We are subject to stringent compensation claims under German and European regimes for medical malpractice, negligence or misconducts.**

German legislation provides that a physician's civil medical liability in the civil sector is stipulated in the German Civil Code in both contract law and the law of tort. The general civil liability rules as well as special provisions apply exclusively when referring to medical treatment under section 630a of the German Civil Code under a service contract.

Violation of duties arising from the contract for treatment/surgery may lead to damages in the event that a patient suffers from damage due to medical malpractice (*Behandlungsfehler*). In addition, if medical malpractice cannot be proven, we may still be held liable, if there was a failure in informing the patient of the sufficient level of risks related to the specific treatment and treatment alternatives (*Aufklärungsfehler*).

### **RISKS RELATING TO CONDUCTING BUSINESS IN DENMARK**

**Our business in Denmark is closely associated with the cooperation agreement entered into with Aleris Hamlet Hospitaler A/S, and termination of this cooperation may severely affect our operations in Denmark.**

Aleris Hamlet Hospitaler A/S is one of the largest and most well-known private surgical clinics in Denmark. Since 2009 we have been cooperating with Aleris Hamlet Hospitaler A/S, and pursuant to our current cooperation agreement, we lease various premises of Aleris Hamlet Hospitaler A/S for the purpose of operating our clinics, as well as engaging certain services related to the management of a clinic, such as providing a staffed front desk, daily cleaning of clinic, and cleaning of hospital uniforms. Furthermore, our agreement with Aleris Hamlet Hospitaler A/S includes cross-promotion of each other's clinics, which serves as an important marketing channel for us. For further information on the financial performance of our operations in Denmark, please see the section headed "Financial Information" in this prospectus.

Should our cooperation with Aleris Hamlet Hospitaler A/S terminate, we may fail to secure premises to operate our clinics or find suitable replacement in a timely manner, and we may lose our existing or potential customers due to the loss of marketing channel to facilitate future growth, resulting in material and adverse effect on our reputation, business, financial performance and results of operations.

**Our business dealings are restricted by Danish and European competition laws and regulations, and we may be subject to liabilities for anti-competition, which may have a material adverse effect on our business, operating results and prospects.**

Similar to the corresponding German and European laws and regulations, we are subject to Danish anti-trust laws. Danish anti-trust law is set out in the Danish Competition Act (*Konkurrenceloven*). For more information, see section headed "Regulatory Overview" in this prospectus.

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## RISK FACTORS

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Any violation of the relevant rules may result in the imposition of significant fines in the amount of up to 10% of our consolidated world-wide group turnover. We have entered into a cooperation agreement with Aleris Hamlet Hospitaler A/S, which provides for certain rights for our Danish subsidiary to use certain locations and facilities at the private hospitals of Aleris Hamlet Hospitaler A/S and joint collaboration in achieving synergies in the performance of services. We cannot exclude the possibility that the Danish Competition and Consumer Authority (*Konkurrence- og Forbrugerstyrelsen*) may view this cooperation arrangement to be restrictive of competition if they were to give an opinion on our business and market. Furthermore, we cannot guarantee that the regulations will not change in a manner that we could not adapt to in a timely manner. In particular, we may be considered by the enforcement authority as maintaining a dominant position in the Danish refractive laser surgery market, which may make us more vulnerable to anti-trust investigations or claims.

In addition, there is a trend for heavier fines sanctions under the European anti-trust laws. In addition, we may also be subject to possible civil and/or criminal liabilities under such laws. These may materially and adversely affect our reputation, business, financial performance and results of operations.

### **Our future mergers and acquisitions are subject to stringent merger controls under the Danish and European laws and regulations.**

Similar to the corresponding German and European laws and regulations, Danish legislations regarding mergers and acquisitions require the filing of such mergers and acquisitions to respective competition authorities and may be scrutinised as to whether they may result in significant impediments to effective competition, namely by creating or strengthening a dominant position on a product and geographic market. If the mergers and acquisitions are considered to be anti-competitive, the authorities may prohibit them or impose conditions and obligations on the mergers and acquisitions. Failure to comply with such regulations and procedural rules may result in substantial fines, which may be materially adverse to our reputation, business, financial performance and results of operations.

### **Non-compliance with the data protection laws under the regime of the GDPR or Danish laws on data protection could have serious legal consequences**

As in other jurisdictions in the European Union, our Danish subsidiary is subject to the regulation of the GDPR which came into force in May 2018. The GDPR prescribes a risk-based approach to processing of personal data. This means that our Danish subsidiary is obliged to establish appropriate risk management practices in order to be able to document and demonstrate compliance, for example, conducting regular and ad-hoc risk assessments in various contexts related to the processing of personal data, or risk mitigation. The implementation of these requirements is a big task for our Danish subsidiary, in particular because the Danish subsidiary is processing mainly health data. Under the GDPR, health data is considered as sensitive data which is subject to specific protection.

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## RISK FACTORS

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The regulation of the GDPR applies to all entities within the European Union, and as it is fairly new the specific and detailed level of processes and documentation to show full compliance has not yet become standard practice. Our Danish subsidiary has already undertaken and is still undertaking considerable efforts to ensure full compliance with the GDPR. However, we cannot guarantee that our Danish subsidiary will always fulfill all of its obligations under the GDPR. Potential instances of non-compliance with the GDPR may come to light in connection with actions of data subjects (for example, customers and/or employees), competitors or data protection authorities. Data subjects may exercise their rights under the GDPR, for example their right to erasure of their personal data, or their right to compensation for damages that they suffered as a result of non-compliance with the GDPR. Furthermore, data protection authorities may execute their investigative powers or corrective powers, such as imposing a temporary or definitive limitation including a ban on processing or imposing an administrative fee. Fines can be up to €20,000,000 or in the case of an undertaking like the Danish subsidiary, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. Penalties such as imprisonment may also be imposed for serious cases and breaches. These consequences may have material and adverse effects on our reputation, business, financial performance and results of operations.

### **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

**We may be affected by uncertainties in the PRC legal system and adverse changes in the PRC regulatory regime for the vision correction industry, particularly changes in healthcare reform policies.**

The vision correction services market in the PRC is the main focus in our expansion plan, and we rely extensively on its continuous development, which may be significantly affected by any changes in policies in regards to healthcare reform.

The PRC legal system is largely based on written statutes, and prior court decisions can only be cited as references. Since the late 1970s, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade, with a view to develop a comprehensive system of commercial law.

Further, the policies of the PRC government may vary from time to time. This depends on various factors which can be unpredictable and difficult to be adapted in a timely manner, such as the objectives prioritised by the PRC government, as well as the political climate at any given time and the continued development of the PRC vision correction industry. Any future changes in the relevant government policies may limit private or foreign investments in vision correction services market. We cannot assure you of the effect of such future changes or reforms, which may limit the services we are able or intend to provide, increase the cost of our services, restrict our ability to pursue potential acquisitions and expansions or intensify the competition and may therefore materially and adversely affect our reputation, business, financial performance and results of operations.

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## RISK FACTORS

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In addition, the PRC has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC, or may be unclear or inconsistent. In particular, the vision correction industry is considered a relatively new area and the interpretation, implementation and enforcement of government policies and regulations may vary among different jurisdictions.

Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a court. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management's attention. In such event, we cannot guarantee that our reputation, business, financial performance and results of operations will not be materially and adversely affected by such differences in interpreting, implementing and enforcing government policies or regulations.

**Our reputation, business, financial performance and results of operations could be materially and adversely affected by the PRC labour laws and regulations.**

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the “**Labour Contract Law**”) aims to provide employees with greater protections with respect to establishing and terminating employment relationships. It was promulgated by the Standing Committee of the National People's Congress on 29 June 2007, made effective on 1 January 2008, and subsequently amended on 28 December 2012, with such amendments coming into effect on 1 July 2013. On 18 September 2008, the State Council passed the relevant implementation regulations. For example, the Labour Contract Law calls for implementation of open-ended contracts rather than fixed-term contracts under certain circumstances. In particular, if no special circumstances specified in the Labour Contract Law occur to the employee, an employer cannot enter into a fixed-term contract with an employee upon the third consecutive renewal of the employment contract unless otherwise requested by the employee. As a result, the Labour Contract Law limits our discretion in the recruitment and termination processes and could in turn affect our expenses on human resources, our profitability, and ultimately affecting our reputation, business, financial performance and results of operations.

**We are subject to a highly regulated vision correction market in the PRC. The PRC government has implemented stricter standards on the healthcare services industry and this may materially and adversely affect our reputation, business, financial performance and results of operations.**

The prosperity of the PRC vision correction industry depends substantially on the PRC economic, political and social conditions or government policies. The PRC government has implemented various economic reforms and measures to encourage economic growth in the past few decades. Some of these reforms and measures benefit the overall PRC economy, but may also have a material adverse effect on us. We may be unable to predict or adapt to any abrupt changes in political, economic and social conditions in the PRC, and our business, results of operations and financial condition may be materially and adversely affected by government control over capital investments in the vision correction industry.

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## RISK FACTORS

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In addition, the PRC government has implemented a series of laws, regulations and policies which imposed stricter standards with respect to the healthcare service industries and in particular the vision correction industry. For further information, see section headed “Regulatory Overview – Applicable laws and regulations to our business in the PRC” in this prospectus. If the PRC government continues to impose stricter standards on the healthcare services and the vision correction industry, our Group may face higher compliance costs and its ability to carry out its business may be adversely affected.

**Our ability to effectively finance our operations and intended expansion in the PRC with the net proceeds from the Global Offering may be limited by SAFE regulations, which may materially and adversely affect the value of your investment and may make it more difficult for us to expand our operations in the PRC.**

We plan to finance our PRC subsidiaries with the net proceeds from the Global Offering through overseas shareholder loans or additional capital contributions, which require registration with, or approvals from, PRC government authorities. Any overseas shareholder loans to our foreign-invested PRC subsidiaries must be registered with the local branch of the SAFE as a procedural matter, and the amount of such loans shall not exceed the difference between the investment amount and the registered capital of such subsidiaries.

In addition, the amounts of the registered capital and the amount of investment are subject to the approval of or filing with MOFCOM or its local counterpart. The Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (“**Circular 19**”) stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations; (iii) directly or indirectly used for granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

Violations of Circular 19 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or registered capital to our PRC subsidiaries with the net proceeds from the Global Offering. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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## RISK FACTORS

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**We may be deemed to be a PRC tax resident enterprise under the PRC EIT Law and our global income may be subject to PRC EIT under the PRC EIT Law.**

We are a holding company incorporated under the laws of the Cayman Islands and indirectly hold interests in our PRC operating subsidiaries. Pursuant to the PRC EIT Law and its implementation rules, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed to be PRC resident enterprise are subject to a 10% withholding tax, unless such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement.

The PRC EIT Law provides that if an enterprise incorporated outside the PRC has its "de facto management bodies" within the PRC, such enterprise would generally be deemed a "PRC resident enterprise" for tax purposes and be subject to a PRC EIT rate of 25.0% on its global income. "De facto management body" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT, promulgated a circular to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. These criteria include: (i) the enterprise's senior management personnel and department who are responsible for managing the day-to-day production and operation perform their obligations primarily in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organisations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. According to these regulations, we may be regarded as a PRC resident enterprise by PRC tax authorities and pay a PRC EIT at a rate of 25.0% for all of our global income. In addition, the "de facto management bodies" determination is based on the principle of substance over form. The SAT further issued administrative rules in July 2011 and January 2014 regarding administrative procedures for recognising PRC resident enterprise status of a Chinese-invested company registered abroad.

According to the foregoing SAT circulars, a Chinese-invested company registered abroad could either apply for the PRC resident enterprise status with the competent PRC tax authorities in the place where its major PRC investor is located and the application will be subject to approval by competent PRC tax authorities, or be recognised as a PRC resident enterprise by competent PRC tax authorities. In this regard, there are uncertainties regarding whether a Chinese-invested company registered abroad would be treated as a PRC resident enterprise before obtaining the relevant approval from competent PRC tax authorities, and there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the PRC tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a PRC resident enterprise for PRC EIT purposes and be subject to the uniform 25.0% PRC EIT rate on our global income. In addition, although the PRC EIT Law provides that dividend payments between qualified PRC resident enterprises are exempt from PRC EIT, due to the



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## RISK FACTORS

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relatively short history of the PRC EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC-established subsidiaries to us will meet such qualification requirements even if we are considered as a PRC resident enterprise for tax purposes.

### **RISKS RELATING TO THE GLOBAL OFFERING**

**There has been no prior public market in Hong Kong for our Shares before and their liquidity and market price may be volatile.**

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial Offer Price is the result of negotiations between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not decline below the Offer Price.

**The price and trade volume of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering.**

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and the United Kingdom, and elsewhere in the world. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

**Our Controlling Shareholder has substantial control over our Company and his interest may not align with the interests of other Shareholders.**

Prior to and immediately following completion of the Global Offering, our Controlling Shareholder will remain having substantial control over our Company. Subject to our Articles of Association, the Companies Ordinance and the Cayman Companies Law, our Controlling Shareholder will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of our Shareholders. The interest of our Controlling Shareholder may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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## RISK FACTORS

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**Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.**

Potential investors will pay a price per Share that substantially exceeds the per Share value of our net tangible assets and will therefore experience immediate dilution when purchasing the Shares offered in the Global Offering. Moreover, if our Company were to distribute its net tangible assets to the Shareholders immediately before the Global Offering, potential investors would receive even less than the amount they paid for their Shares. We may need to raise additional funds in the future to finance further expansion or new developments relating to our existing operations. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

**Our Directors, senior management members and current Shareholders may sell substantial amounts of our Shares, which could materially and adversely affect the market price of our Shares.**

Future sales of a substantial number of our Shares by our existing Shareholders, or the possibility of such sales, could materially and adversely affect the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholder are subject to certain lock-up periods beginning on the date on which trading of our Shares commences on the Stock Exchange. While we are not currently aware of any intention of our Controlling Shareholder to dispose of significant amounts of his Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

**Investors may face difficulties in protecting their interests under Cayman Islands laws.**

Our corporate affairs are governed by our Memorandum and Articles of Association as well as the Cayman Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. These differences may mean that the remedies available to the Company's minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions.



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## RISK FACTORS

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**We cannot assure investors that we will declare and distribute any amount of dividends in the future and dividends distributed in the past may not be indicative of our dividend policy in the future.**

A decision to declare or pay any dividend and the amount of dividends is subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. In addition, as a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The calculation of our operating subsidiaries' profit under applicable accounting standards differs in certain aspects from the calculation under IFRS. Accordingly, we may not have sufficient or any profit to enable us to make dividend distributions to our Shareholders in the future, even if our IFRS financial statements indicate that our operations have been profitable.

**We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources or other sources contained in this prospectus.**

Certain facts, forecasts and other statistics relating to Germany, Denmark and the PRC, and other countries and regions, as well as the vision correction services market contained in this prospectus have been derived from various government publications, market data providers and other Independent Third Party sources, including Frost & Sullivan, an independent industry expert, and are generally believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them make any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside Germany, Denmark or the PRC, or other countries or regions. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

**Investors should read the entire prospectus carefully, and we strongly caution the investors not to place any reliance on any information contained in press articles or other media regarding us, our business, our industry or the Global Offering.**

We strongly caution investors not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Information contained in our website, located at [www.euroeyes.hk](http://www.euroeyes.hk), does not form part of this prospectus. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and investors should not rely on such information.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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In preparation for the Global Offering, we have sought the following waiver from strict compliance with certain provisions of the Listing Rules.

### MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our core business and operations are based and conducted in Germany, Denmark and the PRC. The majority of our Group's assets are based in Germany and some of our Group's assets are based in Denmark and the PRC. Our executive Directors and non-executive Director are not ordinary residents in Hong Kong. Accordingly, we do not, and in the foreseeable future will not, have sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to us putting in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

- (i) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives appointed are Dr Markus Braun, our executive Director and chief financial officer, and Mr Leung Ting Cheung, our company secretary. Mr Leung is situated and based in Hong Kong. Each of our authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (ii) As and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorised representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;
- (iii) Although our executive Directors and non-executive Director are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;
- (iv) We have appointed Somerley Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorised representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and
- (v) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Having made all reasonable enquiries, our Directors confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive in any material respect, and there are no other matters the omission of which would make any statement in this prospectus misleading.

### **INFORMATION ON THE GLOBAL OFFERING**

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective Directors, officers, agents, employees or advisers or any other party involved in the Global Offering. No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

### **UNDERWRITING**

The Global Offering comprises the Hong Kong Public Offering of initially 7,934,000 Hong Kong Offer Shares and the International Offering of initially 71,400,000 International Offer Shares.

The application for listing of our Shares is sponsored by the Sole Sponsor. The Global Offering is managed by the Sole Global Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us by 11 October 2019, the Global Offering will not proceed and will lapse. Further information about the Hong Kong Underwriters and the Underwriting Agreements is set out in the section headed "Underwriting" in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or deemed by his acquisition of the Hong Kong Offer Shares to, confirm that he is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus, where applicable.

No action has been taken to permit a public offer of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to any registration made with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities laws.

### **APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE**

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our Shares in issue prior to the Global Offering and to be issued pursuant to the Capitalisation Issue and the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme).

No part of our Shares is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

### **STAMP DUTY**

Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES**

The procedures for applying for the Hong Kong Offer Shares are set forth under the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

### **STRUCTURE OF THE GLOBAL OFFERING**

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

### **OVER-ALLOTMENT AND STABILISATION**

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed “Structure and Conditions of the Global Offering – The over-allotment option” and “Structure and Conditions of the Global Offering – Stabilising action” in this prospectus.

### **REGISTER OF MEMBERS**

Our Company’s principal register of members will be maintained by its Principal Share Registrar in the Cayman Islands and our Company’s branch register of members will be maintained by its Hong Kong Share Registrar in Hong Kong. All Shares to be issued pursuant to the Global Offering, and any Shares to be issued upon exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme will be registered on our Company’s branch register of members maintained in Hong Kong. Only Shares registered on our Company’s branch register of members maintained in Hong Kong will be traded on the Stock Exchange.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, our Shares on Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of German or Chinese laws and regulations, governmental authorities, institutions, natural persons, companies, other entities or product names included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

### **ROUNDING**

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

### **EXCHANGE RATE CONVERSION**

Unless otherwise specified, amounts denominated in Euros have been translated, for the purpose of illustration only, into Hong Kong dollars, and vice versa, in this prospectus at the following rates:

€1.00 : HK\$8.6032

No representation is made that any amounts in Euros or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

### DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Dr Jørn Slot Jørgensen (Chairman)	Stockkamp 20 22607 Hamburg Germany	Danish
Dr Markus Braun	Gneisenaustrasse 5 90491 Nuremberg Germany	German
Dr Ralf-Christian Lerche	Lokstedter Damm 52 22453 Hamburg Germany	German
Prof Dr Thomas Friedrich Wilhelm Neuhann	Seestraße 6 83139 Söchtenau Germany	German
Mr Jannik Jonas Slot Jørgensen	Flat 11A 38-42 Lyndhurst Terrace Central Hong Kong	German
<i>Non-executive Director</i>		
Mr Marcus Huascar Bracklo	Goethestraße 10 65812 Bad Soden am Taunus Germany	German
<i>Independent non-executive Directors</i>		
Mr Hans Helmuth Hennig	Flat B2, 1/F, Guildford Court 5 Guildford Road The Peak Hong Kong	Danish
Mr Zhengzheng Hu (胡錚錚)	Room 1205, Unit 2, Building 6 No. 5 Courtyard, Qingnian Road West Chaoyang District Beijing People's Republic of China	Chinese
Mr Philip Duncan Wright	Farm House Coldharbour Lane Hildenborough Tonbridge Kent TN11 9JX United Kingdom	British

For more information, please see the section headed “Directors and Senior Management” in this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor and  
Sole Global Coordinator**

**BOCI Asia Limited**  
26th Floor, Bank of China Tower  
1 Garden Road  
Hong Kong

**Joint Bookrunners and  
Joint Lead Managers**

**BOCI Asia Limited**  
26th Floor, Bank of China Tower  
1 Garden Road  
Hong Kong

**China Securities (International)  
Corporate Finance Company Limited**  
18/F Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Fosun Hani Securities Limited**  
Suite 2101-2105  
21/F Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Legal Advisers to our Company**

*As to Hong Kong law:*

**Eversheds Sutherland**  
37/F, One Taikoo Place  
Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

*As to German law:*

**Eversheds Sutherland (Germany) LLP**  
(Munich Office)  
Brienner Straße 12  
80333 München  
Germany



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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*As to German law in respect of the reorganisation of EuroEyes ALZ Bremen and LASIK Germany particular medical law matters:*

**Seufert Rechtsanwälte Partnerschaft mbB**  
Residenzstraße 12  
80333 München  
Germany

*As to Danish law:*

**Lundgrens Law Firm P/S**  
Tuborg Boulevard 12  
DK-2900 Hellerup  
Copenhagen  
Denmark

*As to PRC law:*

**Tian Yuan Law Firm**  
10/F, CPIC Plaza  
28 Fengsheng Lane  
Xicheng District, Beijing  
People's Republic of China

*As to Cayman Islands law:*

**Harney Westwood & Riegels**  
3501, The Center  
99 Queen's Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Legal Advisers to the Sole Sponsor and  
the Underwriters**

*As to Hong Kong law:*

**Norton Rose Fulbright Hong Kong**  
38/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

*As to German law:*

**Norton Rose Fulbright LLP**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt  
Germany

*As to PRC law:*

**Commerce & Finance Law Offices**  
6/F, NCI Tower  
A12 Jianguomenwai Avenue  
Beijing 100022  
People's Republic of China

**Auditor and Reporting Accountant**

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
22/F, Prince's Building  
Central  
Hong Kong

**Compliance Adviser**

**Somerley Capital Limited**  
20/F, China Building  
29 Queen's Road Central  
Hong Kong

**Industry Consultant**

**Frost & Sullivan International Limited**  
1706, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Receiving Bank**

**Bank of China (Hong Kong) Limited**  
1 Garden Road  
Hong Kong

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## CORPORATE INFORMATION

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<b>Corporate Headquarters</b>	Valentinskamp 90 20355 Hamburg Germany
<b>Registered Address</b>	4/F, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
<b>Company's Website</b>	<b><u><a href="http://www.euroeyes.hk">www.euroeyes.hk</a></u></b> <i>(information contained in this website does not form part of this prospectus)</i>
<b>Principal Place of Business in Hong Kong</b>	Suite 3711, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
<b>Company Secretary</b>	Mr Leung Ting Cheung (梁庭彰) (HKCPA) Flat 10, 8/F, Block Q Kornhill Quarry Bay Hong Kong
<b>Authorised Representatives</b>	Dr Markus Braun Gneisenaustrasse 5 90491 Nuremberg Germany  Mr Leung Ting Cheung (梁庭彰) Flat 10, 8/F, Block Q Kornhill Quarry Bay Hong Kong
<b>Audit Committee</b>	Mr Philip Duncan Wright ( <i>Chairman</i> ) Mr Marcus Huascar Bracklo Mr Hans Helmuth Hennig
<b>Remuneration Committee</b>	Mr Hans Helmuth Hennig ( <i>Chairman</i> ) Dr Jørn Slot Jørgensen Mr Zhengzheng Hu (胡錚錚)

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## CORPORATE INFORMATION

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**Nomination Committee**

Dr Jørn Slot Jørgensen (*Chairman*)  
Mr Philip Duncan Wright  
Mr Zhengzheng Hu (胡錚錚)

**Hong Kong Share Registrar**

**Tricor Investor Services Limited**  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Cayman Islands Principal Share Registrar  
and Transfer Office**

**Harneys Fiduciary (Cayman) Limited**  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 1024  
Grand Cayman KY1-1002  
Cayman Islands

**Principal Banks**

*In Germany*

**Hamburger Sparkasse AG**  
Adolphsplatz 3  
20457 Hamburg  
Germany

**Sydbank A/S Flensburg**  
Rathausplatz 11  
24937 Flensburg  
Germany

**Deutsche Bank AG**  
Adolphsplatz 7  
20457 Hamburg  
Germany

*In the PRC*

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

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## CORPORATE INFORMATION

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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*

**The Hongkong and Shanghai Banking  
Corporation Limited**

1 Queen's Road Central

Hong Kong

**Bank of China (Hong Kong) Limited**

Bank of China Tower

1 Garden Road

Central

Hong Kong

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## INDUSTRY OVERVIEW

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*The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report, commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false and misleading. None of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or advisers makes any representation as to the accuracy, fairness and completeness of such information and statistics.*

### SOURCE AND RELIABILITY OF INFORMATION

Our Company commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on the private refractive surgery and lens exchange surgery market. The information from Frost & Sullivan disclosed in this prospectus is extracted from the Frost & Sullivan Report, a report which was commissioned by us for a fee of RMB1,000,000 and is disclosed with the consent of Frost & Sullivan.

The Frost & Sullivan's Report was undertaken using both primary and secondary research obtained from various sources. Primary research involved interviews with leading industry participants in private refractive surgery and lens exchange surgery market and other experts related to the business of the Company. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database and government database. In compiling and preparing the report, Frost & Sullivan has adopted the following assumptions:

- The social, economic and political environments of the PRC, Germany, Denmark, and other primary countries worldwide will remain stable during the forecast period, which will ensure a sustainable and steady development of the private refractive surgery and lens exchange surgery industry;
- There are no significant material changes in government policies in respect of private refractive surgery and lens exchange surgery market.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the Frost & Sullivan Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research agency with extensive experience, and there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

### OVERVIEW OF VISUAL DISORDERS AND TREATMENT OPTIONS

The eye is vital for vision, which is the most important human sense. To see clearly, there are two basic processes which need to function properly. In the first visual process, the light entering the eye needs to be focused accurately through the optical system on the retina, or photoreceptor "film". If the eye does not have the proper shape and light is not focused accurately on the retina, vision becomes blurry. People wear glasses or contact lenses to solve this problem, or consider refractive surgery for a more permanent solution and freedom from optical aids.

Refractive surgery and lens exchange surgery are dedicated to providing a permanent alternative to glasses and contact lenses by remodeling the eye (refractive laser surgery), adding to its optical system (lens implantation), or exchanging its optical system (lens exchange surgery). The most defining factor is the age of the patient, with under 45 years old being considered for laser and phakic lens (ICL) surgery; and over 45 years old benefiting from the trifocal lens exchange surgery to rid themselves of reading glasses. When the ageing eye gradually loses its transparency by developing a cataract, it also benefits from a lens exchange surgery to restore clear vision.

In the second visual process, the light focused on the retina needs to be processed by the retinal receptors and passed on to the brain to be interpreted as a clear visual image. Diseased eye conditions such as glaucoma and macular degeneration (a form of retinal disease) are treated using eye drop pharmaceuticals (drugs) or surgical intervention; often with the help of a laser system.

## INDUSTRY OVERVIEW

Lens exchange surgery and refractive laser surgery, which are related to the first visual process, are the most common methods to restore refractive errors and treat cataract, while other services such as drug treatment, are related to both visual processes and targeted at eye diseases affecting the eye pressure (glaucoma), retinal and cornea etc.

### Overview of visual disorders and preferred treatment options

Category		Surgery	Visual Disorders				
			Refractive Errors				Eye Diseases
			Myopia	Hyperopia	Astigmatism	Presbyopia	Cataract
Lens Exchange Surgery (Over 45 years old)	Advanced Lens Exchange Surgery	Trifocal	√	√	√	√	√
	Classic Lens Exchange Surgery	Bi-focal	√	√	√	√	√
		Mono-focal			√		√
Refractive Surgery (18 to 45 years old)	Lens Implantation	Phakic Lens (ICL)	√	√	√		
	Refractive Laser Surgery	ReLEx SMILE	√		√		
		LASIK	√	√	√		
		PRK/LASEK	√	√	√		
Other Service Types		Main Treatment Options		Other Major Types of Eye Diseases			
Optometry Service and Consultancy		N.A.		<b>Glaucoma:</b> • Open-angle glaucoma • Close-angle glaucoma	<b>Retinal Diseases:</b> • Age-related macular degeneration • Diabetic retinopathy • Idiopathic macular hole	<b>Corneal Diseases:</b> • Keratitis • Marginal blepharitis • Conjunctivitis • Xerophthalmia	<b>Others</b>
Drug Treatment		β-receptor blocker, anti-VEGF antibody, etc.					
Laser Treatment		Laser coagulation, Selective laser trabeculoplasty etc.					
Surgery		Vitrectomy, Phacoemulsification, etc.					

Source: Frost & Sullivan analysis

### Classification of visual disorders

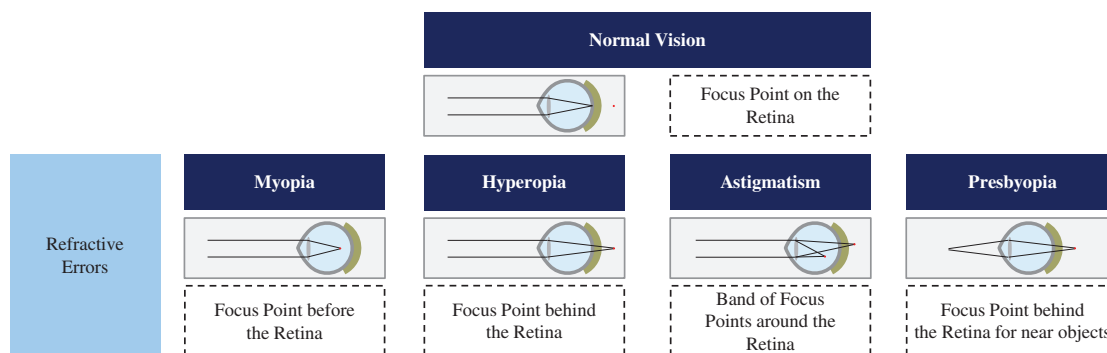
Visual disorders, which lead to blurry vision, are caused by a misshapen or diseased eye, and are broadly divided into two categories, namely refractive errors and eye diseases.

#### Refractive errors

Refractive errors, which include myopia (shortsightedness), hyperopia (farsightedness), astigmatism, and presbyopia, are the most common causes of visual disorders. Refractive surgery is the alternative to glasses and contact lenses, adopted to provide a more permanent independence from these optical aids.

The most common refractive error in young people in China is myopia, which gives considerable growth potential to the refractive surgery market. Based on the degree of refractive disorder, myopia can be classified as low (less than -3.0 dioptres), medium (between -3.0 dioptres and -6.0 dioptres) and high myopia (over -6.0 dioptres). In comparison, hyperopia is more common in Germany and Denmark than in China.

Dysfunctional Lens Syndrome (DLS) describes the natural ageing changes in the crystalline lens. Presbyopia, as the beginning stage of DLS, is the term given to an ageing eye that has lost the natural flexibility of its crystalline lens, causing objects to blur at close range. This affects all people at some stage, and starts around the age of 45, resulting in the need for reading or progressive glasses.



Source: Frost & Sullivan analysis

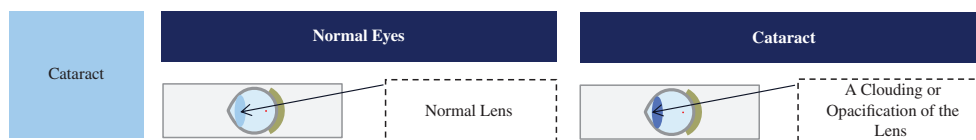
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## INDUSTRY OVERVIEW

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### Eye diseases

Eye diseases, such as cataract, glaucoma, retinal diseases, and other diseases, could cause vision problems and even vision loss. As a form of eye diseases, cataract is the most common cause of blindness worldwide, and occurs predominantly among the elderly. This occurs when the lens in the eye loses its transparency and blocks light out from reaching the retina, causing a permanent blurring of vision and a decrease in the quality of life. This typically occurs among people around 70 years old and is independent of refractive error. Cataract, as the end stage of DLS, is generally preceded by presbyopia.



Source: Frost & Sullivan analysis

### Treatment options

Treatment options can be divided into two broad categories based on the age of the customer. One is refractive surgery, which includes refractive laser surgery and phakic lens (ICL) surgery, targeting people aged from 18 to 45 with myopia. The other is lens exchange surgery, which is generally done on people aged over 45 with presbyopia and cataract.

#### *Surgery on people from 18 to 45 years old*

- **Refractive laser surgery:** Various types of lasers are used to reshape the cornea of the eye to treat low to moderate levels of myopia, hyperopia and astigmatism. A laser reshapes the anterior surface of the eye to enable focused vision by changing the refraction of the eye. The surgical options are ReLEx SMILE, LASIK and photorefractive keratectomy (PRK)/LASEK. The evolution of laser surgery from photorefractive keratectomy (PRK)/LASEK through LASIK to ReLEx SMILE has been driven by the need to have good visual results with the shortest possible healing times and the lowest risk of side effects.
- **Phakic lens (ICL) surgery:** A process in which a custom-made artificial lens, so-called “intraocular contact lens” or “ICL”, is implanted into the eye, and works similar to contact lens placed on the eye. An ICL is also known as a “phakic IOL”, which means it is placed inside the eye in addition to the normal lens of the eye. Lens implantation is used to correct high myopia, high hyperopia and astigmatism. Phakic lens (ICL) surgery has become a very acceptable form for the correction of high refractive errors over the past two decades.

#### *Surgery on people over 45 years old*

- **Lens exchange surgery:** Lens exchange surgery targets people over 45 years old with refractive errors or cataract. The ageing lens inside the eye is replaced with an intraocular lens (IOL), which can have a mono-focal or multifocal optic. Mono-focal lens has only one focal point and mainly treats cataract, but does not correct presbyopia. People still need to wear reading glasses after surgery. Trifocal lens is the most advanced IOLs for lens exchange surgery available today, which has three focal points to give individual with presbyopia or cataract the option to see clearly, provides correction not only for close and far vision, but also enable a clear vision at intermediate distance. Trifocal lens implants would be the best option, if the wish is to have independence from all glasses and contact lenses after surgery.

## ADVANCED LENS EXCHANGE SURGERY AND REFRACTIVE SURGERY MARKET IN GERMANY

### Number of cases of refractive errors in Germany

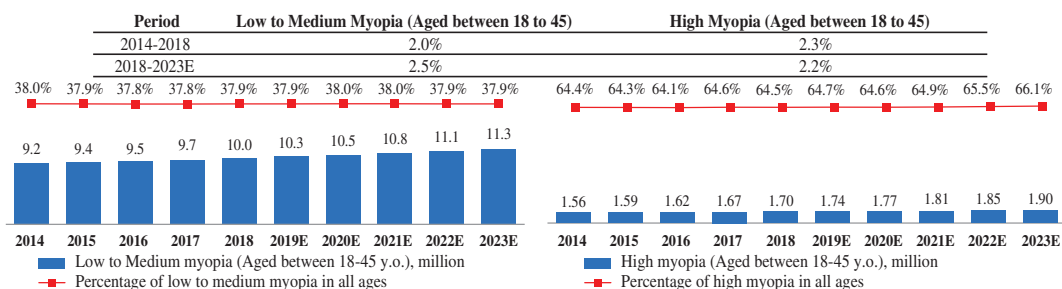
The population of low to medium myopia increased from 24.3 million in 2014 to 26.4 million in 2018, and is expected to reach 29.9 million in 2023 in Germany. People aged from 18 to 45 stably represented about 38% of the population of low to medium myopia. In 2018, 10.0 million people aged from 18 to 45 have low to medium myopia in Germany, while the population is expected to be 11.3 million in 2023.

The population of high myopia increased from 2.4 million in 2014 to 2.6 million in 2018, and is expected to reach 2.9 million in 2023. The population aged from 18 to 45 with high myopia is 1.7 million in 2018, and is expected to reach 1.9 million in 2023, stably sharing 64%~66% of the population of high myopia.



## INDUSTRY OVERVIEW

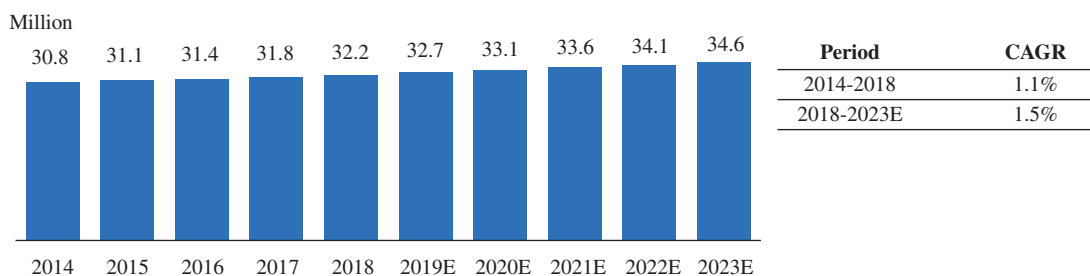
### Breakdown of myopia cases in Germany, 2014-2023E



Source: Frost & Sullivan analysis

The population of presbyopia aged over 45 increased from 30.8 million in 2014 to 32.2 million in 2018, and is expected to further increase to 34.6 million by 2023, representing a CAGR of 1.5%.

### Number of cases of presbyopia aged over 45 in Germany, 2014-2023E



Source: Frost & Sullivan analysis

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK in Germany

New treatment options with better efficacy and greater safety for refractive surgery are preferably demanded by customers. Public awareness of treatment for visual disorders is increasing due to well established medical education systems. With the development of vision correction surgery devices, more premium surgeries are introduced for correction of refractive errors and ageing problems. The number of private eye hospitals and clinics that offer LASIK, ReLEx SMILE, phakic lens (ICL) surgery, as well as trifocal lens exchange (for cataract and presbyopia), are increasing as well.

FemtoLASIK is one of the most common types of laser eye treatment. The surgery creates a thin flap on the cornea with a laser. This flap is lifted to expose the underlying corneal tissue and is replaced after the cornea is reshaped with an excimer laser. ReLEx SMILE is performed using the VisuMax laser, and produces similar visual results as LASIK for the correction of myopia and astigmatism without the need to create a LASIK-style corneal flap. This reduces side effects such as dry eye, which are not uncommon after LASIK surgery.

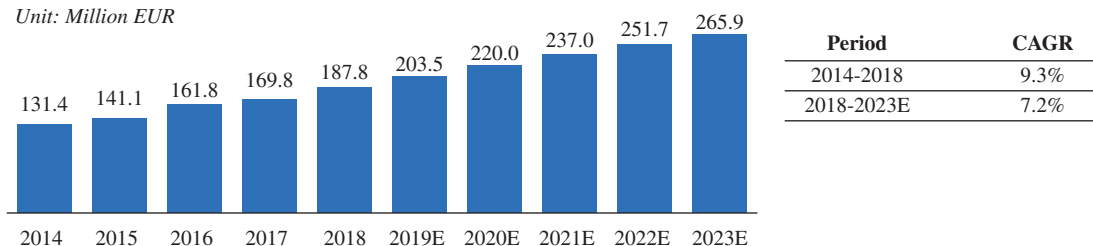
Comparatively, in PRK, the thin outer layer of the cornea is removed and discarded prior to reshape the underlying corneal tissue with an excimer laser. The epithelium repairs itself within a few days after surgery. LASEK, as a variation of PRK, involves lifting the epithelial layer, preserving it during surgery and then replacing it on the eye's surface at the end of the procedure. Both PRK and LASEK has decreased in popularity due to the longer recovery time, slightly increased risk of eye infection and haziness of vision after surgery, as well as more discomfort driven by the longer period for vision stabilisation.

The market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK includes revenue generated from LASIK, ReLEx SMILE, phakic lens (ICL) surgery and trifocal lens exchange surgery. This market in Germany increased from €131.4 million in 2014 to €187.8 million in 2018, representing a CAGR of 9.3%. From 2017 to 2018, the market size increased by 10.6% in terms of sales revenue, and it is expected to have a growth from 2018 to 2019 with a growth rate of 8.4%. The market is projected to reach €265.9 million in 2023, representing a CAGR of 7.2% from 2018.

## INDUSTRY OVERVIEW

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK Market in Germany, 2014-2023E

Unit: Million EUR



Period	CAGR
2014-2018	9.3%
2018-2023E	7.2%

*Note:* The market size includes revenue generated from LASIK, ReLEx SMILE, phakic lens (ICL) surgery and trifocal lens exchange surgery in Germany.

*Source:* Annual report, Frost & Sullivan analysis

The following table sets forth the top private service providers in Germany in 2018 in terms of revenue and market share of advanced lens exchange surgery and refractive surgery without PRK/LASEK. Our group ranked first in the German market, with a market share of 13.2%.

Ranking	Company	Revenue Generated from Germany (2018, Million EUR)	Market Share (%)	Establishment Year	Clinics Location <sup>(1)</sup>	Main Business
1	Our Group	24.8	13.2%	1993	Large and other cities	Refractive laser surgery, phakic lens surgery, lens exchange surgery
2	Company A <sup>(2)</sup>	18.0	9.6%	2001	Large and other cities	Laser treatment, refractive surgery
3	Company B	15.9	8.5%	1999	Non-large cities	Laser treatment, refractive surgery, eye disease
4	Company C	15.2	8.1%	2000	Large and other cities	Laser treatment, refractive surgery, eye disease
5	Company D	13.6	7.2%	1992	Non-large cities	Laser treatment, refractive surgery, eye disease

*Notes:*

- (1) Large cities refer to Berlin, Hamburg, Munich and Cologne with population of more than one million.
- (2) The company was acquired by a listed company.

*Source:* Frost & Sullivan analysis

### Key growth drivers in Germany

The future growth of the market of advanced lens exchange surgery and refractive surgery without PRK/LASEK is expected to be primarily driven by the following factors in Germany:

#### 1. Ageing population

Certain ophthalmic disorders, such as presbyopia and cataract, are age-related. As such, the ageing population in Germany will increase the demand for ophthalmic services, due to the corresponding growth of the total ophthalmic population base. According to Frost and Sullivan, 34.9% of the total population in Germany has myopia and 38.8% has presbyopia in 2018, which shows that refractive disorders affect a large proportion of the German population.

#### 2. Transformational trend of lifestyle change

Germany is the largest market for advanced lens exchange surgery and refractive surgery without PRK/LASEK in Europe. The growing market is fueled by desires to enjoy an active lifestyle without hurdles from glasses or to improve one's appearance. Furthermore, refractive surgery and lens exchange surgery enable vision without glasses, which in turn assist to minimise or even eliminate the inconvenience in daily life brought by wearing glasses.

## INDUSTRY OVERVIEW

### 3. Broad application of new technologies

The technologies of lens exchange surgery and refractive surgery have undergone significant transformation and development in the past years. In particular, Germany has been one of the world leaders in developing new technologies to correct refractive errors. With the introduction of new technologies, more treatment options that are minimally invasive and less time-consuming will become available, which will further support the market expansion.

### ADVANCED LENS EXCHANGE SURGERY AND REFRACTIVE SURGERY MARKET IN THE PRC

#### Number of myopia cases and penetration rate of refractive surgery in the PRC

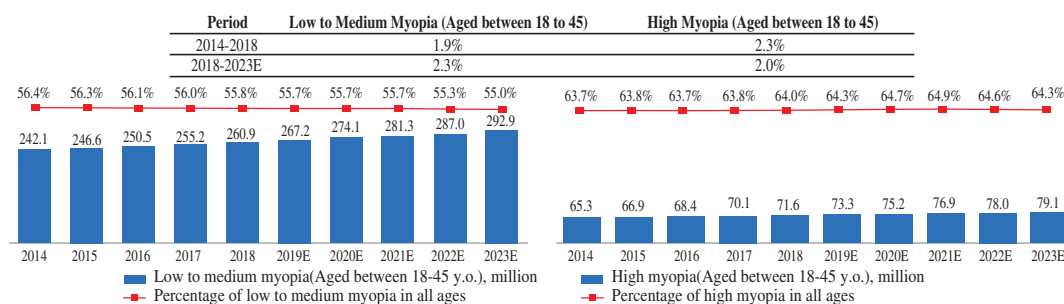
In the PRC, the number of myopia cases has experienced a rapid growth during 1990 to 2005 followed by a relatively slower growing period since then. At the end of 2018, almost 90% young adults who were 20 years old have suffered from myopia due to the great pressure from intensive education from an early age and less or limited time for outdoor activities.

There were total 532.0 million people with myopia in 2014 and the number increased to 579.5 million in 2018 with a CAGR of 2.2%, and this number is expected to increase to 655.5 million in 2023 with an even faster GAGR of 2.5% during the next five years.

The population of low to medium myopia and high myopia reached 467.5 million and 112.0 million, respectively, in 2018. People from 18 to 45 make up the largest portion of myopia population, representing 55.8% of low to medium myopia cases and 64.0% of high myopia in 2018.

For individuals aged from 18 to 45, the number of high myopia cases increases from 65.3 million in 2014 to 71.6 million in 2018, representing a CAGR of 2.3%, and will further increase at a CAGR of 2.0% in the next five years.

#### Breakdown of myopia cases in the PRC, 2014-2023E



Source: Frost & Sullivan analysis

With the development of medical technology and improvement of economic conditions, more people can afford and are willing to choose refractive surgery for myopia correction, which will bring huge potential opportunities of the refractive surgery market in the PRC.

There is a huge gap between the number of people with myopia and the corresponding number of surgeries performed in the PRC. The penetration rate of myopia treatment in the PRC is extremely low compared with that in Germany. For instance, the penetration rate of ReLEx SMILE procedures in the PRC is 668.5 persons per one million people of low to medium myopia aged from 18 to 45 while the penetration rate in Germany is 1,423.7 or 2.1 times as much as that in the PRC in 2018. Similarly, the penetration rate of phakic lens (ICL) surgery implantations in the PRC is 618.0 persons per one million people of high myopia aged from 18 to 45 while the penetration rate in Germany is 2,651.1 persons or 4.3 times as much as that in the PRC in 2018.

## INDUSTRY OVERVIEW

ReLEx SMILE	Number of Cases of Low to Medium Myopia between 18 and 45 y.o. Unit: Million, 2018	Volume of ReLEx SMILE Procedures Unit: Person, 2018	Penetration Rate of ReLEx SMILE Procedures Unit: Person Per Million, 2018
China	260.9	174,407	668.5
Germany	10.0	14,237	1,423.7

Penetration rate of Germany is approximately **2.1** times as much as that of the PRC.

Phakic lens (ICL) surgery	Number of Cases of High Myopia between 18 and 45 y.o. Unit: Million, 2018	Volume of phakic lens (ICL) surgery Unit: Person, 2018	Penetration Rate of phakic lens (ICL) surgery Unit: Person Per Million, 2018
China	71.6	44,248	618.0
Germany	1.7	4,520	2,651.1

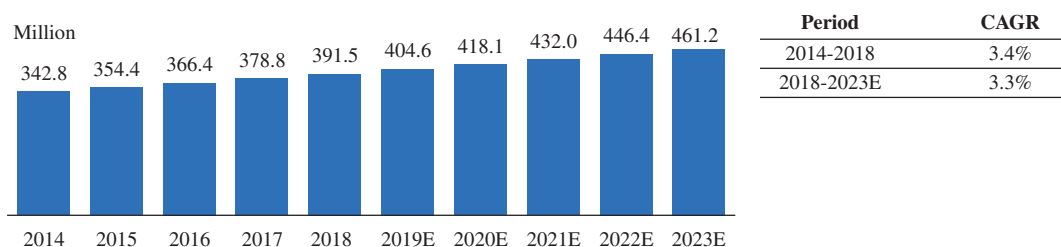
Penetration rate of Germany is approximately **4.3** times as much as that of the PRC.

Source: Frost & Sullivan analysis

### Number of presbyopia cases and penetration rate of advanced lens exchange surgery in the PRC

Presbyopia occurs due to the loss of elasticity of the crystalline lens as it ages and it could affect everyone, typically starting around the age of 45. Driven by the growth of the ageing population in the PRC, the number of cases of presbyopia showed an increasing trend in recent years. The total number of people with presbyopia aged over 45 years old was 391.5 million in 2018 and is expected to reach 461.2 million in 2023.

#### Number of cases of presbyopia aged over 45 in the PRC, 2014-2023E



Source: Frost & Sullivan analysis

The penetration rate of trifocal lens procedures in the PRC is 81.6 persons per one million people of presbyopia who are aged over 45 years old (personal annual disposable income over US\$15,000) while the penetration rate in Germany (personal annual disposable income over €20,000) is 353.8 persons or 4.3 times as much as that in the PRC in 2018, suggesting that there is a huge untapped market in the PRC for people with presbyopia over the age of 45 who seek treatment via trifocal lens exchange.

Trifocal Lens Exchange	Number of Cases of presbyopia and cataract above 45 y.o. Unit: Million, 2018	Number of Cases of presbyopia and cataract with certain income level above 45 y.o. Unit: Million, 2018	Volume of trifocal lens exchange Unit: Person, 2018	Penetration rate of trifocal lens exchange in population with certain income level Unit: Person Per Million, 2018
China	406.3	63.4	5,170	81.6
Germany	33.2	13.1	4,652	353.8

Penetration rate of Germany is approximately **4.3** times as much as that of the PRC.

Note: Certain income level refers to over US\$15,000 annual disposable income in China, and over €20,000 in Germany.

Source: National Bureau of Statistics of China, Frost & Sullivan analysis

## INDUSTRY OVERVIEW

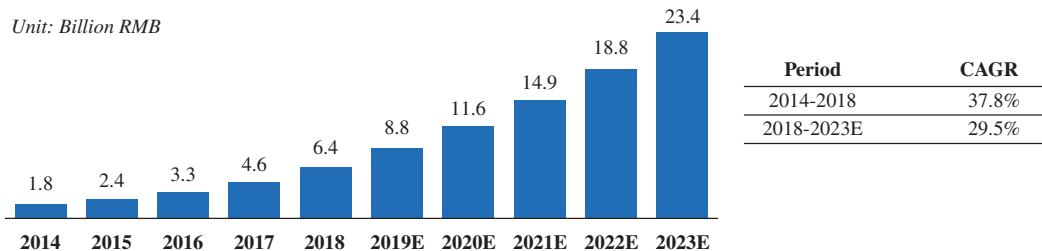
Possible reasons for the above low penetration rate include consumers, especially those with presbyopia at age of 45 and above, have little awareness about the benefits of effective treatment methods for presbyopia, for example trifocal lens exchange, and the treatment is relatively costly when compared with wearing reading glasses. Considering the fact that wearing reading glasses is inconvenient and progressive glasses are also costly, the penetration rate for trifocal lens exchange in the PRC is expected to increase.

Chinese households are getting wealthier. The population of middle class families, which is defined as average personal annual disposable income of US\$15,000 and above, increased rapidly from 15.6% in 2018 to 30% in 2023. Affluent middle class families are more inclined to pay for high quality and safe eye medical treatments. Middle class people are becoming more receptive to new concept of treatments, making them the major targeted market for trifocal lens exchange.

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK in the PRC

In 2018, the PRC advanced lens exchange surgery and refractive surgery without PRK/LASEK reached RMB6.4 billion. The main driving factors for the development of the market in the PRC include large number of population with refractive errors and the ageing population. The following diagram sets forth the historical and forecasted private market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK. The market size is expected to grow further to RMB23.4 billion in 2023, representing a CAGR of 29.5% from 2018 to 2023. In 2018, the market accounts for 27.9% of the PRC private ophthalmic service market, and is expected to increase to 41.1% in 2023.

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK in the PRC for private healthcare institutions, 2014-2023E



Note: RMB: EUR=0.1280 The market size includes revenue generated from LASIK, ReLEx SMILE, ICL and trifocal lens exchange surgery from the PRC private hospitals/clinics.

Source: Public Company's Annual Report, Frost & Sullivan analysis

Our group ranked tenth in the PRC market in terms of revenue generated by performing advanced lens exchange surgery and refractive surgery except for PRK/LASEK.

Ranking	Company	Revenue Generated from the PRC (2018, Million RMB)	Market Share (%)	Establishment Year	Clinics Location <sup>(1)</sup>	Main Business
1	Company E <sup>(2)</sup>	1,829.0	28.5%	2003	First-tier and other cities	Laser treatment, refractive surgery, eye disease
2	Company F	569.0	8.9%	1997	First-tier and other cities	Laser treatment, refractive surgery, eye disease
3	Company G	556.0	8.7%	2005	First-tier and other cities	Laser treatment, refractive surgery, eye disease
4	Company H	377.1	5.9%	2004	First-tier and other cities	Laser treatment, refractive surgery, eye disease
5	Company I	184.0	2.9%	2010	First-tier and other cities	Laser treatment
6	Company J	128.0	2.0%	1995	Non-first-tier cities	Laser treatment, refractive surgery, eye disease
7	Company K	126.5	2.0%	1988	Non-first-tier cities	Laser treatment, refractive surgery, eye disease
8	Company L	116.0	1.8%	2003	Non-first-tier cities	Laser treatment, refractive surgery, eye disease
9	Company M	100.4	1.6%	1988	First-tier cities	Laser treatment, refractive surgery, eye disease
10	Our Group	92.1	1.4%	2013 <sup>(3)</sup>	First-tier cities	Refractive laser surgery, phakic lens surgery, lens exchange surgery

## INDUSTRY OVERVIEW

Notes: RMB:EUR=0.1280 (2018)

- (1) First-tier cities in the PRC refer to Beijing, Shanghai, Guangzhou and Shenzhen.
- (2) This is a publicly listed company.
- (3) The date refers to the year of our establishment in China.

Source: Public Company's Annual Report, Frost & Sullivan analysis

### Key growth drivers in the PRC

The future growth of the market of advanced lens exchange surgery and refractive surgery without PRK/LASEK is expected to be primarily driven by the following factors:

#### 1. Increasing number of populations with high demand for eye care services

The number of related refractive error cases in the PRC has gradually increased due to various factors, including increases in the ageing population and increased access and use of digital products especially by the youth. Consequently, this increasing number of people with refractive errors has created a greater demand for eye care services and is creating more opportunities for private eye care providers.

#### 2. More advanced equipment and expanding scope of surgery types

The technology used in refractive surgery and lens exchange surgery in the PRC has changed tremendously over the last two decades. The state-of-the-art and high tech equipment can not only improve the treatment outcomes but also increase the success rate. For example, with the development of IOLs, from mono-focal to trifocal lens; these premium IOLs have the capability of providing good visual at all distances for individuals with presbyopia and cataract. Private hospitals are fully equipped with advanced medical devices for different refractive surgeries, which promote the market growth for private refractive surgery providers.

#### 3. Improved personal income level and living standards

For the past few decades, China's economy continually developed and grew at a more rapid rate than that of the global average. The living standards of Chinese residents have continuously improved, with annual per capita household disposable income increasing from RMB18,311 in 2013 to RMB25,974 in 2017. With the rise in economic growth, this has led to an increase in household wealth, which in turn is fueling a rise in consumption on healthcare. Along with the improvement of living standards, the residents' awareness of healthcare will also increase for purpose of pursuing high quality of life, thus driving the growth of the private eye care service market in the PRC.

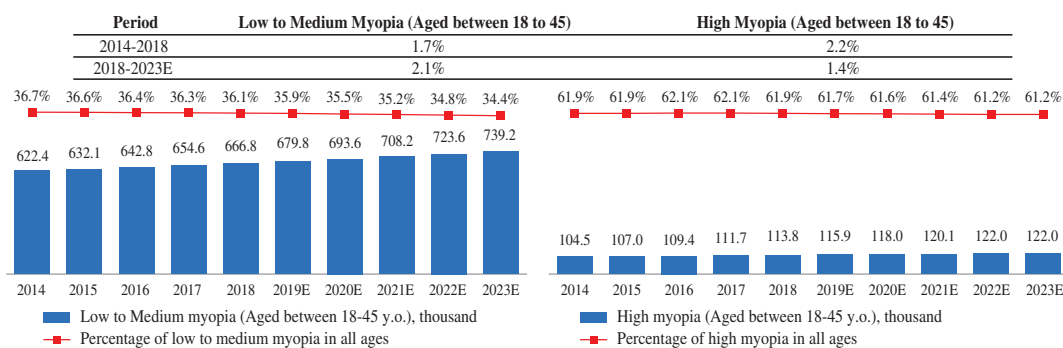
## ADVANCED LENS EXCHANGE SURGERY AND REFRACTIVE SURGERY MARKET WITHOUT PRK/LASEK IN DENMARK

### Number of cases of refractive errors in Denmark

The number of cases of low to medium myopia aged between 18 to 45 years old increased from 622.4 thousand to 666.8 thousand from 2014 to 2018 in Denmark, representing a CAGR of 1.7%. It is expected to reach 739.2 thousand in 2023 representing a CAGR of 2.1%. People aged between 18 to 45 years old represented about 36.1% of the population of low to medium myopia in 2018.

In 2018, 61.9% of individuals with high degree myopia are aged between 18 to 45 years old and this is expected to increase to 122 thousand in 2023, representing a CAGR of 1.4%. The CAGR slightly decreased from that of the past five years because myopia in Denmark is receiving more attention from a public health perspective.

#### Breakdown of myopia cases in Denmark, 2014-2023E



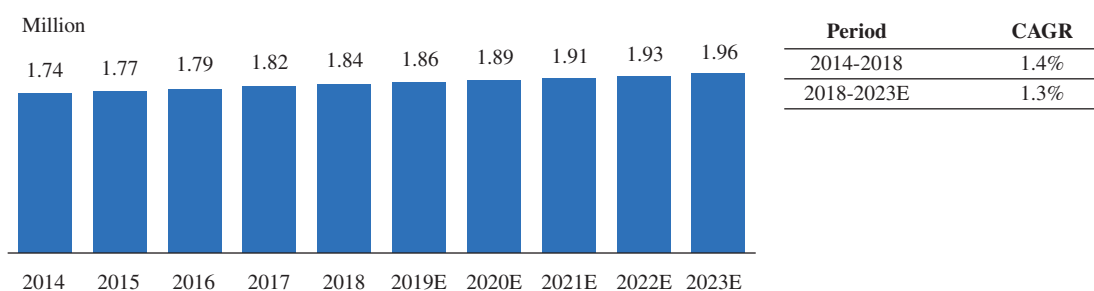
Source: Frost & Sullivan analysis



## INDUSTRY OVERVIEW

In 2018, the population of presbyopia individuals aged over 45 was 1.84 million, and this is expected to increase to 1.96 million in 2023.

### Number of cases of presbyopia aged over 45 years old in Denmark, 2014-2023E

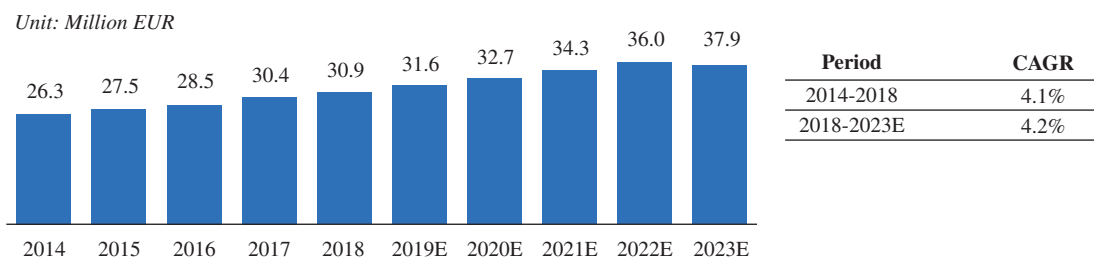


*Source: Frost & Sullivan analysis*

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK market in Denmark

The market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK increased from €26.3 million in 2014 to €30.9 million in 2018, representing a CAGR of 4.1%. Driven by the continued growth of the number of refractive error cases and increasing affluent population, the market is expected to climb to €37.9 million in 2023, representing a CAGR of 4.2% after 2018.

### Market size of advanced lens exchange surgery and refractive surgery without PRK/LASEK Market in Denmark, 2014-2023E



*Note: The market size includes revenue generated from LASIK, ReLEx SMILE, ICL and trifocal lens exchange surgery in Denmark.*

*Source: Public Company's Annual report, Frost & Sullivan analysis*

Our group is one of the largest market players in terms of revenue generated by performing advanced lens exchange surgery and refractive surgery without PRK/LASEK. The following table sets forth the top five service providers in Denmark in terms of revenue and market share in 2018.

Ranking	Company	Revenue Generated from Denmark (2018, Million EUR)	Market Share (%)	Establishment Year	Clinics Location	Main Business
1	Company N	4.4	14.2%	1990	Non-first-tier cities	Laser treatment, refractive surgery
2	Our Group	3.3	10.8%	1993	First-tier and other cities	Refractive laser surgery, phakic lens surgery, lens exchange surgery
3	Company O	2.9	9.5%	2015	Non-first-tier cities	Laser treatment, refractive surgery, eye disease
4	Company P	2.9	9.5%	2011	Non-first-tier cities	Laser treatment, refractive surgery
5	Company Q	2.8	9.1%	1985	Non-first-tier cities	Laser treatment, refractive surgery, eye disease

*Source: Frost & Sullivan analysis*

### Key Growth Drivers in Denmark

The future growth in the market of advanced lens exchange surgery and refractive surgery without PRK/LASEK is expected to be primarily driven by the following factors in Denmark:

**1. *Rising number of cases of refractive errors and cataract***

There has been a steady increase in the incidence and number of cases of refractive errors and cataract patients in Denmark, primarily due to the ageing population and the changing lifestyles. The growing number of such cases has led to the increasing demand for ophthalmic services, in particular lens exchange surgery and refractive surgery.

**2. *Rising disposable income of consumers***

Surgeries such as refractive laser surgery, ICL surgery, and implantation of presbyopia-correcting IOLs outside of cataract surgery, are not covered by public health plans or private insurance. With the rising disposable income of consumers in Denmark, it is predicted that the advanced lens exchange surgery and refractive surgery without PRK/LASEK market will be boosted.

**3. *Increasing diagnosis and awareness***

Currently, the diagnosis rate for refractive errors and cataract in Denmark is low. Under diagnosis can be partly due to insufficient eye examinations, making it difficult for patients to feel the onset of the disease and for physicians to diagnose the problem. There have been many initiatives taken by the governments and other supportive associations to improve this by launching frequent eye examinations and treatment options available. With increased patient education efforts and improved diagnostic tools, the patient base will steadily rise throughout the forecast period.

### Key Entry Barriers

The key entry barriers in the advanced lens exchange surgery and refractive surgery market (without PRK/LASEK) are as followings:

**1. *Capital-intensive nature***

The initial cost to be borne by providers of lens exchange surgery and refractive surgery without PRK/LASEK is significant. Capital is required for the acquisition or rental of sites and premises which is appropriate for the conduct of the business, arranging for the fit-out of such sites and premises, procurement of ophthalmic equipment and recruitment of suitably qualified employees. Moreover, for more advanced services provided by more established centres, some surgical procedures require advanced and specialised laser machinery, such as excimer lasers and femtosecond lasers, which will not be affordable for many eye-care centres.

**2. *Experienced surgeons***

Despite the high success rates of certain surgical treatments for disorders, lens exchange surgery and refractive surgery rely on the skills of the individual ophthalmic surgeons, which vary in quality. Other factors, including limited access to excimer or femtosecond lasers and lack of training opportunities in refractive surgery, also constrain the number of qualified surgeons. Some private hospitals will keep surgeons operating for more hours each day so they can perform more procedures.

**3. *Timely update of new technologies***

Although most of the medical professionals are open to adopting new technologies and techniques, the professionals need to be trained. Though being vital, it is hard for normal ophthalmic medical service providers to timely update and adopt the new technologies, where medical service providers with good vision can play an important role.

### Key Threats

The key threats in the advanced lens exchange surgery and refractive surgery market (without PRK/LASEK) are as followings:

**1. *New entrants***

Competition within the advanced lens exchange surgery and refractive surgery market is heating up. As demands for lens exchange and refractive surgery are increasing steadily, which correlate with economic growth, there are more refractive surgery centres showing up or expanding business.

**2. *Regulations***

Regulation determines what technologies and therapies are available for diagnosing, monitoring, and treating eye disorders. For example, the medical device approval processes in China can be long, complicated, costly, and subject to change, and China's regulatory environment has typically delayed the introduction of therapies when



## INDUSTRY OVERVIEW

compared with the US or Europe. The change of regulations may bring threats to different players, for instance, China's regulators have tended to favour local companies, which may have negative influences for foreign companies.

### Trend of Cost Components

Cost components of this market primarily includes the cost of medical professionals as well as raw materials and consumables. In China, Germany and Denmark, labour cost is highly associated with the macroeconomy, and it is expected to remain stable in the next five years. In respect of raw materials and consumables, lens is the main components in this market, while lens pricing varies widely by country and lens design. There is no obvious factor that will lead to a change of the prime cost within the forecasted period.

### Number of Eye Surgeries Performed by the High Volume Surgeons

Lens exchange surgery and refractive laser surgery are highly automated with standardised surgical process. In general, the total duration of this procedure will be approximately 10 to 15 minutes per eye for both types.

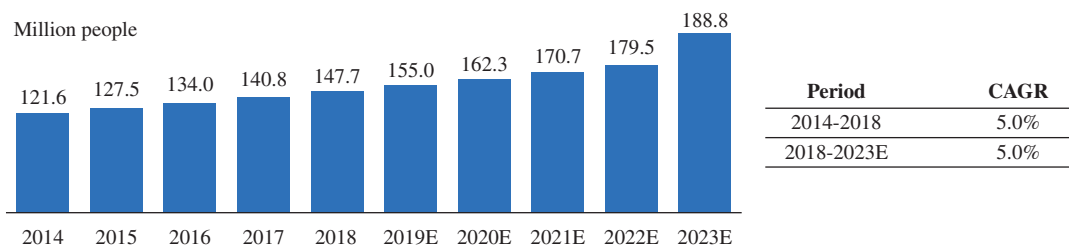
Theoretically, a full-time surgeon could perform over 40 lens exchange surgeries or refractive laser surgeries a day with plenary preoperative preparation by nurses or assistants. There were cases where surgeons in the PRC even performed more than 80 surgeries in one day.

In industry practice, the number of surgeries performed by a high volume surgeon in a private ophthalmic clinic could be over 3,600 a year in China, while the number could be over 2,400 in Germany and over 1,500 per year in Denmark. The difference is mainly due to the surgeons' operating hours and treatment demand among those regions.

### CATARACT TREATMENT MARKET IN THE PRC

Cataract formation is part of the natural ageing process, while some other factors can also lead to earlier development of cataract, such as malnutrition, diabetes, trauma or radiation. Number of cases of cataract in the PRC has increased from 121.6 million in 2014 to 147.7 million in 2018, representing a CAGR of 5.0%. Total number of cataract cases that is anticipated to increase is projected to be 188.8 million in 2023, representing a CAGR of 5.0% from 2018 to 2023.

**Number of cases of cataract aged over 45 in the PRC, 2014-2023E**



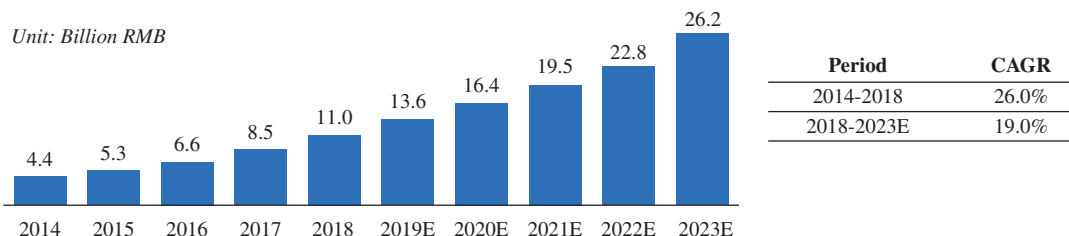
*Source: Frost & Sullivan analysis*

### Market size of cataract treatment in the PRC

Currently, cataract is the main cause of blindness and a leading public health issue in the PRC due to the ageing population, which gives considerable potential to the market of cataract treatment.

The predominant treatment methods for cataract in the PRC include phacoemulsification and lens exchange surgery. The market size of cataract treatment in terms of revenue in the PRC has reached RMB11.0 billion in 2018, which increased from RMB4.4 billion from 2014, representing a CAGR of 26.0%. The market is expected to grow to RMB26.2 billion in terms of revenue by 2023, representing a CAGR of 19.0%.

**Market size of cataract treatment in the PRC, 2014-2023E**



*Source: Public Company's Annual Report, Frost & Sullivan analysis*

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## REGULATORY OVERVIEW

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*The following is a brief summary of the laws and regulations in Germany, Denmark and the PRC that currently materially affect our business. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. The summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as of the date of this prospectus, which may be subject to change.*

### APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN GERMANY

#### Regulations on our clinics

##### *Regulations on qualifications of shareholders of private clinics under the GewO*

Several of our subsidiaries in Germany are regulated by the GewO as they are classified as operating “private clinics” within the meaning of the GewO. Under several German local professional laws, ownership in medical institutions in the form of a legal entity under private law (e.g. in the form of a German limited liability company, *GmbH*) by third party private investors who are not qualified medical practitioners is not allowed. Being structured as a private clinic holding a Concession, this offers the legal possibility of ownership by third party private investors.

According to the GewO, a Concession is issued for for-profit private clinics which provide (partly) in-patient treatment in which the medical and nursing care provided must be at a sufficient level for the provision of (partly) in-patient treatments in order to ensure the patient’s safety. Such for-profit private clinics are neither included in any public clinic plans or state financing nor in any provision contracts with statutory health insurance.

The Concession, according to section 30 of the GewO, as currently held by several of our subsidiaries in Germany can serve as an investment vehicle for private investors in healthcare companies and accordingly, is a means for private investors to participate in healthcare companies such as our Group.

As at the Latest Practicable Date, we have obtained Concessions for nine of our centres in Germany, being operated by six of our subsidiaries in Germany.

#### Regulations on healthcare providers

As a healthcare service provider in Germany, our clinics are subject to regulations concerning a number of aspects including (i) provisions with respect to adequate medical and nursing care for its customers from a sanitary, hygiene, technical, structural and waste disposal point of view; (ii) the qualification and professional guide on the practitioner performing the

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## REGULATORY OVERVIEW

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medical services on behalf of the service provider; (iii) anti-corruption and anti-bribery issues; (iv) compliance in relation to advertisement and marketing; (v) regulations with respect to patients; and (vi) permits, licenses, authorisations and approvals required for the operation of a healthcare service business. Such regulations include the Infection Protection Act (*Infektionsschutzgesetz*), Medical Devices Act (*Medizinproduktegesetz*), Ordinance on Operating Medical Devices (*Medizinbetriebsverordnung*), Regulation on Hygiene and Infection Prevention in medical institutions (*Verordnung zur Hygiene und Infektionsprävention in medizinischen Einrichtungen*), Pharmaceutical Act (*Arzneimittelgesetz*), the GewO, Ordinance on Hazardous Substances (*Gefahrstoffverordnung*) and local waste disposal provisions with respect to medical waste.

The adherence to such provisions is supervised and enforced by competent authorities such as (i) the Trade Supervisory Board (*Gewerbeaufsichtsamt*) and the local health offices (*Gesundheitsbehörden*), (ii) the medical associations on Federal State level as well as the German Medical Association (*Ärzttekammern*) and (iii) the authorities competent for permits required for the provision of the company's business.

As at the Latest Practicable Date, save as disclosed in the section headed "Business – Legal proceedings and compliance matters – Compliance" in this prospectus, we have not been in breach of any provisions of the relevant regulations.

### **Regulations on qualified healthcare services practitioners**

German healthcare services practitioners are subject to several laws which regulate their profession. In order to be permitted to practice as a medical practitioner in Germany each practitioner requires a medical license. Additionally, in order to specialise in a specific medical discipline, a practitioner must complete and pass the particular residency.

The German Criminal Act (*Strafgesetzbuch*) and several industry codes regulate the interactions between the healthcare industry and practitioners, in particular with respect to anti-corruption and anti-bribery to ensure independence of practitioners, particularly where a practitioner is also a shareholder of the healthcare service provider and whose interests may be influenced by the business performance and/or financial results of the healthcare institutions.

Healthcare marketing with respect to medical services (in particular towards potential customers) is subject to regulation under certain laws, in particular the Healthcare Advertisement Act (*Heilmittelwerbegesetz*) and the German Act against Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*).

Before undergoing medical treatment (e.g. a surgery), a patient has to be informed and has to provide his/her consent to the treatment including, among other things, its scope, impact and risks and prospects by the practitioner in charge, according to section 630e of the German Civil Code and section 8 of the Professional Code of Conduct for Physicians in Germany (*Musterberufsordnung für Ärzte*). The scope and level of accuracy of the information required to be disclosed to patients vary depending on the urgency and the prospects of the treatment

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## REGULATORY OVERVIEW

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in issue. The information must be provided in a comprehensible form, the standard of which is determined on a case-by-case basis. It should be ensured that the patients are able to understand such information in German or receive the relevant information in a language that they comprehend. The information must be provided verbally in a personal interview, whereby the patient must be given the opportunity to ask questions. Documents such as standard forms are permitted under section 126b of the German Civil Code but they do not discharge the healthcare services practitioners' obligation to verbally inform the patients and ensure that the patient is fully informed and has consented to the treatment.

### **Regulations on ophthalmological healthcare services**

The legal and regulatory framework governing an entity's operations with respect to the provision of medical services in the ophthalmological sector and the service quality is subject to (i) the qualification of the ophthalmologists, (ii) the condition of the specific quality management system with respect to the business of an ophthalmological clinic, in particular the certification under ISO 9001:2015, as well as the adherence to hygienic standards and (iii) the adherence to regulations with respect to the quality of the medical devices and equipment used to perform ophthalmological services offered by the entity.

#### ***(i) Quality management system***

An ophthalmological service provider's quality management system is subject to the regulations of quality management standard ISO 9001:2015. This standard provides in details the scope of a management system regarding the entity's organisation, management, quality management, support infrastructure and its operating systems as well as regular evaluations of the its management system in order to ensure the quality of the services offered. The adherence to ISO 9001:2015 is scrutinised by the respective authority (e.g. a TÜV entity) and certificated in case of compliance for a specific term (e.g. three years). In order for the certification to be renewed, the entity has to be reconsidered by the authorities on a regular basis.

#### ***(ii) Medical devices and equipment***

Medical devices and equipment used to perform medical services offered by the ophthalmologists have to be used and prepared in accordance with respective provisions, including but not limited to the Ordinance on Operating Medical Devices (*Medizinproduktebetreiber – Verordnung*). This is supervised by competent local health offices.

### **Regulations on data protection**

Our German subsidiaries are subject to regulation of data protection under the GDPR, which is promulgated by the European Union. The GDPR prescribes a risk-based approach to the processing of personal data, meaning that entities will have to establish appropriate risk management practices in order to be able to document and demonstrate compliance, for example, conducting regular and ad-hoc risk assessments in various contexts related to the processing of personal data, or risk mitigation.

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In addition to the GDPR, the Federal Data Protection Act (*Bundesdatenschutzgesetz*) (“**BDSG**”) also applies in Germany. Under the BDSG, companies in Germany have an obligation to formally appoint a data protection officer, which can be an employee or external service provider. The data protection officer is in charge of ensuring and monitoring data protection compliance and reports directly to the management of the entity.

The GDPR and BDSG require entities to process personal data in compliance with a set of general principles that are reflected in specific compliance requirements stipulated by them, for instance:

- Before processing the personal data, an entity must ensure that the processing will comply with the general principles. These general principles are mainly related to principles of fairness, transparency, purpose limitation, security of the personal data and accountability.
- Once the entity has assessed the case, a legal basis for processing the data must be identified. These bases are listed in the GDPR and BDSG.
- The GDPR confers data subjects a number of rights with respect to the entity that is processing their personal data and at the same time imposing corresponding obligations on the entity.
- The GDPR requires an entity to maintain a record of its processing activities under its responsibility.
- The GDPR also imposes a requirement for companies of which the processing of personal data is outsourced to have written data processing agreements.
- The GDPR imposes rules and requirements for the transfer of personal data to countries outside the European Union.

Non-compliance with the GDPR can result in fines of up to €20 million or 4% of the entity’s total worldwide annual turnover, whichever is higher. Penalties such as imprisonment may also be imposed. Furthermore, an entity may be held liable for the damages suffered by the data subjects as a result of the non-compliant processing of personal data.

### **Regulations on dividends**

#### ***(i) Regulations on dividends paid by our subsidiaries in Germany***

Profits generated by our subsidiaries in Germany are subject to taxation in Germany. The profits and losses generated by EuroEyes AugenLaserZentrum Betriebs GmbH, EuroEyes AugenLaserZentrum Stuttgart GmbH, EuroEyes ALZ Hamburg, EuroEyes AugenLaserZentrum München GmbH and EuroEyes AugenLaserZentrum Berlin GmbH are pooled at EuroEyes Deutschland pursuant to an existing profit and loss pooling agreement and

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## REGULATORY OVERVIEW

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fiscal unit for tax purposes. Any profits made by these subsidiaries are automatically reflected as a liability of the respective subsidiary towards EuroEyes Deutschland and a corresponding receivable of EuroEyes Deutschland towards the respective subsidiary. Conversely, any losses made by these subsidiaries are automatically reflected as a receivable of the respective subsidiary towards EuroEyes Deutschland and a corresponding liability of EuroEyes Deutschland towards the respective subsidiary for all financial years during which the profit and loss pooling agreement between these subsidiaries and EuroEyes Deutschland exists and EuroEyes Deutschland is the owner of the majority of the voting rights with regard to the respective subsidiary. The profits and losses of these subsidiaries will be reflected on the level of EuroEyes Deutschland and the resulting net profit of EuroEyes Deutschland (which includes the profit of EuroEyes Deutschland from its own operations) is subject to 15% corporate income tax plus 5.5% solidarity surcharge thereon and trade tax which is a municipal tax and subject to the local rates applicable on the various sites of each subsidiary.

Dividends paid by EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany to its direct shareholder, EuroEyes KG, are subject to a 25% withholding tax plus 5.5% solidarity surcharge thereon.

EuroEyes KG has to pay trade tax on its entire annual taxable income. The applicable trade tax rate (being the rate of the city of Hamburg in 2019) is 16.45%. Dividends received by EuroEyes KG from EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany are exempt from trade tax by 95%, which means consequentially the trade tax just applies on 5% of the dividends received.

EuroEyes Holdings is subject to German corporate income tax with a tax rate of 15% plus 5.5% solidarity surcharge thereon on all profits made by EuroEyes KG due to its status as a limited partner of EuroEyes KG. The profits made by EuroEyes KG include dividends received from EuroEyes Deutschland. These dividends are exempt by 95% from corporate income tax and solidarity surcharge thereon.

Any withholding tax and solidarity surcharge thereon retained by EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany on dividends paid to EuroEyes KG can be credited against the corporate income tax (including solidarity surcharge thereon) liability of EuroEyes Holdings for the fiscal year in which the dividend was due if the shares in EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany are to be allocated to the German branch of EuroEyes Holdings for tax purposes, which is constituted by EuroEyes KG. A tax ruling has been obtained from the competent German tax authority on 25 January 2019, in which the German tax authority shares our view that the shares in EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany are to be allocated to that branch for tax purposes upon full completion of the restructuring as described in our application for the tax ruling, provided that the participation of non-healthcare professionals as indirect shareholders of EuroEyes ALZ Bremen and LASIK Germany has no negative effect on the validity of the formation of LASIK Germany and the validity of the transfer and acquisition of shares in LASIK Germany and EuroEyes ALZ Bremen by EuroEyes Deutschland as more particularly described in the section headed “Risk Factors” in this prospectus. For details of the tax ruling, please see the section headed “History, Reorganisation and Corporate Structure – Reorganisation – German tax ruling in respect of the Reorganisation” in this prospectus.



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If the corporate income tax liability (including solidarity surcharge thereon) of EuroEyes Holdings of a fiscal year should be lower than the withholding tax retained and remitted by EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany on dividends paid to EuroEyes KG, then the balance will be refunded by the competent German tax authorities to EuroEyes Holdings upon issuance of the corporate tax assessment notice for the respective fiscal year, provided that the withholding tax can be credited as described above.

Any profits generated by EuroEyes KG on an after tax basis can be paid out to EuroEyes Holdings without any German withholding taxes or other German taxes save for the corporate income tax and solidarity surcharge as described above.

***(ii) Profit and loss pooling agreement in respect of EuroEyes KG which will be effective from 1 January 2020 at the earliest***

We intend to enter into a profit and loss pooling agreement with effect from 1 January 2020 at the earliest, in order to establish a fiscal unit between EuroEyes KG as parent company and EuroEyes Deutschland as subsidiary with effect from 1 January 2020 at the earliest.

Upon establishment of such fiscal unit, any profits made by EuroEyes Deutschland (including the combined profits of its direct subsidiaries under the profit and loss pooling agreements with these subsidiaries) are automatically reflected as a liability of EuroEyes Deutschland towards EuroEyes KG and a corresponding receivable of EuroEyes KG towards EuroEyes Deutschland. Any losses made by EuroEyes Deutschland are automatically reflected as a receivable of EuroEyes Deutschland towards EuroEyes KG and a corresponding liability of EuroEyes KG towards EuroEyes Deutschland. This profit and loss effect is applicable for all financial years during which (i) the profit and loss pooling agreement between both companies exists, (ii) EuroEyes KG is the owner of the majority of the voting rights with regard to EuroEyes Deutschland and (iii) the shares in EuroEyes Deutschland remain allocated to the German permanent establishment of EuroEyes KG. The profits and losses of EuroEyes Deutschland (including the combined profits of its direct subsidiaries under the profit and loss pooling agreements with these subsidiaries) will be reflected on the level of EuroEyes KG, and the resulting net profit of EuroEyes KG (which includes the profit of EuroEyes KG from its own operations) is subject to trade tax which is a municipal tax with local rates applicable on the various sites of each German subsidiary directly owned by EuroEyes Deutschland payable by EuroEyes KG and 15% corporate income tax plus 5.5% solidarity surcharge thereon payable by EuroEyes Holdings as limited partner of EuroEyes KG. This taxation of the profits is applicable if the requirements for a credit of otherwise applicable withholding tax on dividends as described above are fulfilled on the level of EuroEyes Holding.

The tax effect of the profit and loss pooling agreement is to avoid the cash flow impact on otherwise applicable German withholding tax and avoidance of taxation of profits made by the direct German subsidiaries of EuroEyes Deutschland on the level of EuroEyes KG as dividends received.

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## REGULATORY OVERVIEW

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*(iii) Example to illustrate the tax effects in Germany*

The tax effects on our Company resulting from the measures described above under the paragraph headed “– Regulations on dividend” in this section and from our Group’s underlying corporate structure in Germany (including the legal form of EuroEyes KG) can be illustrated in an exemplary and simplified manner as follow. The illustration shall be subject to the following assumptions:

- (i) a single wholly-owned subsidiary of EuroEyes Deutschland (the “**EED Subsidiary**”) has entered into a profit and loss pooling agreement with EuroEyes Deutschland and made an annual profit before profit transfer (and before income taxes on the profit) of 100 units under the generally accepted accounting principles in Germany (“**German GAAP**”). As EuroEyes Deutschland itself is a wholly owned subsidiary of EuroEyes KG, which in turn is wholly owned by EuroEyes Holdings, it is assumed that the control in EED Subsidiary by EuroEyes Deutschland and the control in EuroEyes Deutschland by EuroEyes KG will be maintained and held throughout the financial year of such entities and that all these entities will have the same financial year (as contemplated in the illustration);
- (ii) EuroEyes KG carries out a business activity which is taxable in Germany from the beginning of the fiscal year of the EED Subsidiary and the shareholding in the EED Subsidiary is related to such business activity;
- (iii) the annual results of each of EuroEyes Deutschland and EuroEyes KG shall consist of only the annual profit of the EED Subsidiary which have been transferred in the same financial year (in the case of a profit and loss pooling agreement, the profit is, in principle, always transferred in the same financial year; without a profit and loss pooling agreement, in-phase transfer is, in principle, possible by means of an advance profit distribution);
- (iv) at each corporate level, the financial results under German GAAP corresponds to the financial results under German tax law; and
- (v) a German corporate income tax rate (including solidarity surcharge) of approximately 16% and an average German trade tax rate of approximately 15% shall be applied at each corporate level for simplification purposes.

Please note that the following scenarios are purely exemplary and have been simplified for illustration purposes.



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## REGULATORY OVERVIEW

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The first scenario (“**Scenario 1**”) below demonstrates the tax effect for our Company in the event there is no profit and loss pooling agreement between EuroEyes Deutschland and EuroEyes KG.

### Scenario 1

	<b>Units</b>
<b>EED Subsidiary level</b>	
Result before profit transfer	100.0
Income taxes <sup>(1)</sup>	0.0
Profit transfer	(100.0)
<i>Result after profit transfer</i>	0.0
<b>EuroEyes Deutschland level</b>	
Investment income/result before tax	100.0
Income taxes (approximately 31%)	(31.0)
<i>Result after tax</i>	69.0
<b>EuroEyes KG level</b>	
Investment income/result before tax <sup>(2)</sup>	69.0
Income taxes (trade tax only) (approximately 15% of 5% of investment income)	(0.5)
<i>Result after tax</i>	68.5
<b>EuroEyes Holdings level</b>	
Investment income/profit share KG (after trade tax)	68.5
Income taxes (corporate income tax only) (approximately 16% of 5% of investment income) <sup>(3)</sup>	(0.6)
<i>Result after tax</i>	67.9
<b>Total German tax burden for our Company</b>	<b>(32.1)</b>

*Notes:*

- (1) There is no income tax on the profit transferred under the profit and loss pooling agreement between EED Subsidiary and EuroEyes Deutschland.
- (2) The distribution to EuroEyes KG is subject to approximately 26% withholding tax (including solidarity surcharge), which will, however, be credited to EuroEyes Holdings at a later date.
- (3) The tax base for corporate income tax is the KG profit share before trade tax (i.e. 69.0). Taxation is independent of distribution. There is no withholding tax on the distribution of the profit share of EuroEyes KG to EuroEyes Holdings.

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## REGULATORY OVERVIEW

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The second scenario (“**Scenario 2**”) below demonstrates the tax effect for our Company in the event there is a profit and loss pooling agreement between EuroEyes Deutschland and EuroEyes KG.

### Scenario 2

	<b>Units</b>
<b>EED Subsidiary level</b>	
Result before profit transfer	100.0
Income taxes <sup>(1)</sup>	0.0
Profit transfer	(100.0)
<i>Result after profit transfer</i>	0.0
<b>EuroEyes Deutschland level</b>	
Investment income/result before profit transfer	100.0
Income taxes	0.0
Profit transfer	(100.0)
<i>Result after profit transfer</i>	0.0
<b>EuroEyes KG level</b>	
Investment income/result before tax	100.0
Income taxes (trade tax only) (approximately 15%) <sup>(2)</sup>	(15.0)
<i>Result after tax</i>	85.0
<b>EuroEyes Holdings level</b>	
Investment income/profit share KG (after trade tax)	85.0
Income taxes (corporate income tax only) (approximately 16%) <sup>(3)</sup>	(16.0)
<i>Result after tax</i>	69.0
<b>Total German tax burden for our Company</b>	<b>(31.0)</b>

*Notes:*

- (1) There is no income tax on the profit transferred under the profit and loss pooling agreement between EED Subsidiary and EuroEyes Deutschland.
- (2) The 95% exemption as applied in Scenario 1 does not apply here, as the entire income of EuroEyes KG is derived from the profit pooling which does not qualify as a dividend.
- (3) The tax base for corporate income tax is the KG profit share before trade tax (i.e. 100.0). Taxation is independent of distribution. There is no withholding tax on the distribution of the profit share of EuroEyes KG to EuroEyes Holdings.

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The third scenario (“**Scenario 3**”) below demonstrates the additional tax burden that would arise in Scenario 2 if EuroEyes KG did not have the legal form of a German partnership but of a German corporation (e.g. a GmbH), which is provided for comparison purposes (assuming that all other assumptions underlying Scenario 2 are fulfilled).

### Scenario 3

	<b>Units</b>
<b>EED Subsidiary level</b>	
Result before profit transfer	100.0
Income taxes <sup>(1)</sup>	0.0
Profit transfer	(100.0)
<i>Result after profit transfer</i>	0.0
<b>EuroEyes Deutschland level</b>	
Investment income/result before profit transfer	100.0
Income taxes	0.0
Profit transfer	(100.0)
<i>Result after profit transfer</i>	0.0
<b>EuroEyes KG level (assuming that EuroEyes KG is in the legal form of a corporation and not a partnership)</b>	
Investment income/result before tax	100.0
Income taxes (approximately 31%)	(31.0)
<i>Result after tax</i>	69.0
<b>EuroEyes Holdings level</b>	
Income from investments/result before tax	69.0
Final withholding tax of approximately 26% <sup>(2)</sup>	(18.0)
<i>Result after tax</i>	51.0
<b>Total German tax burden for our Company</b>	<b>(49.0)</b>

*Notes:*

- (1) There is no income tax on the profit transferred under the profit and loss pooling agreement between EED Subsidiary and EuroEyes Deutschland.
- (2) This is inclusive of the solidarity surcharge. The final withholding tax can be reduced to approximately 16% if certain substance requirements are met by EuroEyes Holdings. A further reduction would be only possible if there was a double taxation agreement between Germany and the country of EuroEyes Holdings’ tax residence (which is not applicable at the moment) and that agreement provided for a further withholding tax reduction for such investment income. As at the Latest Practicable Date, Germany and Hong Kong do not have a double taxation agreement with respect to income taxes.

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### APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN DENMARK

#### The general legal framework

The Danish Health Act (*Bekendtgørelse of sundhedsloven*) (“**Sundhedsloven**”) is the overall legal framework for the Danish healthcare sector and regulates, among other things, the rights, duties and obligations for authorised healthcare professionals and public and private healthcare institutions.

Furthermore, Sundhedsloven contains regulations regarding patient rights, information and consent in connection with treatment and upon disclosure and retrieval of personal health information, quality of healthcare services, patient safety, cooperation with industry (for instance affiliation with pharmaceutical companies) and supervision of healthcare practitioners as well as public and private healthcare institutions.

Sundhedsloven is supplemented by Executive Orders and Guidelines. Executive Orders are legally binding rules of law which contains more detailed regulations. Guidelines are not legally binding but serve as an interpretation of the law.

#### *Registration of healthcare institutions*

Pursuant to the Executive Order 976 of 27 June 2018 on Registration, Notification and Supervision of Public and Private Clinics, all healthcare institutions must be registered with the Danish Patient Safety Authority. A healthcare institution is defined as an entity where authorised healthcare professionals provide healthcare services and includes private clinics.

Registered healthcare institutions are included in the public Health Organisation’s Register of Organisations kept by the Danish Patient Safety Authority and is required to pay an annual fee.

The Danish Patient Safety Authority supervises the registered healthcare institutions. The scope of supervision includes, among other things, assessment of compliance with applicable requirements in relation to facilities, hygiene, handling and storage of medicine, patient care, operations, sedation, instructions and procedures. For ophthalmological practices the rules are further specified in Specific Guidelines for ophthalmology (*Specialevejledning for oftalmologi*) which are issued and/or regularly updated by the authorities. The Danish Patient Authority publishes information about the healthcare institutions including surveillance reports. The healthcare institutions are also obliged to publish its latest surveillance report on its website and the report must be immediately available at its premise(s).

Healthcare institutions failing to comply with the obligation to register or pay annual fees or publish the latest surveillance report are subject to fines and may be subject to higher penalties if laid down in other legislation.

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### ***Registration of company doctor (virksomhed sansvarlig læge)***

Owners of private healthcare institutions must appoint a company doctor according to Act 219 of 14 April 1999. It is the company doctor's responsibility to ensure that the healthcare services provided by the healthcare institutions are carried out in accordance with the standards for professional practice and the duties and obligations laid down in the relevant legislations.

A private healthcare institution must notify the name, civil registration number and place of residence of the company doctor as well as a description of the company doctor's education and qualification to the Danish Health Authority for registration.

Private healthcare institutions failing to comply with the obligations to appoint a company doctor or to provide the required information to the Danish Health Authority are subject to fines. If the company doctor fails to comply with the obligations to ensure that the healthcare services provided by the healthcare institutions are carried out in accordance with the standards for good professional practice and in accordance with relevant legislations, the company doctor may be removed and subject to fines or other penalties as may be applied under other legislations.

### ***Regulations on authorisation and supervision by national authorities***

#### *Authorisation of healthcare practitioners*

The legal framework on authorisation of healthcare practitioners is laid down in Act 1141 of 13 September 2018. It is further supplemented by Executive Orders on specific authorisations.

Authorisation of healthcare practitioners and permits to independently practice as a doctor or medical specialist is supervised by the Danish Patient Safety Authority and healthcare professionals and their employers are obliged to hand over all information necessary for the supervisory tasks.

The right to use titles associated with healthcare practitioners, including the title as doctor and medical specialist (*speciallæge*), as well as the right to carry out healthcare service using the particular title in question are subject to authorisation and issue of permit from the Danish Patient Safety Authority. Authorisation will be granted based on completion of a specified education and registration of the healthcare practitioner. Executive Order 95 of 2 February 2018 stipulates the specific regulations for permission to use the title as medical specialist.

The Danish Patient Safety Authority can revoke the registration status of or impose restrictions on the practice of a healthcare practitioner if he/she imposes danger to patient safety or fails to cooperate with the supervision. Revocations of authorisation and imposition of restrictions are effectuated through a court procedure and judgment, which will be subsequently made public. The Danish Patient Safety Authority can suspend authorisations in the course of investigation of whether there are grounds for bringing a revocation or restriction case before the court.

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Authorised healthcare practitioners who are found to be grossly negligence and recklessness in their practice are subject to fines and up to four months of imprisonment.

Executive Order 241 of 11 March 2010 stipulates the fee rates for issuing authorisations by the Danish Patient Safety Authority.

Act 1141 of 13 September 2018 co-exists with the European Union's regulation on recognition of professional qualifications and which also regulates our business in Denmark.

### *Authorised healthcare practitioners' use of assisting staff*

Authorised healthcare practitioners, including ophthalmologists at private medical institutions, may delegate the provision of certain types of healthcare services except the preparation of prescriptions to assisting staff according to Executive Order 1219 of 11 December 2009. The authorised practitioner must ensure that the assisting staff is qualified for and is properly supervised in providing healthcare services.

The Danish Health Authority may issue injunctions and bans on the management of the private medical institutions if it has failed to ensure that the assisting staff is qualified for and is properly supervised in providing the healthcare services.

### *Authorised healthcare practitioners' patient journals*

A patient journal must be created for each patient at a medical institution and the management personnel are responsible for its structure, content and access to record keeping in compliance with the requirements including, among others things, clarity, control, instructions and supervision according to Executive Order 530 of 24 May 2018.

All authorised healthcare practitioners are obliged to carry out record keeping of the patient journal as part of their duties and they will be held responsible for the content of his/hers record in the journal.

Patient journals can be kept electronically or on paper and must be in Danish. They must be kept for a period ranging from five to ten years, depending on the type of healthcare service provided. Information must not be deleted or in any way made unreadable. Storage and destruction of patient journals must be carried out in a secure and sound manner. The Executive Order 530 of 24 May 2018 also stipulates rules on transfer of patient journal due to termination of treatment activities and other circumstances.

Healthcare practitioners who fail to comply with the Executive Order and the relevant rules are subject to fines.

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### ***Regulations on reporting requirements***

#### *Reporting to nationally approved clinical quality databases and transmission of data to the national authorities*

Authorised healthcare practitioners must report information to the national and regional clinical quality databases as required under Executive Order 585 of 28 May 2018. The reporting must be made monthly, or as separately agreed with the clinical quality database/national authorities. The information must include the relevant information on the health status of individuals and confidential information from patient records. The information is kept by the national and the regional quality databases in order for the authorities conduct an ongoing monitoring, evaluation and development of Danish clinics.

#### *Reporting unintentional incidents*

Healthcare practitioners including those providing services at private medical institutions are obliged to report unintentional incidents at the private treatment facility to the region to which they are subject to, under Executive Order 1 of 3 January 2011.

### ***Regulations on obtaining information and consent from patients***

Healthcare practitioners including private practitioners at private medical institutions must comply with the Executive Order 509 of 13 May 2018 regarding information and consent in connection with treatment, disclosure and retrieval of patients' health information. Healthcare practitioners must ensure informed consents from patients are obtained before obtaining health information on the patients and performing treatments, and before disclosure of any obtained information. Consents from patients can only be obtained after informing him/her regarding, among other things, treatment efficiency, potential complications and side effects (if any). Furthermore, the informed consents must comply with requirements included in the relevant data protection regulations of the European Union and the Danish data protection regulation.

Healthcare practitioners failing to comply with the Executive Order 509 of 13 May 2018 are subject to fines and up to four months of imprisonment.

### ***Regulations on marketing and advertising in the healthcare industry***

#### *Advertising of healthcare services*

Advertisement of healthcare services are regulated by Act 326 of 6 May 2003 and Executive Order 828 of 26 June 2018. Advertisement of healthcare services must be objective and factual, and the use of false, misleading or inadequate indications and course of actions are not permitted.

Advertisement on television, film, video or similar media is not allowed and the use of film or other forms of vivid pictures on internet advertising of healthcare services is only permitted on the website of the service provider.

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The Danish Health Authority supervises compliance with the relevant regulations and non-compliance with the rules are subject to fines and companies may incur criminal liability in accordance with the rules in the Danish Penal Code.

### *Regulations on use of information technology in the healthcare sector*

Healthcare practitioners and private medical institutions are obliged to ensure that their information technology systems are compatible with the standards as approved by Statens Serum Institut, a regulatory body under the Danish Ministry of Health. The standards are subject to the requirements and rules stipulated in the Executive Order 160 of 12 February 2013 on standards for the use of information technology in the healthcare sector.

### *Regulations on disposal of healthcare wastes*

Wastes from private medical institutions are subject to the Act 1121 of 3 September 2018 on Environmental Protection, the Executive Order 1309 of 18 December 2012 on Waste and the Guideline 60178 on disposal of healthcare wastes.

Act 1121 of 3 September 2018 sets out the legislative framework for the handling of waste and implements the European Union's Directive on waste and includes major principles such as obligation to handle waste in a way that does not have a negative impact on the environment and human health, an encouragement to apply the principles for waste reduction and, in accordance with the polluter-pays principle, a requirement that the costs of disposing of waste must be borne by the holder of waste, by previous holders or by the producers of the product from which the waste came.

Executive Order 1309 of 18 December 2012 regulates, among other things, the control and regulation of the production, storage, collection and disposal of wastes. Guideline 60178 contains the more specific requirements regarding:

- (i) Waste producers and waste types;
- (ii) Infectious diseases and definition;
- (iii) Planning of clinical risk management systems;
- (iv) Collection, packaging and storage of clinical hazardous waste;
- (v) Transport of clinical risk waste;
- (vi) Treatment of clinical risk waste; and
- (vii) Checklists for the establishment and evaluation of clinical hazardous waste schemes.

Medical institutions failing to comply with the relevant regulations regarding disposal of healthcare wastes are subject to fines.



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### *Regulations on competition*

In addition to the competition law of the European Union that may apply in Denmark, the major national legislation is the Danish Competition Act (*Konkurrenceoven*) which includes two major prohibitions, which are the prohibition on anti-competitive agreements under section 6 and the prohibition on abuse of a dominant position under section 11 of the Danish Competition Act.

### *Prohibition on anti-competitive agreements*

Section 6 of the Danish Competition Act prohibits agreements that restrict/attempt to restrict competition. The primary examples prohibited by section 6 are:

- (i) Cartel arrangements in any form, including but not limited to:
  - price fixing;
  - coordinated price increases;
  - coordinated discounts;
  - the fixing of other relevant commercial conditions;
  - market sharing arrangements;
  - customer sharing arrangements; and
  - bid ridding.
- (ii) Illegal information exchange between competitors; and
- (iii) Resale price maintenance.

### *Prohibition on abuse of a dominant position*

The abuse of a dominant position is prohibited pursuant to section 11 of the Danish Competition Act. There is no fixed market share determining when a company is dominant, but an entity will likely be deemed to be at a dominant position if it possesses a market share of approximately 40% or more of the relevant market.

The examples of practices that may constitute an abuse are the following instances include:

- (i) Imposing exclusivity provisions on customers or suppliers;

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- (ii) Imposing unfair purchase or selling prices or other unfair trading conditions;
- (iii) Predatory pricing;
- (iv) Tying/Bundling;
- (v) Certain types of rebates; and
- (vi) Discrimination.

### *Fines and imprisonment*

Violations of the Danish Competition Act may, among other things, result in fines and imprisonment. A company violating the Danish Competition Act may be subject to fines depending on factors such as the gravity of the infringement, the duration of the infringement, and the size of the company.

### ***Regulations on Data Protection***

On 25 May 2018, a new data protection regulation, GDPR, came into effect in the European Union. For more information, please see the paragraph headed “Applicable laws and regulations to our business in Germany – Regulations on data protection” in this section.

## **APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC**

### **Regulations on the Reform of Healthcare Institutions**

#### ***Opinions on deepening the reform of the medical and healthcare system***

The Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Reform of the Medical and Healthcare System (中共中央、國務院關於深化醫藥衛生體制改革的意見) promulgated on 17 March 2009 encourage social capital to invest in the healthcare institutions (including investments by the foreign investors), and promote the development of private healthcare institutions and the reform of public healthcare institutions (including those established by state-owned enterprises) through social capital investment.

#### ***Notice on further encouraging and guiding the establishment of medical institutions by social capital***

The Notice of the General Office of the State Council on Forwarding the Opinions of the National Development and Reform Commission, the Ministry of Health and Other Ministries on Further Encouraging and Guiding the Establishment of Medical Institutions by Social Capital (國務院辦公廳轉發發展改革委衛生部等部門關於進一步鼓勵和引導社會資本舉辦醫療機構意見的通知), which was promulgated by the General Office of the State Council on 26

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November 2010, stipulates that the PRC government encourages and supports investments by private investors in healthcare institutions of various types. Private investors are permitted to apply to establish for-profit or not-for-profit healthcare institutions. Private healthcare institutions are encouraged to engage or authorise domestic or overseas healthcare institutions with professional experience to participate in the management of hospitals to improve their efficiencies.

### *Several Opinions on Promoting the Development of Healthcare Service Industry*

Several Opinions on Promoting the Development of Healthcare Service Industry (國務院關於促進健康服務業發展的若干意見), which was promulgated by the State Council on 28 September 2013, encourage the private sector to invest in the healthcare service industry by various means including new establishment and participation in restructuring and propose the idea of the relaxation of the requirements for Sino-foreign equity joint or cooperative joint healthcare institutions and gradually expand eligibility in the pilot program for wholly foreign-invested healthcare institutions.

### *Several Opinions on Accelerating the Development of Medical Institutions with Social Capital*

Several Opinions on Accelerating the Development of Medical Institutions with Social Capital (關於加快發展社會辦醫的若干意見), which was promulgated on 30 December 2013 by the National Health and Family Planning Commission (the “NHFPC”) and the State Administration of Traditional Chinese Medicine (the “SATCM”), stipulate the policies to support the development of private-invested healthcare institutions, including but not limited to the (i) gradual relaxation of investment in healthcare institutions by foreign capital; (ii) relaxation of requirements for service sectors, allowing social capital’s investment in the areas which are not explicitly prohibited; and (iii) acceleration of the approval procedures regarding the establishment and operation of private hospitals.

### *Notice on Printing and Distributing the Outline of the National Medical and Healthcare Service System Plan (2015-2020)*

The Notice on Printing and Distributing the Outline of the National Medical and Healthcare Service System Plan (2015-2020) (關於印發全國醫療衛生服務體系規劃綱要(2015-2020年)的通知), which was promulgated by the General Office of the State Council on 6 March 2015, stipulates that private medical institutions are significant and integral parts of the medical and healthcare service system as well as an effective approach to fulfilling people’s multi-level and diversified medical and healthcare service needs. Private medical institutions may provide high-end services to fulfil extra needs which are beyond basic needs. The pilot scheme of establishment of medical institutions solely invested by qualified overseas capitals shall be expanded step by step. The restrictions on service scope shall also be reduced and the social capitals shall be allowed to invest in areas not explicitly prohibited by the laws and regulations.

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### *Several Policies and Measures Regarding the Promotion of Accelerating the Development of the Medical Institutions Invested by Social Capital*

Several Policies and Measures Regarding the Promotion of Accelerating the Development of the Medical Institutions Invested by Social Capital (關於促進社會辦醫加快發展若干政策措  
施), which was promulgated by the General Office of the State Council on 11 June 2015 and came into effect on the same day, stipulate (i) the elimination and cancellation of unreasonable preceding items for examination and approval and the reduction in the time required for making such examination and approval; (ii) the reasonable control of the number and scale of the public medical institutions and the exploration of the space for development of the medical institutions invested by social capital; and (iii) the support for the listing and financing of such eligible and qualified for-profit medical institutions invested by social capital.

### *Notice on Printing Guiding Principles for the Allocation Planning of Medical Institutions (2016-2020)*

The Notice on Printing Guiding Principles for the Allocation Planning of Medical Institutions (2016-2020) (國家衛生計生委關於印發醫療機構設置規劃指導原則(2016-2020年)的通知), which was promulgated by the NHFPC on 21 July 2016, encourages the establishment of medical institutions by social capital and stipulates (i) the acceleration of the scale and high-level development of medical institutions with social capital, and the involvement of medical institutions with social capital in relevant planning to reserve space for the allocation of resources such as beds and large medical equipment according to a certain proportion; (ii) the cancellation of limitations on the amount and location of medical institutions with social capital in accordance with total amount and structure of planning.

### **Regulations on the administration and classification of healthcare institutions**

#### *Administrative Measures on Medical Institutions and the Medical Institution Practicing License*

The Administrative Measures on Medical Institutions (醫療機構管理條例), which was promulgated on 26 February 1994 by the State Council and came into effect on 1 September 1994 and amended on 6 February 2016, and the Implementation Measures of the Administrative Measures on Medical Institutions (醫療機構管理條例實施細則), promulgated by the Ministry of Health of the PRC (“MOH”) on 29 August 1994 and came into effect on 1 September 1994 and last amended on 21 February 2017 by NHFPC, stipulate that any entity or individual that intends to establish a healthcare institution must follow the application approval procedures and register with the relevant healthcare administrative authorities to obtain a Medical Institution Practicing License (醫療機構執業許可證).

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### *Administrative Measures for the Examination of Medical Institutions (for Trial Implementation)*

The Administrative Measures for the Examination of Medical Institutions (for Trial Implementation) (醫療機構校驗管理辦法(試行)) (the “**Administrative Measures for Examination**”), which was promulgated by the MOH and came into effect on 15 June 2009, stipulate that a healthcare institution’s Medical Institution Practicing License (醫療機構執業許可證) is subject to periodic examinations and verifications by the registration authorities, and will be cancelled if such healthcare institution fails to pass the examination.

### *Opinions on Implementing Classification Administration of Urban Medical Institutions*

The Opinions on Implementing Classification Administration of Urban Medical Institutions (關於城鎮醫療機構分類管理的實施意見), jointly promulgated by the MOH, SATCM, MOF and National Development and Reform Commission (the “**NDRC**”) on 18 July 2000 and came into effect on 1 September 2000, provide that not-for-profit and for-profit healthcare institutions shall be classified based on their business objectives, service purposes and implementation of divergent financial, taxation, pricing and accounting policies.

### *Administrative Measures for the Clinical Application of Medical Technologies*

According to the Administrative Measures for the Clinical Application of Medical Technologies (醫療技術臨床應用管理辦法), which was promulgated by the National Health Commission on 13 August 2018 and took effect on 1 November 2018, a negative management system is established for the clinical application of medical technologies. More specifically, those listed on the negative list to be promulgated are deemed to be prohibited medical technologies and the clinical application of which is prohibited; certain medical technologies that are beyond the negative list but possess certain prescribed characteristics are subject to strict record-filing management by the relevant health administrative department which require self-assessment of the medical technologies in question and submission of certain prescribed materials; and those medical technologies that are not categorised as prohibited or restricted medical technologies may be subject to clinical application by medical institutions according to their own functions, objectives, technical capabilities and so on and be strictly managed by the medical institutions themselves.

### **Regulations on the supervision over pharmaceuticals and medical equipment in healthcare institutions**

#### *Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation)*

The Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation) (醫療機構藥品監督管理辦法(試行)), which was promulgated by the China Food and Drug Administration (the “**CFDA**”) and came into effect on 11 October 2011, stipulate that healthcare institutions must purchase pharmaceuticals from

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enterprises qualified for the production or distribution of pharmaceuticals and comply with certain standards in respect of the storage, dispensation and use of such pharmaceuticals. Pharmaceutical preparation dispensed by a healthcare institution must only be used by and for that healthcare institution. Healthcare institutions are prohibited from selling prescription pharmaceuticals to the public by such means as post, online transaction and open-shelf selection.

### **Laws and regulations on medical personnel of healthcare institutions**

#### *Law on Medical Practitioners of the PRC*

The Law on Medical Practitioners of the PRC (中華人民共和國執業醫師法), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on 26 June 1998 and came into effect on 1 May 1999 and amended on 27 August 2009, provides that physicians in the PRC must obtain qualification licenses for their medical profession. Qualified physicians and qualified assistant physicians must register with the relevant public health administrative authorities at or above the county level. After registration, physicians may work at healthcare institutions in their registered location in the types of jobs and within the scope of medical treatment, disease-prevention or healthcare business as provided in their registration. On 28 February 2017, the NHFPC promulgated the Administrative Measures for the Registration of Medical Practitioners (醫師執業註冊管理辦法) (the "**Medical Practitioners Registration Measures**"), which became effective on 1 April 2017, further stipulate that medical practitioners shall obtain the Practicing Certificate to practice upon registration and provide in detail the requirements and procedures for the registration and the modifications to be made to such registration upon occurrence of certain prescribed circumstances.

#### *Several Opinions on Accelerating the Development of Medical Institutions with Social Capital and Several Opinions on Promoting and Standardising Multi-Institution Practice of Medical Practitioners*

Several Opinions on Accelerating the Development of Medical Institutions with Social Capital (關於加快發展社會辦醫的若干意見), promulgated on 30 December 2013 by the NHFPC and the SATCM, specifically stipulate that multi-institution practices of medical practitioners shall be permitted and relevant authorities should permit the orderly movements of the medical personnel among medical institutions of various sponsorships. The Several Opinions on Promoting and Standardising Multi-Institution Practice of Medical Practitioners (關於印發推進和規範醫師多點執業的若干意見的通知), jointly issued by the NHFPC, the NDRC, the Ministry of Human Resources and Social Security, the SATCM and the China Insurance Regulatory Commission on 5 November 2014, stipulate that the clinical, dental and traditional Chinese medicine practitioners are allowed to practice in multiple places. According to the Medical Practitioners Registration Measures, for any other institution in which the medical practitioner intends to practice, such medical practitioner shall apply to the health administrative authority for approval on the practice of such institution for separate registration, in which the name of such institution shall be indicated.

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### *Administrative Provisions for Short-term Medical Practice of Doctors in the PRC*

According to the Interim Administrative Measures on Foreign Physicians' Short-term Medical Practice in China (外國醫師來華短期行醫暫行管理辦法), promulgated by the MOH on 7 October 1992, became effective on 1 January 1993 and amended on 28 November 2003 and revised by the NHFPC on 19 January 2016, foreign doctors practicing medicine in China must be registered and obtain the Temporary License for Foreign Physician to Practice Medicine in PRC (外國醫師短期行醫許可證).

### *Regulations on Nurses*

The Regulations on Nurses (護士條例), promulgated by the State Council on 31 January 2008 and came into effect on 12 May 2008, provide that a nurse must obtain a Nurse's Practicing Certificate, which is valid for five years. The number of nurses on duty at a healthcare institution shall not be less than the standard number as prescribed by the public health administrative authority of the State Council.

### *Prescription management*

According to the Administrative Measures for Prescriptions (處方管理辦法), which was promulgated by the MOH on 14 February 2007 and came into effect on 1 May 2007, a registered medical practitioner is entitled to issue prescriptions at his registered practice location. The Measures for the Classification and Administration of Prescription Pharmaceuticals and Non-prescription Pharmaceuticals (For Trial Implementation) (處方藥與非處方藥分類管理辦法(試行)), which were promulgated by CFDA on 18 June 1999 and came into effect on 1 January 2000, set forth different systems for the control of prescription and non-prescription drugs. Medical institutions can decide or recommend the use of non-prescription pharmaceuticals with regard to medical necessary.

### **Laws and regulations on medical malpractice**

#### *Tort Liability Law of the PRC*

The Tort Liability Law of the PRC (中華人民共和國侵權責任法), which was promulgated by the SCNPC on 26 December 2009 and came into effect on 1 July 2010, provides that, if a healthcare institution or its medical personnel are at fault for damage inflicted on a patient during the course of diagnosis and treatment, the healthcare institution will be liable for compensation. Healthcare institutions and their medical personnel will protect the privacy of their patients and will be liable for the damage caused by divulging the patients' private or medical records without consent.



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### *Regulations on Handling Medical Malpractice*

The Regulations on Handling Medical Malpractice (醫療事故處理條例), which was promulgated by the State Council on 4 April 2002 and came into effect on 1 September 2002, provides a legal framework and detailed provisions regarding the prevention, technical identification, disposition, supervision, compensation and penalties of or relating to cases involving personal injury to patients caused by healthcare institutions or medical personnel due to malpractice.

### **Regulations on medical advertising in the PRC**

#### *Advertisement Law of the PRC*

The Advertisement Law of the PRC (中華人民共和國廣告法) (the “**Advertisement Law**”), which was promulgated by the SCNPC on 27 October 1994 and came into effect on 1 February 1995 and further amended on 24 April 2015 and 26 October 2018, provides that advertisements shall not contain false statements and be deceitful or misleading to consumers. Advertisements legally required to receive censorship, including those that are relating to pharmaceuticals and medical devices, shall be reviewed by relevant authorities in accordance with relevant rules before being published.

#### *Interim Measures for the Administration of Internet Advertisement*

The Interim Measures for the Administration of Internet Advertisement (互聯網廣告管理暫行辦法), which was promulgated by the State Administration of Industry and Commerce (the “SAIC”) on 4 July 2016 and came into effect on 1 September 2016, provides that internet advertisement shall be identifiable and clearly identified as an “advertisement” so that consumers will identify it is as such. Paid search advertisements shall be clearly distinguished from natural search results. It is prohibited to publish advertisements for prescription drugs and tobaccos via the internet. No advertisement of any medical treatment, medicines, foods for special medical purpose, medical apparatuses, pesticides, veterinary medicines, dietary supplement or other special commodities or services which are subject to review by advertisement examination authorities as stipulated by laws and regulations shall be released unless it has passed such examination.

#### *Administrative Measures on Medical Advertisement*

The Administrative Measures on Medical Advertisement (醫療廣告管理辦法), jointly promulgated by the SAIC and the MOH on 27 September 1993, took effect on 1 December 1993, amended on 10 November 2006 and came into effect on 1 January 2007, require that medical advertisements shall be reviewed by relevant health authorities and obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before they may be released by a healthcare institution. Medical Advertisement Examination Certificate has an effective term of one year and may be renewed upon application.



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### **Regulations on environmental protection related to healthcare institutions**

#### ***Regulations on the Management of Medical Waste and its implementation measures***

The Regulations on the Management of Medical Waste (醫療廢物管理條例), promulgated by the State Council on 16 June 2003 and came into effect on the same day and further amended and came into effect on 8 January 2011, and the Implementation Measures for the Management of Medical Waste of Medical and Health Institutions (醫療衛生機構醫療廢物管理辦法), promulgated by the MOH on 15 October 2003 and came into effect on the same day, stipulate that healthcare institutions must categorise the medical waste in accordance with the Classified Catalogue of Medical Waste (醫療廢物分類目錄) for management purpose and timely deliver medical waste to a medical waste disposal entity approved by the environmental protection administrative department at or above the county level for centralised disposal.

### **Laws and regulations related to intellectual property rights**

#### ***Trademark***

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which became effective on 1 March 1983 and was last amended on 30 August 2013 and took effect on 1 May 2014 (which was further amended on 23 April 2019 and will take effect on 1 November 2019), and the Regulation for the Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例), which became effective on 15 September 2002 and was amended on 29 April 2014 and took effect on 1 May 2014, the Trademark Office of the administrative department for industry and commerce under the State Council is responsible for the registration and administration of trademarks in the PRC. A trademark registrant enjoys an exclusive right to the trademark. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licensor shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish the same. An unrecorded license may not be used as a defence against a third party in good faith.

#### ***Domain Names***

On 28 May 2012, the China Internet Network Information Centre (the “CNNIC”) issued the Implementing Rules for Domain Name Registration (中國互聯網絡信息中心域名註冊實施細則), which took effect on 29 May 2012 setting forth the detailed rules for registration of domain names. Pursuant to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated on 24 August 2017 and became effective on 1 November 2017, registration of domain name shall follow the principle of “first apply, first register”. The Measures of the China Internet Network Information Centre on Domain Name Dispute Resolution (2014 Revision) (中國互聯網絡信息中心域名爭議解決辦法(2014年修訂)), implemented by the CNNIC on 1 September 2014, require domain name disputes to be submitted to institutions authorised by the CNNIC for resolution.

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### Laws and regulations related to foreign investment in the PRC

#### *Company Law of the PRC*

The Company Law of the PRC (中華人民共和國公司法) (the “**Company Law**”), which was promulgated by the SCNPC on 29 December 1993 and came into effect on 1 July 1994, last amended on 26 October 2018, provides that companies established in the PRC may take form of company of limited liability or company limited by shares. Each company has the status of a legal person and owns its assets itself. Assets of a company may be used in full for the company’s liability. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

#### *Laws and Regulations in Relation to Sino-Foreign Joint Ventures*

The Law on Sino-Foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) (the “**EJV Law**”) was promulgated and implemented on 8 July 1979. It was subsequently amended on 4 April 1990, 15 March 2001 and 3 September 2016. The Implementation Rules for the Law on Sino-Foreign Equity Joint Ventures of the PRC (中華人民共和國中外合資經營企業法實施條例) (the “**EJV Rules**”) were promulgated by the State Council on 20 September 1983, and last amended on 2 March 2019. The EJV Law and its implementation rules state the establishment and approval procedures, requirements on registered capital, restrictions on foreign exchange, accounting practices, taxation, labour requirements and other issues applicable to Sino-foreign equity joint ventures. On 1 January 2020, the EJV Law will be terminated and replaced by the Foreign Investment Law of the PRC (中華人民共和國外商投資法).

#### *The Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprises*

The Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (2018 Revision) (外商投資企業設立及變更備案管理暫行辦法 (2018年修正)), which was promulgated and implemented by the MOFCOM on 29 June 2018, set out the prescribed procedures for the establishment and modifications of foreign-invested enterprises which are not subject to the special management measures on admission as stipulated by the PRC to be filed for records with the delegated commerce authorities and specify the procedures and requirements for such filing in detail. Foreign-invested enterprises and their investors shall provide information for filing and completing the declaration form for filing application truthfully, accurately and completely according to such provisional measures without any false records, misleading statements or material omission.

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### *Interim Provisions on Investment Made by Foreign-Invested Enterprises in China*

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in China (關於外商投資企業境內投資的暫行規定), jointly promulgated by the Ministry of Foreign Trade and Economic Cooperation of the PRC and the SAIC on 25 July 2000 and amended on 28 October 2015, stipulates that a foreign-invested enterprise (the “**FIE**”) are not permitted to invest in any sector prohibited to foreign investment. Where the FIE makes investment in a restricted sector, the FIE must file an application with the provincial commercial department of the place where the investee company is located. The relevant company registration authority will, in accordance with the relevant provisions of the Company Law and the Regulations on the Administration of Company Registration of the PRC (中華人民共和國公司登記管理條例), decide whether or not to approve the registration. If the registration is approved, a Business License of an Enterprise Legal Person will be issued with the designation “Invested by a Foreign-Invested Enterprise”. The FIE is required to report the establishment of the investee company within 30 days of the date of its establishment to the original examination and approval authority for record-filing.

### **Domestic regulations on establishment of foreign invested hospitals**

#### *The Catalogue for the Guidance of Foreign Investment Industries and The Special Administrative Measures (Negative List) for the Access of Foreign Investment*

Investment in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) (the “**Catalogue**”), which was first issued in 1995 and amended from time to time. The Catalogue promulgated by the MOFCOM and the NDRC on 28 June 2017 and became effective on 28 July 2017 (the “**2017 Catalogue**”), contains specific provisions guiding market access of foreign capital and stipulates in detail the areas of entry pertaining to the categories of encouraged foreign investment industries, restricted foreign investment industries and prohibited foreign investment industries. The latter two categories are included in the negative list, which was first introduced into the 2017 Catalogue, and listed, in a unified manner, the restrictive measures for the entry of foreign investment.

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2018) (外商投資准入特別管理措施(負面清單)(2018年版)) (the “**2018 Negative List**”), jointly promulgated by the NDRC and MOFCOM on 28 June 2018, and came into effect on 28 July 2018, stipulate that foreign investors may not invest in prohibited foreign investment industries as provided by the 2018 Negative List, and a foreign investment permission must be obtained prior to investing in other areas that are listed on but not prohibited by the 2018 Negative List. The Catalogue of Industries in which Foreign Investment is Encouraged (2019 Revision) (鼓勵外商投資產業目錄 (2019年版)), the 2019 Catalogue, and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2019) (外商投資准入特別管理措施(負面清單) (2019年版)), the 2019 Negative List, which were issued on 30 June 2019 and came into effect on 30 July 2019, have replaced the 2017 Catalogue and the 2018 Negative List and further reduce restrictions on the foreign investment. According to the 2019 Negative List, medical institutions are limited to equity joint ventures and cooperative joint ventures.

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### *Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors*

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定), jointly promulgated by the MOFCOM, State-owned Asset Supervision and Administration Commission of the State Council, SAT, SAIC, China Securities Regulatory Commission and the SAFE on 8 August 2006, came into effect on 8 September 2006 and subsequently amended by the MOFCOM on 22 June 2009, require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by relevant commerce authorities.

### **Regulations on the management of lease housing**

#### *Administrative Measures on Leasing of Commodity Housing*

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), promulgated by the SCNPC on 5 July 1994 and last amended on 27 August 2009 (which was further amended on 26 August 2019 and will take effect on 1 January 2020), and (ii) the Administrative Measures on Leasing of Commodity Housing (商品房屋租賃管理辦法), promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and came into effect on 1 February 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

### **Laws and regulations related to labour protection**

According to the (i) Labour Law of the PRC (中華人民共和國勞動法) effected on 1 January 1995 and last amended on 29 December 2018, (ii) the Labour Contract Law effected on 1 January 2008 and amended on 28 December 2012 and took effect on 1 July 2013, and (iii) the Regulations on the Implementation of the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) issued and became effective on 18 September 2008, an employer must enter into a written labour contract with any employees and the wage or salary must not be lower than the local minimum wage or salary. In addition, an employer must establish a system related to occupation health and safety, provide job training for employees to avoid occupational hazards and protect the rights of employees. When an employer recruits any employees, such employer must inform the employees of the work content, work conditions, work place, occupational hazards, safety conditions and labour compensations.

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According to (i) the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was implemented on 1 July 2011 and amended on 29 December 2018, (ii) the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), issued and effected on 22 January 1999 and revised on 24 March 2019, (iii) the Provisional Measures on Maternity Insurance of Enterprise Employees (企業職工生育保險試行辦法), issued on 14 December 1994 and effected 1 January 1995, (iv) the Regulations on Unemployment Insurance (失業保險條例), issued and effective on 22 January 1999, and (v) the Regulations on Work Related Injuries (工傷保險條例), effected on 1 January 2004 and amended on 20 December 2010 and took effect on 1 January 2011, an employer must make contributions to a number of social security funds for its employees, including the basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance and work-related injury insurance. According to the Regulations on Management of Housing Provident Fund (住房公積金管理條例), effected on 3 April 1999 and last amended on 24 March 2019, an employer must open a housing fund account with the department responsible for the management of housing fund for its employees and make contributions to such housing fund.

### **Laws and regulations related to taxation**

#### *Enterprise income tax*

According to (i) the PRC EIT Law, which was promulgated by the National People's Congress on 16 March 2007 and came into effect on 1 January 2008, and further amended on 24 February 2017 and 29 December 2018, and (ii) the Implementation Regulations on the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the “**PRC EIT Rules**”), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008 and revised on 23 April 2019, the tax rate for both domestic-funded enterprises and foreign-invested enterprises is 25%. Under the PRC EIT Law and PRC EIT Rules, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and subject to the uniform 25% PRC EIT rate for their global income. According to the PRC EIT Rules, a “de facto management body” refers to a managing body that exercises, in substance, overall management and control over the manufacture and business, personnel, accounting and assets of an enterprise. Dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free income.

PRC EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. PRC EIT Rules provide that after 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-resident enterprise investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business, to the extent such dividends are derived from source within the PRC. The income tax on the dividends may

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be reduced pursuant to a tax treaty between the PRC and the jurisdiction in which the non-resident enterprise investors is located if the non-resident enterprise investor is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements.

The Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the “**SAT Circular 7**”) was issued by the SAT on 3 February 2015 and last amended on 29 December 2017, provides comprehensive guidelines heightening the PRC tax authorities’ scrutiny on, indirect transfers by a non-resident enterprise of assets, including assets of organisations and premises in PRC, immovable property in the PRC, equity investments in PRC resident enterprises. On 17 October 2017, the SAT issued the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (關於非居民企業所得稅源泉扣繳有關問題的公告), which took effect on 1 December 2017 and amended on 15 June 2018, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income.

Under the SAT Circular 7 and the Law of the People’s Republic of China on the Administration of Tax Collection (中華人民共和國稅收徵收管理法), which was promulgated by the SCNPC on 4 September 1992 and amended on 24 April 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of tax payment obligation.

### *Tax Treaties*

Pursuant to the Notice on the Several Issues of the Implementation of Tax Treaty (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated by the SAT and came into effect on 20 February 2009, the non-resident taxpayer or the withholding agent is required to obtain and keep sufficient documentary evidence proving that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty. Pursuant to the Administrative Measures for Tax Treaty Treatment for Non-resident Taxpayers (非居民納稅人享受稅收協定待遇管理辦法), which was promulgated by the SAT on 27 August 2015 and further amended on 15 June 2018, any non-resident taxpayer satisfying the conditions for enjoying the tax treaty treatment may be entitled to the tax treaty treatment on its own when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

The Agreement between the Federal Republic of Germany and the People’s Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital (德意志聯邦共和國和中華人民共和國對所得和財產避免雙重徵稅和防止漏稅的協定) (the “**Germany Double Tax Avoidance Agreement**”) was signed on 28 March 2014 and became effective on 6 April 2016, which stipulates that dividends paid by a company which is a resident of a contracting state to a resident of the other contracting



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state may be taxed in that other state. Such dividends may also be taxed in the contracting state of which the company paying the dividends is a resident and according to the laws of that state, but if the beneficial owner of the dividends is a resident of the other contracting state, the tax so charged shall be subject to certain preferential tax policies as prescribed.

The Announcement of the State Administration of Taxation on Issues Relating to “Beneficial Owner” in Tax Treaties (國家稅務總局關於稅收協定中“受益所有人”有關問題的公告) issued by the SAT on 3 February 2018 and came into effect on 1 April 2018, provides that the “beneficial owner” shall mean a person who has the ownership and control over the income and the rights and property from which the income is derived. When an individual who is a resident of the treaty counterparty derive dividend income from the PRC, the individual may be determined as a “beneficial owner”.

### *Value-Added Tax*

The Interim Provisions on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and last amended on 19 November 2017, and the Implementing Rules of the Interim Provisions on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則), promulgated by the MOF and became effective on 25 December 1993, and last amended on 28 October 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services and importing goods in the PRC shall pay a value-added tax. The tax rate for taxpayers engaging in the sales of goods, labour services, tangible movables lease services or the importation of goods shall be 17% unless otherwise stipulated.

According to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (營業稅改徵增值稅試點方案), which was promulgated by the MOF and the SAT, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

Furthermore, according to the Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知), all business tax payers in consumer service industry shall pay value-added tax in lieu of business tax from 1 May 2016 and the medical service provided by the medical institution could be the exempted from value-added tax.

### **Laws and regulations over foreign exchange**

The Regulations on the Control of Foreign Exchange of the PRC (中華人民共和國外匯管理條例), which was promulgated by the State Council on 29 January 1996, became effective on 1 April 1996 and was last amended on 5 August 2008, set out that foreign exchange receipts of domestic institutions or individuals may be remitted back to the PRC or deposited abroad and that SAFE shall specify the conditions relating to the requirements, time periods and other

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aspects of such remittance and deposits in accordance with the international receipts, payments status and requirements of foreign exchange administration. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with other competent authority shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

The Regulations on the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which was promulgated by the People's Bank of China on 20 June 1996 and came into effect on 1 July 1996, provide that foreign exchange earnings under the current account of FIEs may be retained to the fullest extent specified by the relevant foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

On 30 March 2015, the SAFE promulgated the Circular 19, which came into effect on 1 June 2015. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the discretionary foreign exchange settlement (the “**Discretionary Foreign Exchange Settlement**”) and its proportion is temporarily determined as 100%. Furthermore, Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for certain purposes as prescribed in the Circular 19. On 9 June 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (關於改革和規範資本項目結匯管理政策的通知) (the “**SAFE Circular 16**”). The SAFE Circular 16 unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions.

Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), which was issued and effected on 4 July 2014, provides that PRC residents shall register with the SAFE and its local branches in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents. Following the initial registration, any change of basic information such as individual shareholder, name and term of operation or upon capital increase or deduction, share transfer or swap, merger or division and other significant change, shall report to the SAFE for foreign exchange alteration of the registration formality for offshore investment in time.



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## REGULATORY OVERVIEW

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The Notice on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知), which was issued on 13 February 2015 and effected on 1 June 2015, provides that PRC residents may register with qualified banks instead of SAFE in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

### **Laws and regulations related to dividend distribution**

The principal laws and regulations governing distribution of dividends of FIEs include the Company Law, the EJV Law, and the EJV Rules. FIEs in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, FIEs are required to draw certain proportion of their respective accumulated profits after tax each year, if any, to fund certain reserve funds.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

Our origin traces back to 1993 when we began our operations in Hamburg, Germany, under our founder, chairman, executive Director and chief executive officer, Dr Jørgensen. For more information about the background and experience of Dr Jørgensen, please see the section headed “Directors and Senior Management” in this prospectus.

### BUSINESS MILESTONES

Set forth below are the key business milestones in our history:

<u>Year</u>	<u>Events</u>
1993	<ul style="list-style-type: none"><li>• Established our clinic in Hamburg, Germany</li><li>• Commenced offering LASIK services in Germany</li></ul>
1997	<ul style="list-style-type: none"><li>• Opening of our first eye clinic in Denmark</li><li>• Commenced offering LASIK services in Denmark</li><li>• Commenced offering the phakic lens (ICL) surgery in Germany</li></ul>
1999	<ul style="list-style-type: none"><li>• Started to offer the multifocal lens exchange surgery as a treatment option</li></ul>
2000	<ul style="list-style-type: none"><li>• Commenced our operations under the “EuroEyes” brand in Germany</li></ul>
2004	<ul style="list-style-type: none"><li>• We commenced transitioning from offering LASIK to offering FemtoLASIK in Germany</li></ul>
2012	<ul style="list-style-type: none"><li>• Membership to the ICL 1000 Club by Staar Surgical, which is in recognition of having performed over 1,000 phakic lens (ICL) surgeries</li></ul>
2013	<ul style="list-style-type: none"><li>• Opening of our first PRC eye clinic in Shanghai</li></ul>
2014	<ul style="list-style-type: none"><li>• Commenced using laser-assisted lens removal to treat presbyopia, the VisuMax laser to perform ReLEx SMILE procedures and the LenSx femtosecond laser technology in performing bladeless surgeries in the PRC</li><li>• Certified by Carl Zeiss to have performed the second most Zeiss trifocal lens exchange surgeries in the world</li></ul>

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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<u>Year</u>	<u>Events</u>
2015	<ul style="list-style-type: none"><li>• Commenced offering the Zeiss trifocal lens exchange surgery in the PRC</li><li>• Honoured by Carl Zeiss as “Global Centres of Excellence”</li><li>• Certified by Carl Zeiss to have performed the most Zeiss trifocal lens exchange surgeries in the world for the first year</li></ul>
2016	<ul style="list-style-type: none"><li>• Membership to the ICL 3000 Club by Staar Surgical which is in recognition of having performed over 3,000 phakic lens (ICL) surgeries</li><li>• Certified by Carl Zeiss to have performed the most Zeiss trifocal lens exchange surgeries in the world for the second consecutive year</li></ul>
2017	<ul style="list-style-type: none"><li>• Certified by Carl Zeiss to have performed the most Zeiss trifocal lens exchange surgeries in the world for the third consecutive year</li></ul>
2018	<ul style="list-style-type: none"><li>• Certified by Carl Zeiss to have performed the most Zeiss trifocal lens exchange surgeries in the world for the fourth consecutive year</li><li>• Certified by Staar Surgical to have performed the most phakic lens (ICL) surgeries in Europe</li><li>• Certified by Carl Zeiss to have performed the most ReLEx SMILE procedures in Germany</li></ul>

For more information on the major awards and recognition that our Group has received during the Track Record Period, please see section headed “Business – Awards and recognitions” in this prospectus.

### **OUR GROUP**

#### **Our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 August 2018 with an authorised share capital of US\$50,000 divided into 50,000 Shares.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### Our operating subsidiaries

We conduct our business mainly through our subsidiaries in Germany, Denmark and the PRC. Set forth below are the information of the operating subsidiaries of our Group (collectively, the “**Operating Subsidiaries**”), which made material contribution to the performance of our Group during the Track Record Period.

#### *Subsidiaries incorporated in Germany*

Name of company	Date of incorporation	Principal business activities	Locations of clinics and/or centres operated by the subsidiary
EuroEyes alz Augenklinik München GmbH	2 April 1996	Operation of consultation centres and/or clinics for eye treatments	Munich (Bayerstraße and Frauenplatz) and Augsburg
EuroEyes AugenLaserZentrum Bremen GmbH	20 October 1999	Operation of consultation centres and/or clinics for eye treatments	Oldenburg and Bremen
EuroEyes AugenLaserZentrum Berlin GmbH	6 July 2000	Operation of consultation centres and/or clinics for eye treatments	Berlin
EuroEyes Deutschland GmbH <sup>(1)</sup>	5 December 2002	Administration of companies engaged in operating consultation centres and/or clinics for eye treatments	Not applicable
EuroEyes AugenLaserZentrum Stuttgart GmbH	12 February 2003	Operation of consultation centres and/or clinics for eye treatments	Stuttgart and Oberhausen
EuroEyes AugenLaserZentrum Hannover GmbH	1 July 2004	Operation of consultation centres and/or clinics for eye treatments	Hannover
EuroEyes AugenLaserZentrum Betriebs GmbH	20 June 2006	Operation of consultation centres and/or clinics for eye treatments	Frankfurt, Düsseldorf, Dresden and Leipzig

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of company	Date of incorporation	Principal business activities	Locations of clinics and/or centres operated by the subsidiary
EuroEyes AugenLaserZentrum City Hamburg GmbH	14 January 2009	Operation of consultation centres and/or clinics for eye treatments	Hamburg (Valentinskamp) and Lübeck
LASIK Germany GmbH	9 April 2009	Operation of LASIK centres	Munich (Bayerstraße), Stuttgart, Leipzig, Hannover, Hamburg (Hohe Bleichen), Oberhausen and Berlin

### *Subsidiary incorporated in Denmark*

Name of company	Date of incorporation	Principal business activities	Locations of clinics and/or consultation centres operated by the subsidiary
EUROEYES ApS	23 September 1997	Operation of consultation centres and clinics for eye treatments	Aarhus, Copenhagen, Aalborg, Herning and Esbjerg

### *Subsidiaries incorporated in the PRC*

Name of company	Date of incorporation	Principal business activities	Locations of clinics and/or consultation centres operated by the subsidiary
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有 限公司)	18 July 2012	Operation of a clinic for eye treatments	Shanghai
Beijing Deshijia Eye Clinic Co., Ltd.* (北京德視佳眼 科診所有限公司)	28 May 2015	Operation of a clinic for eye treatments	Beijing

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of company	Date of incorporation	Principal business activities	Locations of clinics and/or consultation centres operated by the subsidiary
Shenzhen Deshijia Eye Clinic* (深圳德視佳眼科門診部) <sup>(2)</sup>	3 November 2015	Operation of a clinic for eye treatments	Shenzhen
Guangzhou Deshijia Eye Clinic Co., Ltd.* (廣州德視佳眼科門診部有限公司)	26 August 2016	Operation of a clinic for eye treatments	Guangzhou
Beijing Deshijia Dongbu Eye Clinic Co., Ltd.* (北京德視佳東部眼科診所有限公司)	3 September 2018	Operation of a clinic for eye treatments	Beijing
Hangzhou Deshijia Eye Clinic Co., Ltd.* (杭州德視佳眼科門診部有限公司)	20 November 2018	Operation of a clinic for eye treatments	Hangzhou

\* For identification purpose only

*Notes:*

- (1) After the Track Record Period and as a result of the Reorganisation, the principal business activities of EuroEyes Deutschland were transferred to EuroEyes KG, a German limited partnership which was formed on 27 February 2019.

After the Reorganisation, EuroEyes Deutschland primarily provides financial services to our German subsidiaries whereas EuroEyes KG is principally engaged in the (i) administration of the companies which operate our Group's consultation centres and/or clinics for eye treatments, (ii) performance of our Group's human resources planning, financial planning and other administrative and management functions and (iii) provision of financial, accounting, marketing, quality management and other types of services to our Group. Furthermore, EuroEyes Deutschland is the owner of the trademarks of our Group and the primary tenant of certain leased properties of our Group. Such trademarks are then licensed to EuroEyes KG which sub-licenses the trademarks to other German and Chinese operating entities of our Group. Properties leased by EuroEyes Deutschland are sub-leased to other German operating entities of our Group, including EuroEyes KG.

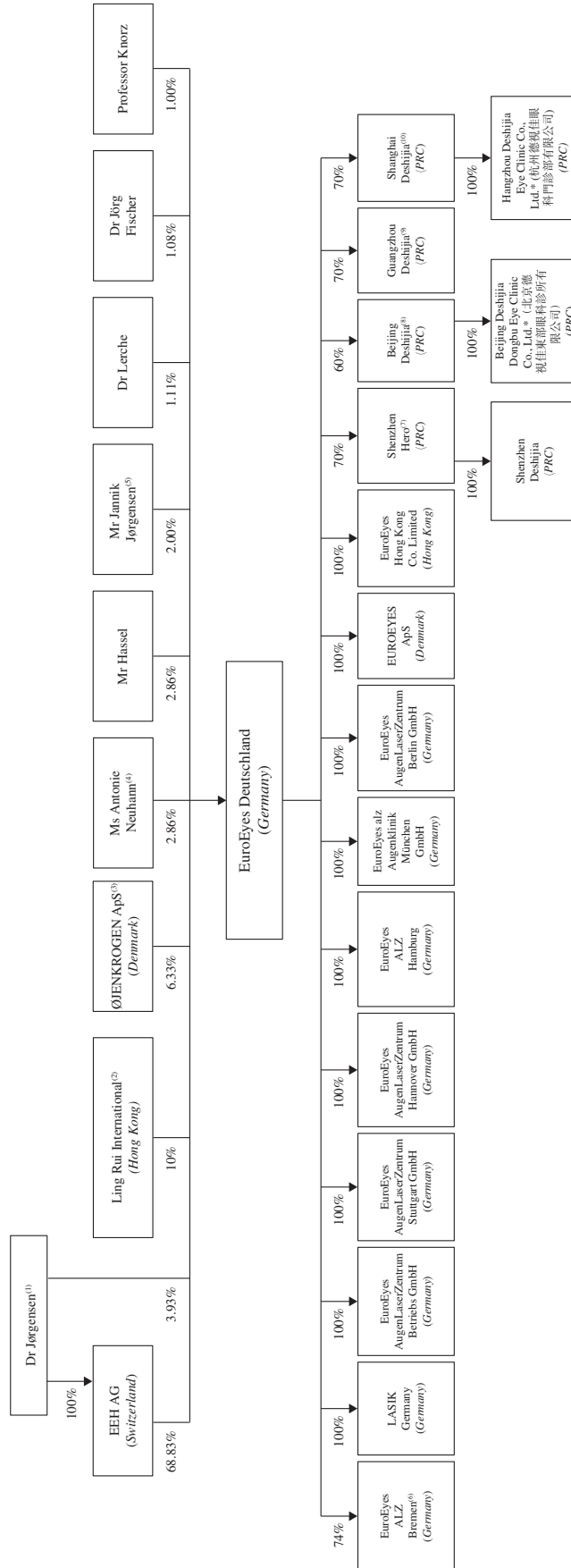
- (2) EuroEyes Deutschland acquired 70% equity interest in Shenzhen Hero on 30 August 2016. As a result of the acquisition, Shenzhen Deshijia, a wholly-owned subsidiary of Shenzhen Hero, became our indirect subsidiary. Shenzhen Deshijia was formerly known as Shenzhen Sunshine Purui Specialist Eye Clinic Co., Ltd.\* (深圳陽光普瑞眼科專科門診部有限公司) and Shenzhen Deshijia Eye Clinic Co., Ltd.\* (深圳德視佳眼科門診部有限公司).

Save as disclosed above and in the paragraph headed “– Reorganisation” in this section, during the Track Record Period, there were no significant changes in the shareholding of our Operating Subsidiaries. For more information about the alterations of the share capital of the members of our Group within two years immediately preceding the date of this prospectus, see section headed “Statutory and General Information – A. Further information about our Group” in Appendix IV to this prospectus.

**REORGANISATION**

**Group structure before the Reorganisation**

Immediately prior to the commencement of the Reorganisation, the structure of our Group was as follows:



\* For identification purpose only



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### Notes:

- (1) Dr Jørgensen is the father of Mr Jannik Jørgensen.
- (2) On 30 August 2016, Ling Rui International acquired 3,301 ordinary shares in EuroEyes Deutschland from EEH AG for a consideration of €10,000,000.

Ling Rui International, a company incorporated in Hong Kong with limited liability, was wholly-owned by Mr Xu Xuyang. The shareholding of Mr Xu Xuyang in Ling Rui International subsequently changed on 31 January 2019. For details, please refer to note 2 to the chart headed “– Reorganisation – Group structure after the Reorganisation” of this section.

Mr Xu Xuyang is the chairman and general manager of Bright Eye Hospital Group (普瑞眼科醫院集團), which is a medical institution with operations located in various locations in the PRC, including Beijing, Shanghai, Chengdu etc. Mr Xu Xuyang was first introduced to Dr Jørgensen in 2012 as a potential joint venture partner to help expand the Group’s business in the PRC. In 2012, Mr Xu Xuyang (through his controlled entity) and the Group formed Shanghai Deshijia as a joint venture company, which subsequently led to the formation of Beijing Deshijia (in 2015) and Guangzhou Deshijia (in 2016), as well as the acquisition of Shenzhen Hero (in 2016). Mr Xu Xuyang also invested in EuroEyes Deutschland, through Ling Rui International, a company controlled by Mr Xu Xuyang, in 2016. Mr Xu Xuyang regularly provided strategic advice to Dr Jørgensen and the Group in relation to the Group’s operating business in the PRC.

Mr Xu Wugui (徐五桂) (“**Mr Xu Wugui**”), who is the father of Mr Xu Xuyang, is a passive investor and has no role in the Group’s operations.

- (3) ØJENKROGEN ApS, a company incorporated in Denmark with limited liability, is wholly-owned by Dr Boberg-Ans.
- (4) Ms Antonie Neuhann is the spouse of Professor Neuhann, our executive Director.
- (5) Mr Jannik Jørgensen is the son of Dr Jørgensen.
- (6) Medizinisches Versorgungszentrum Universitätsallee GmbH, an Independent Third Party, owns the remaining 26% registered share capital in EuroEyes ALZ Bremen.
- (7) The remaining equity interest of Shenzhen Hero was held by Shenzhen Sunshine Hospital Investment Co., Ltd.\* (深圳陽光醫院投資有限公司) (“**Shenzhen Sunshine**”), an Independent Third Party, as to 2.67% and Shanghai Lingrui as to 27.33%. Shanghai Lingrui is held by Mr Xu Xuyang and Mr Xu Wugui as to 86% and 14%, respectively.
- (8) The remaining equity interest of Beijing Deshijia was held by Beijing Zhongrun Hongli Innovation and Investment Co., Ltd.\* (北京中潤弘利創業投資有限公司) (“**Beijing Zhongrun Hongli**”), an Independent Third Party, as to 30% and held by Shanghai Lingrui as to 10%.
- (9) The remaining 30% equity interest in Guangzhou Deshijia is held by Shanghai Lingrui.
- (10) The remaining 30% equity interest in Shanghai Deshijia is held by Shanghai Lingrui.

### Reorganisation steps

We underwent the Reorganisation in preparation for the Listing. Set out below are the material steps of the Reorganisation.

#### 1. *Incorporation of our Company*

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 August 2018 with an authorised share capital of US\$50,000 divided into 50,000 Shares. On the same day, one Share was allotted and issued, credited as fully paid, to an initial subscriber who is an Independent Third Party. On the same day, the initial subscriber transferred one Share to JJB, a company wholly-owned by Dr Jørgensen.

#### 2. *Incorporation of EuroEyes Holdings*

EuroEyes Holdings was incorporated in the Cayman Islands as an exempted company with limited liability on 17 August 2018 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the same day, one share in EuroEyes Holdings was allotted and issued, credited as fully paid, to an initial subscriber who is an Independent Third Party. On the same day, the initial subscriber transferred one share in EuroEyes Holdings to our Company. As a result, EuroEyes Holdings became a wholly-owned subsidiary of our Company.

### ***3. Incorporation of EuroEyes Deutschland Beteiligungs GmbH***

EuroEyes Deutschland Beteiligungs GmbH was incorporated in Germany with limited liability on 20 September 2018 with an authorised share capital of €25,000.00 divided into 25,000 shares of €1.00 each. Upon incorporation, 25,000 shares in EuroEyes Deutschland Beteiligungs GmbH were allotted and issued, credited as fully paid, to EuroEyes Deutschland. Accordingly, EuroEyes Deutschland Beteiligungs GmbH was wholly-owned by EuroEyes Deutschland.

EuroEyes Deutschland Beteiligungs GmbH was initially established as a limited liability company, which was subsequently converted into a German limited partnership as part of the Reorganisation.

### ***4. First round of Pre-IPO Investments***

On 21 September 2018, eight new investors, namely (i) Mr Shu Pai Li, (ii) Dr Hans-Göran Gustaf Helgason, (iii) Ms Yan Wang, (iv) Mr Marcus Huascar Bracklo, (v) Mr Keith Nicholas McKay, (vi) Dr Mathias Fleischer, (vii) Dr Frank Schreyger and (viii) Mr Lars Meier, subscribed for a total of 544 shares in EuroEyes Deutschland for a total consideration of €790,976. The basis of the consideration was determined with reference to the fair value of the shares of EuroEyes Deutschland of €48 million as agreed by the parties through arms' length negotiations (the "**Agreed Valuation**"). The shares were allotted and issued to the investors, credited as fully paid, on 18 October 2018. For more information about the Pre-IPO Investors and the principal terms of the investments, see paragraph headed "– Pre-IPO Investments – Principal terms of the Pre-IPO Investments" in this section.

On 21 September 2018, four existing shareholders of EuroEyes Deutschland, namely (i) Dr Jørgensen, (ii) Dr Lerche, (iii) Professor Knorz and (iv) Mr Jannik Jørgensen subscribed for a total of 445 shares in EuroEyes Deutschland for a total consideration of €647,030. The basis of the consideration was determined with reference to the Agreed Valuation. The shares were allotted and issued to them, credited as fully paid, on 18 October 2018.

### ***5. Transfer of shares in EuroEyes Deutschland from Dr Jörg Fischer to EEH AG and seven of the other shareholders of EuroEyes Deutschland***

As Dr Jörg Fischer decided to realise his investment in EuroEyes Deutschland, he proposed to transfer his shares in EuroEyes Deutschland to EEH AG, a stock company incorporated in Switzerland and wholly-owned by Dr Jørgensen, and seven of the other shareholders of EuroEyes Deutschland who exercised their right of first refusal under a pre-existing shareholders' agreement of EuroEyes Deutschland to acquire part of the shares to be transferred to EEH AG.

As a result, on 19 October 2018, Dr Jörg Fischer transferred all his shares in EuroEyes Deutschland to EEH AG and seven of the other shareholders of EuroEyes Deutschland (excluding Ling Rui International), namely (i) Dr Jørgensen, (ii) ØJENKROGEN ApS, (iii) Ms Antonie Neuhann, (iv) Mr Hassel, (v) Dr Lerche, (vi) Mr Jannik Jørgensen and (vii) Professor Knorz, for a total cash consideration of €500,000 in proportion substantially corresponding to their respective shareholding in EuroEyes Deutschland. The basis of the consideration was determined based on arm's length negotiations between Dr Jørgensen and Dr Jörg Fischer with reference to the Agreed Valuation.

### **6. *Second round of Pre-IPO Investments***

On 26 October 2018, Dr Jørgensen sold a total of 34 shares in EuroEyes Deutschland to Dr Mathias Fleischer for a total cash consideration of €49,436. On 12 November 2018, Dr Jørgensen sold a total of 68 shares in EuroEyes Deutschland to (i) Dr Markus Braun and (ii) Ms Lam Na Linda Li for a total cash consideration of €98,872. On 16 November 2018, Dr Jørgensen sold a total of 476 shares in EuroEyes Deutschland to (i) Mr Thomas Gottschalk, (ii) Ms Thea Gottschalk and (iii) Ms Xia Huang for a total cash consideration of €692,104. The basis of the consideration for each of the above share transfers was determined with reference to the Agreed Valuation. For more information about the principal terms of the investments, see paragraph headed “– Pre-IPO Investments – Principal terms of the Pre-IPO Investments” in this section.

### **7. *Transfer of shares in EuroEyes Deutschland Beteiligungs GmbH from EuroEyes Deutschland to EuroEyes Holdings***

On 30 November 2018, EuroEyes Deutschland transferred the shares representing the entire registered share capital of EuroEyes Deutschland Beteiligungs GmbH to EuroEyes Holdings for a cash consideration of €35,000. Accordingly, EuroEyes Holdings became the sole shareholder of EuroEyes Deutschland Beteiligungs GmbH. The basis of the consideration was determined taking into account the bank account balance of EuroEyes Deutschland Beteiligungs GmbH and the cost of the incorporation of EuroEyes Deutschland Beteiligungs GmbH.

### **8. *Share swaps between EuroEyes Deutschland and our Company***

On 14 December 2018, JJB transferred the one Share held by it in our Company, representing the entire issued share capital of our Company, to Dr Jørgensen for a consideration of €1.00. Upon completion of the share transfer, Dr Jørgensen became the sole shareholder of our Company in place of JJB.

On 19 December 2018, Dr Jørgensen subscribed for 22,993 Shares for a cash consideration of approximately €33,433,219. The basis of the consideration was determined based on the assumption that in the course of the Reorganisation and prior to the Global Offering (i) the former shareholders of EuroEyes Deutschland would become the shareholders of our Company holding the same amount of Shares as the amount of shares held by them in EuroEyes Deutschland, (ii) EuroEyes Deutschland would become a wholly-owned subsidiary of our Company, and (iii) the shares in EuroEyes Deutschland would be the main asset of our Company. Therefore, the value of one Share corresponds to the value of one share in EuroEyes Deutschland, which was determined with reference to the Agreed Valuation.

On the same day, EEH AG transferred all its 22,994 shares in EuroEyes Deutschland, representing approximately 67.63% of the total registered share capital of EuroEyes Deutschland, to our Company for a cash consideration of approximately €33,434,673. The basis of the consideration was determined with reference to the Agreed Valuation. As a result of the aforementioned subscription of Shares by Dr Jørgensen and the transfer of shares in EuroEyes Deutschland by EEH AG, the entire interest in our Group then held by EEH AG was transferred to Dr Jørgensen, the sole shareholder of EEH AG.

On the same day, the shareholders of EuroEyes Deutschland (other than EEH AG), which together own 11,006 shares of EuroEyes Deutschland, representing approximately 32.37% of its total registered share capital, transferred all of the 11,006 shares in EuroEyes Deutschland to our Company, in consideration of the subscription by such shareholders (other than EEH AG) for 11,006 Shares from our Company. The basis of the consideration was determined based on the assumption that the value of one Share corresponds to the value of one share in EuroEyes Deutschland, which was determined with reference to the Agreed Valuation.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As a result, EuroEyes Deutschland became a wholly-owned subsidiary of our Company, and our Company was in turn beneficially owned by the then shareholders of EuroEyes Deutschland except for EEH AG (which was replaced by Dr Jørgensen).

### ***9. Transfer of shares in EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH***

On 19 December 2018, our Company transferred the shares representing the entire registered share capital in EuroEyes Deutschland to EuroEyes Holdings, in consideration of the issuance by EuroEyes Holdings of one share to our Company.

On the same day, EuroEyes Holdings transferred the shares representing the entire registered share capital in EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH, without consideration by way of capital injection in kind. As a result, EuroEyes Deutschland became a direct wholly-owned subsidiary of EuroEyes Deutschland Beteiligungs GmbH.

### ***10. Transfer of shares in LASIK Germany and EuroEyes ALZ Bremen from EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH***

On 6 February 2019, EuroEyes Deutschland transferred its entire shares in each of (i) LASIK Germany and (ii) EuroEyes ALZ Bremen to EuroEyes Deutschland Beteiligungs GmbH for a cash consideration in an amount of €3,620,000, being the preliminary purchase price of the shares in LASIK Germany and EuroEyes ALZ Bremen, which is subject to adjustment. The final purchase price shall be equal to the fair market value of the transferred shares in LASIK Germany and EuroEyes ALZ Bremen, which will be determined with reference to a valuation report.

### ***11. Conversion of EuroEyes Deutschland Beteiligungs GmbH into a limited partnership***

On 27 February 2019, EuroEyes Deutschland Beteiligungs GmbH was converted from a company with limited liability (*Gesellschaft mit beschränkter Haftung*) into a limited partnership (*Kommanditgesellschaft*) under the name of EuroEyes Deutschland Holding GmbH & Co. KG. The sole limited partner of EuroEyes KG is EuroEyes Holdings, a wholly-owned subsidiary of our Company, and the sole general partner is EuroEyes Deutschland Verwaltungs GmbH, a company incorporated in Germany with limited liability on 25 February 2019 and a wholly-owned subsidiary of our Company.

Save as disclosed in the section headed “Risk Factors” in this prospectus in respect of LASIK Germany and EuroEyes ALZ Bremen, our German Legal Adviser confirmed that, in connection with the reorganisation of our Group’s structure, the share transfers, reorganisations, acquisitions and disposals in respect of the German subsidiaries of our Company and the conversion into a German limited partnership as described above have been properly and legally completed in accordance with the applicable German corporate laws and regulations.

### German tax ruling in respect of the Reorganisation

Under the tax regime in Germany, a taxpayer is entitled to make an application to the competent tax authority in Germany and request for a ruling regarding a particular tax issue. Upon assessing the application, the competent German tax authority may (at its discretion) determine whether to issue a binding tax ruling to the taxpayer applicant regarding the future tax treatment of a specifically contemplated situation, which would provide tax-planning security to the taxpayer applicant. In Germany, the obtaining of a tax ruling is a voluntary measure which only creates planning security for the taxpayer applicant, but does not form any new tax law. For the final assessment of the tax treatment of a certain situation of the taxpayer applicant (in particular by the tax courts in Germany), the relevant tax laws will always remain applicable and decisive.

As our Company is incorporated in the Cayman Islands with substantive operations in Germany, we are of the view that it would be prudent to voluntarily apply for a tax ruling for tax-planning security purposes. We have obtained a tax ruling on 25 January 2019 from the Free and Hanseatic City of Hamburg, Tax Office Hamburg-centre (*Freie und Hansestadt Hamburg, Finanzamt Hamburg-Mitte*), which is the competent tax authority in Germany. The competent tax authority in Germany is of the view that:

- (i) the shares in EuroEyes Deutschland, EuroEyes ALZ Bremen and LASIK Germany are to be allocated to the German branch for tax purposes of EuroEyes KG;
- (ii) any and all dividends that will be paid by EuroEyes ALZ Bremen and LASIK Germany to EuroEyes KG are to be reflected in the German permanent establishment of EuroEyes KG;
- (iii) any and all profits and losses transferred by EuroEyes Deutschland to EuroEyes KG under a profit and loss pooling agreement which is yet to be concluded and can only become effective at the earliest on 1 January 2020 are to be reflected in the German permanent establishment of EuroEyes KG; and
- (iv) EuroEyes KG is the parent company for the fiscal unit still to be established between EuroEyes KG as parent company and EuroEyes Deutschland as subsidiary with effect from 1 January 2020 at the earliest.

This tax ruling is binding on the German tax authorities if:

- (a) the restructuring as described in the application for the tax ruling has been fully completed;
- (b) the factual background as described in the application for the tax ruling does not materially change; and
- (c) the relevant tax laws in Germany which are applicable on the date of the issuance of the tax ruling by the competent German tax authority will not change in the future.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As advised by our German Legal Adviser, as at the Latest Practicable Date, the factors set out in sub-paragraphs (a) to (c) above are valid and applicable provided that:

- (i) a profit and loss pooling agreement will be entered into between EuroEyes Deutschland and EuroEyes KG and be effective at the earliest from 1 January 2020, which is the earliest date that such an agreement can be effective for tax purposes given that the fiscal unit to be established between EuroEyes Deutschland and EuroEyes KG by entering into the profit and loss pooling agreement can only be made with effect from the beginning of the new fiscal year for EuroEyes Deutschland, being the subsidiary of EuroEyes KG (this effective date for the profit and loss pooling agreement has been reflected in the tax ruling obtained from the competent tax authority in Germany);
- (ii) the risks disclosed in the section headed “Risk Factors” in this prospectus in respect of LASIK Germany and EuroEyes ALZ Bremen do not materialise; and
- (iii) the adoption of the alternative model for LASIK Germany and EuroEyes ALZ Bremen (details of which are set out in the section headed “Business – Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany” in this prospectus) is not considered a material change to the factual background described in the application for the tax ruling.

Despite the historical non-compliance of EuroEyes ALZ Bermen and LASIK Germany, as described in the section headed “Business – Legal proceedings and compliance matters” in this prospectus, our German Legal Adviser is of the view that the tax ruling should be valid for the following reasons, although the German Legal Adviser cannot exclude the possibility of the competent tax authority in Germany adopting a contrary view:

- (i) Our Company has executed a confirmation in respect of the transfer of the shares in LASIK Germany to EuroEyes Deutschland Beteiligungs GmbH (being the legal predecessor of EuroEyes KG) (the “**Confirmatory Retransfer**”) pursuant to section 141 of the German Civil Code, as well as the necessary notarisation of the affirmation declarations by all parties involved in such transfer. The Confirmatory Retransfer has a similar effect to a re-execution of the original transfer of LASIK Germany to EuroEyes Deutschland Beteiligungs GmbH.
- (ii) In order for the Confirmatory Retransfer to be effective, it is a prerequisite that the potential cause of the invalidity of the original transfer of LASIK Germany (i.e. the historical non-compliance of LASIK Germany) must no longer exist at the time of the Confirmatory Retransfer. As a result of the Company’s adoption of the alternative business model as described in the section headed “Business – Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany” in this prospectus, the Company has eliminated the violation of the relevant professional laws, which may otherwise invalidate the transfer of LASIK Germany.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (iii) Accordingly, in the event that the risk of the original transfer of LASIK Germany being held invalid materialises, with the due execution of the Confirmation Retransfer and the adoption of the alternative business model as described above, the transfer of shares in LASIK Germany to EuroEyes KG would nevertheless be effective from the date of the Confirmatory Retransfer. This would reduce the risk of a substantial deviation of the corporate structure set out in our Company's application for the tax ruling in Germany, which may otherwise affect the binding effect of the tax ruling.
- (iv) In the case of EuroEyes ALZ Bremen, a confirmatory retransfer was not practicably possible in the circumstances. Unlike LASIK Germany, EuroEyes ALZ Bremen was not incorporated by our Group. EuroEyes Deutschland had acquired 74% of the total issued shares in EuroEyes ALZ Bremen from third parties. To ensure that EuroEyes KG has effectively acquired the shares in EuroEyes ALZ Bremen from EuroEyes Deutschland (as part of the Reorganisation), it would therefore be necessary to confirm not only the transfer of the shares in EuroEyes ALZ Bremen from EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH, but also all previous transfers relating to EuroEyes ALZ Bremen (in particular the transfer of 74% of the total issued shares in EuroEyes ALZ Bremen from the former shareholders to EuroEyes Deutschland) which could theoretically be invalid due to the historical non-compliance with professional laws. Accordingly, several confirmatory retransfers would have to be executed, which would require all third parties involved in the historical transfers, some of which took place more than 10 years ago, to participate in and consent to the respective confirmatory retransfer. Given the long lapse of time, it was practically unfeasible for our Group to reach out to all former shareholders as most of them are no longer connected to, or affiliated with, our Group.
- (v) Notwithstanding the practical inability to conduct a confirmatory retransfer for EuroEyes ALZ Bremen for the reason set out above, having regard to the recent case laws of the highest German civil court, our German Legal Adviser is of the view that the transfer of the shares in EuroEyes ALZ Bremen should be effective, although our German Legal Adviser cannot exclude the possibility that a competent civil court in Germany may take a contrary view.
- (vi) Our German Legal Adviser is also of the view that there is a low risk that the competent tax authority in Germany will consider the adoption of the alternative business model as a substantial deviation from the factual basis on which the tax ruling was made, which may otherwise affect the binding effect of the tax ruling.

In the (hypothetical) event that the tax ruling is held to be invalid as a result of the ineffectiveness of the transfer of shares in EuroEyes ALZ Bremen, despite the "loss" of one direct subsidiary (i.e. from three direct subsidiaries to two direct subsidiaries), EuroEyes KG would still continue to own two direct subsidiaries (i.e. LASIK Germany and EuroEyes Deutschland) that receive management services from EuroEyes KG, which is sufficient to



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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achieve the intended German tax structure (in particular, for the intended fiscal unity with EuroEyes KG and for the attribution of the shares in EuroEyes Deutschland to EuroEyes KG for tax purposes). This is comparable to the factual background of EuroEyes KG as depicted in the tax ruling in Germany. Furthermore, in the (hypothetical) event that the transfer of shares in EuroEyes ALZ Bremen from EuroEyes Deutschland to EuroEyes KG is held to be invalid in connection with the Reorganisation, EuroEyes ALZ Bremen would continue to remain a direct subsidiary of EuroEyes Deutschland (instead of EuroEyes KG), and any profit distributions by EuroEyes ALZ Bremen would have to be paid to EuroEyes Deutschland (instead of EuroEyes KG). However, under the fiscal unit to be established between EuroEyes Deutschland and EuroEyes KG, these profit distributions would be taxed at the same corporate level and to the same extent as it is the case when EuroEyes ALZ Bremen is a direct subsidiary of EuroEyes KG. In both scenarios, 95% of any profit distribution by EuroEyes ALZ Bremen is exempt from German corporate income tax and German trade tax at the level of EuroEyes KG and German withholding tax retained on any profit distribution by EuroEyes ALZ Bremen is to be credited to the limited partner of EuroEyes KG, i.e. EuroEyes Holdings. Accordingly, our German Legal Adviser is of the view that the tax situation of our Company in Germany as set out in the tax ruling would likely not change.

Furthermore, as advised by our German Legal Adviser, the (hypothetical) invalidity of the tax ruling would likely not have any substantial impact on our Group's basic cash flows and dividend situation.

With regard to our Group's tax exposure for the financial year ended 31 December 2019 (before the profit and loss pooling agreement between EuroEyes Deutschland and EuroEyes KG comes into force):

- (i) EuroEyes Deutschland's financial results (which includes the financial results derived from the profit and loss pooling agreements that EuroEyes Deutschland has entered into with its subsidiaries (collectively, the "**Downstream PLPAs**") will be taxed at the level of EuroEyes Deutschland (for German corporate income tax and German trade tax);
- (ii) any distribution of such financial results to EuroEyes KG (by way of dividend payment) is only tax-exempt to a maximum of 95% (i.e. 5% remains taxable and subject to German corporate income tax and German trade tax at the level of EuroEyes KG; and
- (iii) such profit distribution would be subject to German withholding tax, which will be credited at the level of EuroEyes KG (assuming all the necessary requirements for such crediting are met).

In contrast, assuming the profit and loss pooling agreement between EuroEyes Deutschland and EuroEyes KG comes into force on 1 January 2020 and the respective fiscal unit for income tax purposes has been established:

- (i) EuroEyes Deutschland's financial results (which includes the financial results derived from the Downstream PLPAs) will be taxed only at the level of EuroEyes KG; and

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (ii) the profit transfers from EuroEyes Deutschland to EuroEyes KG will no longer be subject to any form of dividend taxation.

For further illustration of the tax exposure of our Group before and after the profit and loss pooling agreement between EuroEyes Deutschland and EuroEyes KG comes into force, please refer to “Scenario 1” (for before) and “Scenario 2” (for after) in the section headed “Regulatory Overview – Applicable laws and regulations to our business in Germany – Regulations on dividends – (iii) Example to illustrate the tax effects in Germany” in this prospectus.

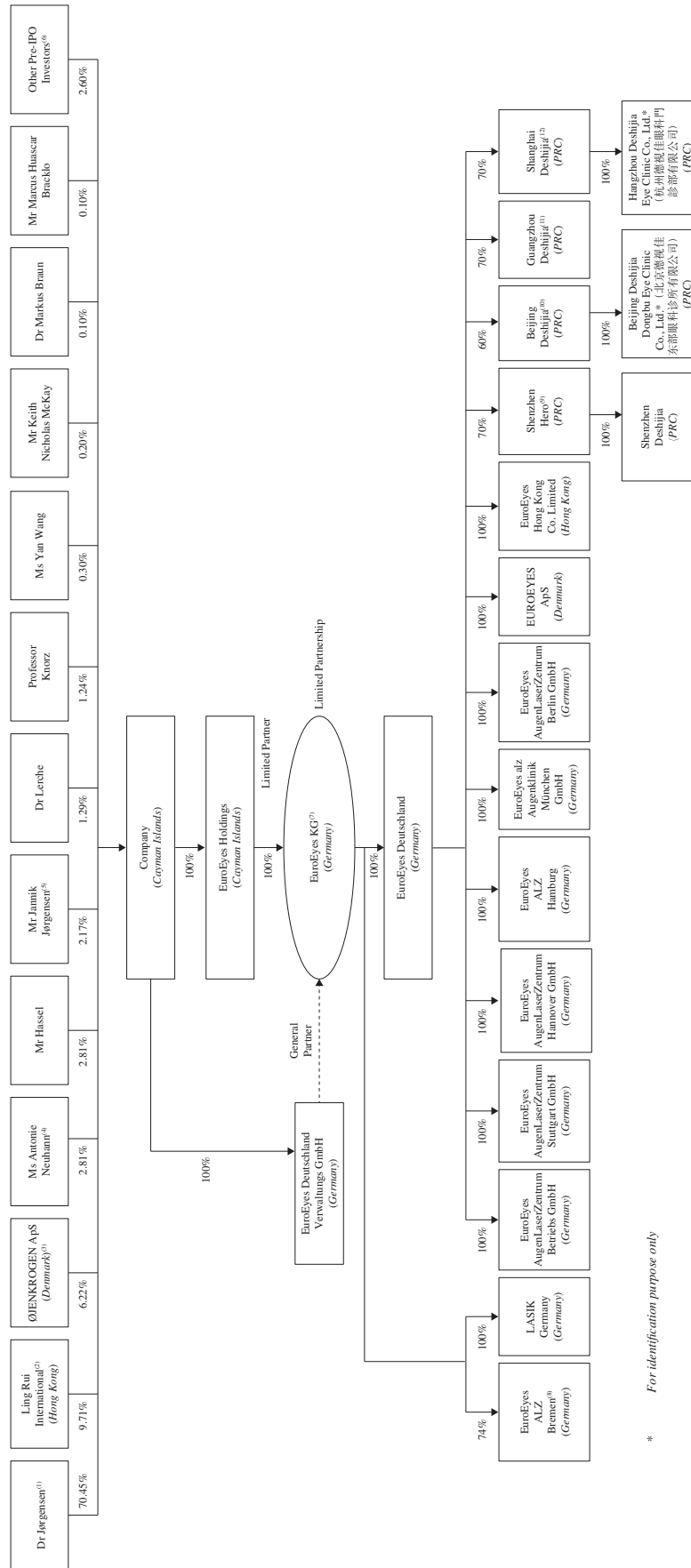
As advised by our German Legal Adviser, it is not possible to obtain a further confirmation from the competent tax authority on whether the non-compliance of EuroEyes ALZ Bremen and LASIK Germany will affect our tax ruling. Under the tax regime in Germany, a tax ruling can only be issued regarding the future tax treatment of a specifically contemplated situation. As the planned structure in relation to LASIK Germany has already been implemented, any tax issues arising therefrom can only be decided via the normal tax assessment procedures.

Save as disclosed above, the other German tax aspects regarding the Reorganisation have not been made subject of a tax ruling in Germany.

For more information about the German tax applicable to our Group in respect of the dividends paid and the profit and loss pooling agreement, please see the section headed “Regulatory Overview – Applicable laws and regulations to our business in Germany – Regulations on dividends” in this prospectus.

**Group structure after the Reorganisation**

Immediately following the completion of the Reorganisation but prior to the completion of the Global Offering, the structure of our Group is as follows:



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### Notes:

- (1) Dr Jørgensen is the father of Mr Jannik Jørgensen.
- (2) On 31 January 2019, as part of the personal reorganisation of the shareholding of Mr Xu Xuyang in Ling Rui International, Mr Xu Xuyang transferred all the shares in Ling Rui International to CHINAEYES Limited, a company incorporated in Hong Kong with limited liability, for a cash consideration of HK\$1.00. The issued share capital of CHINAEYES Limited is indirectly held by Mr Xu Xuyang as to 86% and by Mr Xu Wugui, the father of Mr Xu Xuyang, as to 14%. As a result, immediately after such share transfer, the issued share capital of Ling Rui International became indirectly owned by Mr Xu Xuyang and Mr Xu Wugui as to 86% and 14%, respectively.
- (3) ØJENKROGEN ApS, a company incorporated in Denmark with limited liability, is wholly-owned by Dr Boberg-Ans.
- (4) Ms Antonie Neuhann is the spouse of Professor Neuhann, our executive Director.
- (5) Mr Jannik Jørgensen is the son of Dr Jørgensen.
- (6) Other Pre-IPO Investors refer to (i) Mr Thomas Gottschalk, (ii) Dr Hans-Göran Gustaf Helgason, (iii) Ms Thea Gottschalk, (iv) Dr Mathias Fleischer, (v) Dr Frank Schreyger, (vi) Mr Shu Pai Li, (vii) Mr Lars Meier, (viii) Ms Lam Na Linda Li and (ix) Ms Xia Huang, who each held (i) 0.90%, (ii) 0.50%, (iii) 0.40%, (iv) 0.20%, (v) 0.20%, (vi) 0.10%, (vii) 0.10%, (viii) 0.10% and (ix) 0.10%, respectively, of the then total issued share capital of our Company. For more information, please see the paragraph headed “– Pre-IPO Investments – Principal terms of the Pre-IPO Investments – Background of the Pre-IPO Investors” in this section.
- (7) EuroEyes KG is a limited partnership registered in Germany. The sole limited partner of EuroEyes KG is EuroEyes Holdings and the sole general partner is EuroEyes Deutschland Verwaltungs GmbH, a company incorporated in Germany with limited liability and wholly-owned by our Company.
- (8) The remaining 26% registered share capital in EuroEyes ALZ Bremen is held by Medizinisches Versorgungszentrum Universitätsallee GmbH, an Independent Third Party.
- (9) In July 2019, Shenzhen Hero increased its total registered capital from RMB15 million to RMB30 million. Among the total registered capital of Shenzhen Hero, RMB21 million was subscribed by EuroEyes Deutschland, RMB400,000 was subscribed by Shenzhen Sunshine (an Independent Third Party), and RMB8.6 million was subscribed by Shanghai Lingrui. As a result, immediately after such capital increase, the remaining equity interest of Shenzhen Hero is held by Shenzhen Sunshine as to 1.33% and by Shanghai Lingrui as to 28.67%. Shanghai Lingrui is held by Mr Xu Xuyang and Mr Xu Wugui, the father of Mr Xu Xuyang, as to 86% and 14%, respectively.
- (10) On 17 July 2019, Beijing Zhongrun Hongli and Shanghai Lingrui entered into an equity transfer agreement, pursuant to which Beijing Zhongrun Hongli agreed to transfer, and Shanghai Lingrui agreed to acquire, 30% of the equity interest in Beijing Deshijia for a consideration of RMB6 million. As at the Latest Practicable Date, the transfer of such equity interest is pending the approval of the relevant governmental commercial department and the registration with the relevant bureau of the State Administration for Market Regulation of the PRC and, therefore, has not been completed yet. Immediately after the completion of such equity transfer, the remaining 40% equity interest in Beijing Deshijia will be held by Shanghai Lingrui.
- (11) The remaining 30% equity interest in Guangzhou Deshijia is held by Shanghai Lingrui.
- (12) The remaining 30% equity interest in Shanghai Deshijia is held by Shanghai Lingrui.

### CAPITALISATION ISSUE

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of US\$2,346,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 234,600,000 Shares for allotment and issue to our Shareholders whose names appeared on the register of members of the Company as at 6:00 p.m. (Hong Kong time) on 23 September 2019 on a pro rata basis.

### PRE-IPO INVESTMENTS

#### Overview of the Pre-IPO Investments

We have received Pre-IPO Investments from some of our existing Shareholders and a number of additional Pre-IPO Investors as part of our Reorganisation.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pre-IPO Investor	Transferor or issuer of shares	Date of share transfer or issuance	Date of payment	Amount of consideration	Valuation of our Group at the time of issuance or transfer of shares	Number of shares being transferred or issued	Shareholding of the Pre-IPO Investor in our Company immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(1)</sup>
Ms Antonie Neuhann	Dr Jörg Fischer (as transferor)	19 October 2018	25 October 2018	€16,853.93 <sup>(3)</sup>	€47.8 million	12 ordinary shares	2.11%
Mr Hassel	Dr Jörg Fischer (as transferor)	19 October 2018	24 October 2018	€16,853.93 <sup>(3)</sup>	€47.8 million	12 ordinary shares	2.11%
ØJENKROGEN ApS	Dr Jörg Fischer (as transferor)	19 October 2018	24 October 2018	€35,112.36 <sup>(3)</sup>	€47.8 million	25 ordinary shares	4.67%
Dr Jørgensen	(1) EuroEyes Deutschland (as issuer)	21 September 2018	22 October 2018	€325,696 <sup>(2)</sup>	€48 million	224 ordinary shares	52.84%
	(2) Dr Jörg Fischer (as transferor)	19 October 2018	26 October 2018	€21,067.42 <sup>(3)</sup>	€47.8 million	15 ordinary shares	
EEH AG <sup>(4)</sup>	Dr Jörg Fischer (as transferor)	19 October 2018	29 October 2018	€382,022.47 <sup>(3)</sup>	€47.8 million	272 ordinary shares	–
Mr Jannik Jørgensen	(1) EuroEyes Deutschland (as issuer)	21 September 2018	24 October 2018	€98,872 <sup>(2)</sup>	€48 million	68 ordinary shares	1.63%
	(2) Dr Jörg Fischer (as transferor)	19 October 2018	26 October 2018	€12,640.45 <sup>(3)</sup>	€47.8 million	9 ordinary shares	
Dr Lerche	(1) EuroEyes Deutschland (as issuer)	21 September 2018	1 October 2018	€98,872 <sup>(2)</sup>	€48 million	68 ordinary shares	0.97%
	(2) Dr Jörg Fischer (as transferor)	19 October 2018	24 October 2018	€8,426.97 <sup>(3)</sup>	€47.8 million	6 ordinary shares	
Professor Knorz	(1) EuroEyes Deutschland (as issuer)	21 September 2018	21 February 2019	€123,590 <sup>(2)</sup>	€48 million	85 ordinary shares	0.93%
	(2) Dr Jörg Fischer (as transferor)	19 October 2018	23 October 2018	€7,022.47 <sup>(3)</sup>	€47.8 million	5 ordinary shares	
Dr Hans-Göran Gustaf Helgason	EuroEyes Deutschland (as issuer)	21 September 2018	11 August 2018	€247,180 <sup>(2)</sup>	€48 million	170 ordinary shares	0.38%
Mr Marcus Huascar Bracklo	EuroEyes Deutschland (as issuer)	21 September 2018	24 October 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Mr Shu Pai Li	EuroEyes Deutschland (as issuer)	21 September 2018	26 September 2018 <sup>(2)</sup>	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Mr Keith Nicholas McKay	EuroEyes Deutschland (as issuer)	21 September 2018	22 October 2018	€98,872 <sup>(2)</sup>	€48 million	68 ordinary shares	0.15%
Mr Lars Meier	EuroEyes Deutschland (as issuer)	21 September 2018	22 October 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Dr Frank Schreyger	EuroEyes Deutschland (as issuer)	21 September 2018	8 October 2018	€98,872 <sup>(2)</sup>	€48 million	68 ordinary shares	0.15%

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pre-IPO Investor	Transferor or issuer of shares	Date of share transfer or issuance	Date of payment	Amount of consideration	Valuation of our Group at the time of issuance or transfer of shares	Number of shares being transferred or issued	Shareholding of the Pre-IPO Investor in our Company immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(1)</sup>
Ms Yan Wang	EuroEyes Deutschland (as issuer)	21 September 2018	19 October 2018	€148,308 <sup>(2)</sup>	€48 million	102 ordinary shares	0.23%
Dr Mathias Fleischer	(1) EuroEyes Deutschland (as issuer)	21 September 2018	22 October 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.15%
	(2) Dr Jørgensen (as transferor)	26 October 2018	17 December 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Dr Markus Braun	Dr Jørgensen (as transferor)	12 November 2018	27 November 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Ms Lam Na Linda Li	Dr Jørgensen (as transferor)	12 November 2018	23 November 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%
Mr Thomas Gottschalk	Dr Jørgensen (as transferor)	16 November 2018	21 November 2018	€444,924 <sup>(2)</sup>	€48 million	306 ordinary shares	0.68%
Ms Thea Gottschalk	Dr Jørgensen (as transferor)	16 November 2018	21 November 2018	€197,744 <sup>(2)</sup>	€48 million	136 ordinary shares	0.30%
Ms Xia Huang	Dr Jørgensen (as transferor)	16 November 2018	22 November 2018	€49,436 <sup>(2)</sup>	€48 million	34 ordinary shares	0.07%

### Notes:

- (1) This assumes the Over-allotment Option is not exercised.
- (2) The consideration was determined based on the Agreed Valuation (i.e. the pre-money valuation of EuroEyes Deutschland of €48 million prior to the first round of Pre-IPO Investments).
- (3) The consideration was agreed by the parties through arms' length negotiations with reference to the Agreed Valuation, which resulted in a valuation of EuroEyes Deutschland of €47.8 million at the time of the transfer of shares in EuroEyes Deutschland from Dr Jörg Fischer.
- (4) In the course of the Reorganisation, the entire interest in our Group held by EEH AG was transferred to Dr Jørgensen, the sole shareholder of EEH AG. For details, please refer to the paragraph headed “– Reorganisation – Reorganisation steps – 8. Share swaps between EuroEyes Deutschland and our Company” of this section.

### Principal terms of the Pre-IPO Investments

The principal terms of the Pre-IPO Investments are set out in the table below:

#### Background of the Pre-IPO Investors

Dr Jørgensen is our founder, chairman, executive Director, chief executive officer and Controlling Shareholder. He is also the sole shareholder of EEH AG. Dr Jørgensen is the father of Mr Jannik Jørgensen.

Mr Jannik Jørgensen is our executive Director and vice president, Denmark. Mr Jannik Jørgensen is the son of Dr Jørgensen.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Dr Lerche is our executive Director and senior vice president, medical affairs (Germany).

Dr Markus Braun is our executive Director and chief financial officer.

Mr Marcus Huascar Bracklo is our non-executive Director.

Professor Knorz is our senior vice president, medical affairs (international) and Mr Hassel is our senior consultant, operations (international). Mr Keith Nicholas McKay is our senior vice president, operations (Germany) and Ms Yan Wang is our vice president, China.

Dr Mathias Fleischer, Dr Hans-Göran Gustaf Helgason, Mr Shu Pai Li and Dr Frank Schreyger are current or former employees of our Group.

ØJENKROGEN ApS is a company incorporated in Denmark with limited liability and is wholly-owned by Dr Boberg-Ans, who is our senior vice president, Denmark.

Ms Antonie Neuhann is the spouse of Professor Neuhann, our executive Director.

Mr Lars Meier, Ms Lam Na Linda Li, Mr Thomas Gottschalk, Ms Thea Gottschalk and Ms Xia Huang are Independent Third Parties.

For further details regarding Dr Jørgensen, Mr Jannik Jørgensen, Dr Lerche, Dr Markus Braun, Mr Marcus Huascar Bracklo, Professor Knorz, Mr Keith Nicholas McKay, Ms Yan Wang, Dr Boberg-Ans and Professor Neuhann, please see the section headed “Directors and Senior Management” in this prospectus.

To the best of our Directors’ knowledge and belief, the Pre-IPO Investors decided to invest in our Group in view of the prospects of our business growth.

To the best of our Directors’ knowledge and belief, save as disclosed above, each of the Pre-IPO Investors is independent from one another.

### **Dates of share transfer and subscription**

Please refer to the table headed “– Pre-IPO Investments – Overview of the Pre-IPO Investments” in this section.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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<b>Consideration and payment date</b>	Please refer to the table headed “– Pre-IPO Investments – Overview of the Pre-IPO Investments” in this section for the consideration paid by each of the Pre-IPO Investors and payment date for each of the Pre-IPO Investments.
<b>Basis of determination of consideration</b>	The consideration of each of the Pre-IPO Investments was determined with reference to the Agreed Valuation.
<b>Investment cost per share</b>	<p>In respect of each of the Pre-IPO Investments made by (i) Ms Antonie Neuhann, (ii) Mr Hassel, (iii) ØJENKROGEN ApS, (iv) Dr Jørgensen, (v) EEH AG, (vi) Mr Jannik Jørgensen, (vii) Dr Lerche and (viii) Professor Knorz in relation to the transfer of shares in EuroEyes Deutschland from Dr Jörg Fischer on 19 October 2018, the investment cost per share is approximately €1,404.50 before the Capitalisation Issue or approximately €0.20 (equivalent to HK\$1.80) taking into account the effect of the Capitalisation Issue and the Pre-IPO Investments, but assuming the Over-allotment Option is not exercised.</p> <p>In respect of each of the Pre-IPO Investments made by the other Pre-IPO Investors, the investment cost per share is approximately €1,454 before the Capitalisation Issue or approximately €0.21 (equivalent to HK\$1.86) taking into account the effect of the Capitalisation Issue and the Pre-IPO Investments but assuming the Over-allotment Option is not exercised.</p>
<b>Discount to the Offer Price (assuming an Offer Price of HK\$7.50, being the mid-point of the indicative Offer Price range)</b>	<p>Approximately 76.0% in respect of each of the Pre-IPO Investments made by Ms Antonie Neuhann, Mr Hassel, ØJENKROGEN ApS, Dr Jørgensen, EEH AG, Mr Jannik Jørgensen, Dr Lerche and Professor Knorz in relation to the transfer of Shares in EuroEyes Deutschland from Dr Jörg Fischer on 19 October 2018.</p> <p>Approximately 75.2% in respect of each of the Pre-IPO Investments made by the other Pre-IPO Investors.</p>
<b>Use of proceeds from the Pre-IPO Investments</b>	<p>The funds raised from the Pre-IPO Investments were used for working capital of our Group and for general corporate purposes, including but not limited to funding the expansion of our Group’s business in the PRC.</p> <p>As at the Latest Practicable Date, the funds raised from the Pre-IPO Investments have not been fully utilised.</p>

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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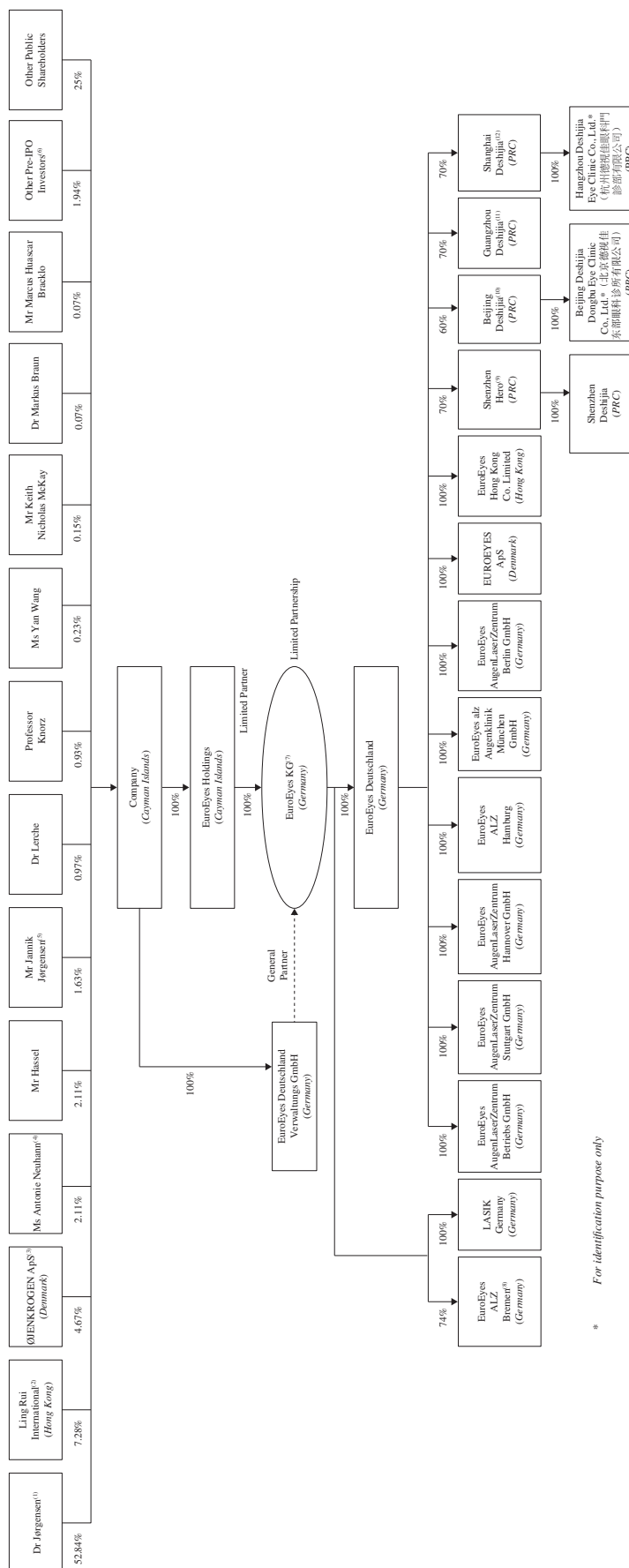
<b>Special rights granted to the Pre-IPO Investors</b>	None was granted.
<b>Lock-up after the Listing</b>	Six months
<b>Public float for the purposes of Rule 8.08 of the Listing Rules</b>	Save for the Shares held by Dr Jørgensen, Mr Jannik Jørgensen, Dr Lerche, Dr Markus Braun, Mr Marcus Huascar Bracklo (being our Directors), and Ms Antonie Neuhann (being a close associate of Professor Neuhann, our executive Director), respectively, the Shares held by the other Pre-IPO Investors will be considered part of our public float.
<b>Strategic benefits to our Group</b>	<p>Our Directors believe that the Pre-IPO Investments made by (i) Dr Jørgensen, (ii) Mr Jannik Jørgensen, (iii) Dr Markus Braun, (iv) Dr Lerche, (v) Professor Knorz, (vi) Mr Hassel, (vii) Ms Yan Wang, (viii) Mr Keith Nicholas McKay, (ix) Dr Mathias Fleischer, (x) Dr Hans-Göran Gustaf Helgason and (xi) Dr Frank Schreyger, who are our directors, senior management or employees (as the case may be), will bring synergy to the development of our Group by creating a sense of belonging and ownership in our Company as well as motivate them to optimise their future contributions to our Group.</p> <p>Furthermore, our Directors believe that the Pre-IPO Investments made by Mr Thomas Gottschalk, a celebrity in Germany will increase the brand recognition and enhance the corporate image of our Group.</p> <p>In respect of the Pre-IPO Investments made by the other Pre-IPO Investors, our Directors believe that these will broaden our Group's capital base.</p>

### **Confirmation from the Sole Sponsor**

The Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 (and updated in July 2013 and March 2017), and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 (and updated in March 2017).

**CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE CAPITALISATION ISSUE AND THE GLOBAL OFFERING**

Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the structure of our Group will be as follows:



\* For identification purpose only

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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*Notes:*

- (1) Dr Jørgensen is the father of Mr Jannik Jørgensen.
- (2) On 31 January 2019, as part of the personal reorganisation of the shareholding of Mr Xu Xuyang in Ling Rui International, Mr Xu Xuyang transferred all the shares in Ling Rui International to CHINAEYES Limited, a company incorporated in Hong Kong with limited liability, for a cash consideration of HK\$1.00. The issued share capital of CHINAEYES Limited is indirectly held by Mr Xu Xuyang as to 86% and by Mr Xu Wugui, the father of Mr Xu Xuyang, as to 14%. As a result, immediately after such share transfer, the issued share capital of Ling Rui International became indirectly owned by Mr Xu Xuyang and Mr Xu Wugui as to 86% and 14%, respectively.
- (3) ØJENKROGEN ApS, a company incorporated in Denmark with limited liability, is wholly-owned by Dr Boberg-Ans.
- (4) Ms Antonie Neuhann is the spouse of Professor Neuhann, our executive Director.
- (5) Mr Jannik Jørgensen is the son of Dr Jørgensen.
- (6) Other Pre-IPO Investors refer to (i) Mr Thomas Gottschalk, (ii) Dr Hans-Göran Gustaf Helgason, (iii) Ms Thea Gottschalk, (iv) Dr Mathias Fleischer, (v) Dr Frank Schreyger, (vi) Mr Shu Pai Li, (vii) Mr Lars Meier, (viii) Ms Lam Na Linda Li and (ix) Ms Xia Huang, who will each hold (i) 0.68%, (ii) 0.38%, (iii) 0.30%, (iv) 0.15%, (v) 0.15%, (vi) 0.07%, (vii) 0.07%, (viii) 0.07% and (ix) 0.07%, respectively, of the total issued share capital of our Company. For more information, please see the paragraph headed “– Pre-IPO Investments – Principal terms of the Pre-IPO Investors – Background of the Pre-IPO Investors” in this section.
- (7) EuroEyes KG is a limited partnership registered in Germany. The sole limited partner of EuroEyes KG is EuroEyes Holdings and the sole general partner is EuroEyes Deutschland Verwaltungs GmbH, a company incorporated in Germany with limited liability and wholly-owned by our Company.
- (8) The remaining 26% registered share capital in EuroEyes ALZ Bremen is held by Medizinisches Versorgungszentrum Universitätsallee GmbH, an Independent Third Party.
- (9) In July 2019, Shenzhen Hero increased its total registered capital from RMB15 million to RMB30 million. Among the total registered capital of Shenzhen Hero, RMB21 million was subscribed by EuroEyes Deutschland, RMB400,000 was subscribed by Shenzhen Sunshine (an Independent Third Party), and RMB8.6 million was subscribed by Shanghai Lingrui. As a result, immediately after such capital increase, the remaining equity interest of Shenzhen Hero is held by Shenzhen Sunshine as to 1.33% and Shanghai Lingrui as to 28.67%. Shanghai Lingrui is held by Mr Xu Xuyang and Mr Xu Wugui, the father of Mr Xu Xuyang, as to 86% and 14%, respectively.
- (10) On 17 July 2019, Beijing Zhongrun Hongli and Shanghai Lingrui entered into an equity transfer agreement, pursuant to which Beijing Zhongrun Hongli agreed to transfer, and Shanghai Lingrui agreed to acquire, 30% of the equity interest in Beijing Deshijia for a consideration of RMB6 million. As at the Latest Practicable Date, the transfer of such equity interest is pending the approval of the relevant governmental commercial department and the registration with the relevant bureau of the State Administration for Market Regulation of the PRC and, therefore, has not been completed yet. Immediately after the completion of such equity transfer, the remaining 40% equity interest in Beijing Deshijia will be held by Shanghai Lingrui.
- (11) The remaining 30% equity interest in Guangzhou Deshijia is held by Shanghai Lingrui.
- (12) The remaining 30% equity interest in Shanghai Deshijia is held by Shanghai Lingrui.

### COMPANY OVERVIEW

EuroEyes was established in 1993 and is one of the leading brands in the vision correction industry in Germany and Denmark that combines German ophthalmology excellence and 25 years of experience with individualised customer-care. We provide premium services to a targeted clientele with a mid-to-high income level. We are also one of the few eye clinic groups with a wide geographical reach, with operations in Germany, Denmark and the PRC.

We offer a wide range of vision correction services to two main groups of customers: (i) those between the ages of 18 and 45, who usually seek refractive laser surgery or phakic lens (ICL) surgery to treat their myopia, hyperopia or astigmatism; and (ii) those over 45 years of age, who usually seek lens exchange surgery (with either trifocal or monofocal lenses) to treat their presbyopia or cataract. Our vision correction services can be broadly categorised into (i) refractive laser surgery (which includes ReLEx SMILE and FemtoLASIK); (ii) phakic lens (ICL) surgery; (iii) lens exchange surgery (which includes monofocal and trifocal lens exchange surgeries) and (iv) others (which include PRK/LASEK and ICRS implantation).

Our pioneering spirit is central to the philosophy of our Group. Dr Jørgensen, our founder, chairman, executive Director and chief executive officer, started to offer out-patient cataract surgery, as opposed to hospitalisation, in Hamburg (as early as 1986). Our customers are treated by surgeons and conservative ophthalmologists with the latest technologies in our clinics. We pride ourselves as being one of the leading eye clinic groups in Germany to offer LASIK services (as early as 1993), to offer phakic lens (ICL) surgeries (as early as 1997), to transition from LASIK to the more advanced FemtoLASIK (in 2004) and to offer ReLEx SMILE (as early as 2014). We are one of the first-movers in Germany, Denmark and the PRC to offer the Zeiss trifocal lens exchange surgery as a standalone treatment option to presbyopia for customers once they experience any major inconveniences associated with wearing reading glasses and/or progressive glasses. We have been a rapid uptaker of the ReLEx SMILE technology which is available in most of our clinics.

We were one of the first to offer LASIK surgery in Denmark when we set up our clinic in Copenhagen. Among the existing industry participants, we were the first foreign entrant (except for those from Hong Kong, Macau and Taiwan) to the PRC vision correction services market. For instance, we have been implanting the toric trifocal lens since 2013, which is yet to be introduced in the PRC vision correction services market. We are one of the first to use laser-assisted lens removal to treat presbyopia and cataract in the PRC, one of the first to implant trifocal lenses in the PRC, and one of the first to use the LenSx femtosecond laser technology to perform bladeless surgeries in the PRC (as early as 2013).

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We have led the industry in which we operate by our market share and awards. According to Frost & Sullivan, we ranked first and second in the industry of advanced lens exchange surgery and refractive surgery without PRK/LASEK by market share in terms of revenue in Germany and Denmark in 2018, respectively. In 2018, we were awarded by Staar Surgical for having performed the most phakic lens (ICL) surgeries in Europe. In the same year, we were also awarded by Carl Zeiss for having performed the most ReLEx SMILE procedures in Germany and the most trifocal lens exchange surgeries in the world for the fourth year in a row.

Apart from the premium vision correction services targeted to a clientele with mid-to-high income levels, customers of a low-to-mid income level may seek affordable vision correction options (such as FemtoLASIK and PRK/LASEK) and may engage ophthalmologists at the centres operating under our sister brand “LASIK Germany”.

For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, we recorded a total revenue of approximately €30.4 million, €37.0 million, €43.0 million and €11.5 million, respectively. Our profit for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €1.9 million, €8.6 million, €4.3 million and €0.3 million, respectively.

### **OUR TREATMENT OPTIONS AND TARGETED AGE GROUPS**

We offer two main approaches to address our customers’ needs for treatment according to their age groups:

#### **Treatment options for customers between the ages of 18 and 45**

##### ***Refractive laser surgery***

This is an ideal option to treat a low to medium degree of myopia (which is myopia of up to -6.0 dioptres, however, our treatment options can treat myopia of up to -8.0 dioptres and even up to -10.0 dioptres in certain circumstances), one of the most common refractive errors where light rays converge in front of the retina due to the eyeball being too elongated relative to the focusing abilities of the cornea and lens, rendering it difficult to focus on distant objects. During the procedure, a laser is used to reshape the cornea to enable refraction correction. Various types of lasers are used to reshape the cornea of the eye to treat low to moderate levels of myopia, hyperopia and astigmatism.

Our refractive laser surgery options include ReLEx SMILE, FemtoLASIK and PRK/LASEK and they are most suitable for customers between the ages of 18 and 45. ReLEx SMILE (which is an enhanced improvement of FemtoLASIK) is our main treatment option targeted at common refractive errors and a low to moderate degree of myopia.

##### ***Phakic lens (ICL) surgery***

A custom-made artificial lens is placed inside the eye to treat a high degree of myopia (meaning myopia of -6.0 dioptres or higher) among customers between the ages of 18 and 45. This is also an ideal treatment option for customers with lower levels of myopia and thin or irregular corneas, or dry eyes and thus may not be suitable for refractive laser surgery.

**Treatment options for customers above the age of 45*****Lens exchange surgery***

Lens exchange surgery, with the trifocal lens, is an ideal option to treat presbyopia, which typically occurs when one reaches 45 years of age and experiences a loss of elasticity of the crystalline lens, rendering it difficult to focus on near objects. This ability to focus would decrease to a point where one will not be able to read properly without reading glasses or progressive glasses. During lens exchange surgery, the natural lens inside the eye is surgically replaced with an artificial lens to restore its ability to focus. Our trifocal lens exchange surgery eliminates the need to wear any type of glasses at all as the artificial lens is capable to focus near, mid-ranged and distant objects. Lens exchange surgery is also an ideal treatment for cataract, when a person approaches old age and their lens become increasingly opaque. The opaque lens is surgically removed and replaced with either a monofocal or trifocal lens to restore clear vision. People receiving monofocal lens implants still need to wear glasses, mostly for the purposes of reading, after surgery.

For further details about the services and procedures as offered and performed by us, please see paragraph headed “– Our services” in this section.

**OUR VISION**

Our role is to bring German ophthalmology excellence to our customers and to permanently rid their need to wear glasses ever again. As our motto says it, “*Nie wieder Brille!*”, meaning “no more glasses!”.

Our role as a vision correction services provider has evolved over the decades, influenced by changing demographics, economic prospects and technological development. The increasing wealth in Europe and the PRC, the ageing of these populations as well as the increase of myopia in younger generations have led us to define our future strategy. Central to this is the increasing awareness of a variety of forms of refractive laser surgery as a mainstream alternative to glasses and contact lenses. We have had the vision to identify our key customer groups as those between 18 and 45 years of age, likely to be seeking treatment for myopia or high myopia, and those over the age of 45, likely to be developing signs of presbyopia. Hence, we have been focusing our services to tackle the refractive errors of these two customer groups. This is underpinned by our 25 years of experience and commitment in providing optimal solutions to all refractive surgery needs and to broaden the treatment scope of refractive surgery treatment options. Being capable of offering a wide range of vision correction services, we aim to become a one-stop destination for customers in Germany, Denmark and the PRC (and also medical tourists from other countries) of all age groups from 18 years of age and beyond, to treat any refractive errors they may experience.



**INCREASING OPPORTUNITIES IN THE PRC MARKET**

According to Frost & Sullivan, the advanced lens exchange surgery and refractive surgery (without PRK/LASEK) market for PRC private healthcare institutions grew at a CAGR of 37.8% from a market size of approximately RMB1.8 billion in 2014 to approximately RMB6.4 billion in 2018, and is expected to grow at a CAGR of 29.5% to a market size of approximately RMB23.4 billion in 2023. After years of EuroEyes' success in Germany and Denmark, Dr Jørgensen had set his eyes on the PRC and noticed two major opportunities: (i) a large and increasing myopic population; and (ii) a low penetration rate of trifocal lens exchange surgery for the treatment of presbyopia.

**Large and increasing myopic population**

According to Frost & Sullivan, in 2018, the total number of the Chinese myopic population reached 579.5 million, with a CAGR of 2.2% from 2014 to 2018, and is expected to further grow to 655.5 million by 2023. During the same period of time, people in the PRC with high-degree myopia between the ages of 18 and 45 grew from 65.3 million to 71.6 million, representing a CAGR of 2.3%, and is expected to grow to 79.1 million by 2023, representing a CAGR of 2.0%. Moreover, the prevalence of myopia among students around 20 years of age has exceeded 70% of the total myopic population in the PRC. In recent years, such prevalence, has experienced constant growth and reached almost 90% in young adults, due to economic and social development leading to the intensive education from an early age and the increased use of electronic devices.

Whilst the myopic population is expected to be on the rise in the PRC, the penetration rates of the corresponding treatments are lower than those of other countries such as Germany. In 2018, only 174,407 ReLEx SMILE procedures were performed to treat myopia and 44,248 phakic lens (ICL) surgery were performed to treat high myopia for those between 18 and 45 years of age in the PRC, constituting penetration rates of 668.5 per million people and 618.0 per million people, respectively. Whereas in Germany, the penetration rates of the same procedures for those between 18 and 45 years old are 1,423.7 per million people and 2,651.1 per million people, being 2.1 times and 4.3 times higher than those in the PRC, respectively.

Considering the increasing myopic population and the relatively low penetration rates of treatments for myopia (for instance, the ReLEx SMILE) and high myopia (for instance, the phakic lens (ICL) surgery) in the PRC, we believe that these figures point to a growth potential for us to expand in the vision correction services market in the PRC, especially in offering treatment to the Chinese myopic population between the ages of 18 and 45.

For further information on the prevalence of myopia and high myopia in the PRC and the corresponding treatments' penetration rates, please see the section headed "Industry Overview" in this prospectus.

**Low penetration rate of trifocal lens exchange surgery in treating presbyopia**

According to Frost & Sullivan, between 2014 and 2018, the number of people in the PRC above the age of 45 with presbyopia grew from 342.8 million to 391.5 million, and is expected to further grow to 461.2 million by 2023. Despite the rising Chinese population with presbyopia above the age of 45, in 2018, the penetration rate of trifocal lens exchange surgeries performed (calculating the number of people who had undergone the said surgery) was only 12.7 per million people in the PRC. In comparison, in Germany, the penetration rate of trifocal lens exchange surgeries performed in 2018 was 140.1 per million people, which is approximately 11.0 times higher than that of the PRC.

Such a low penetration rate may be attributable to various reasons including, but not limited to, (i) a lack of awareness of seeking trifocal lens exchange surgery as a standalone treatment option for presbyopia when one reaches 45 years old; (ii) such treatments are not commonly available in the PRC market; or (iii) the treatment's relatively high price-point when compared with the cost of wearing reading glasses. Due to these reasons, conventionally, presbyopia has primarily been surgically treated in conjunction with the treatment for cataract instead of having its own standalone treatment.

Nevertheless, we recognise that when one reaches 45 years of age or above, they will likely be experiencing major inconveniences associated with presbyopia, which include wearing reading glasses, progressive glasses, or alternating between glasses for those who are both myopic and presbyopic. Such inconveniences, according to the feedback received from our customers would cause an adverse impact on their quality of life. Moreover, according to Frost & Sullivan, when compared with the high costs associated with using multiple pairs of progressive glasses as a solution to presbyopia, trifocal lens exchange surgery is more economical.

Statistics from our internal survey (which interviewed over 2,000 of our customers via an online poll) showed that approximately 90% of the customers interviewed said that their quality of life improved after undergoing trifocal lens exchange surgery to treat their presbyopia. Figures from the same surveying efforts also showed that, for those who had undergone trifocal lens exchange surgery to treat their presbyopia, approximately 98% of those interviewed would recommend the surgery at EuroEyes to their friends and family.

Furthermore, according to Frost & Sullivan, the size of Chinese population above the age of 45 and with a mid-to-high income level has been on the rise. In 2018, 15.6% of the total Chinese presbyopia and cataract population was above the age of 45 and with a mid-to-high income level (those with an annual income of US\$15,000 or above). By 2023, this proportion is expected to grow to 30.0% and there will be nearly 140 million people in the PRC who will have a higher tendency to seek premium healthcare services and treatments, such as the trifocal lens exchange surgeries as a standalone treatment to presbyopia.

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In other words, whilst the penetration rate of trifocal lens exchange surgery as a standalone treatment of presbyopia for people at the age of 45 or above remains to be lower in the PRC, we believe and expect that there is a growing market appetite for this treatment option. This represents a growth potential for us to expand our operations in performing trifocal lens exchange surgery for people above 45 years of age with presbyopia in the PRC.

For further information on the prevalence of presbyopia in the PRC, the corresponding treatment's penetration rates and the latest market demand, please see the section headed "Industry Overview" in this prospectus.

### OUR STRENGTHS

We believe that the following strengths have allowed, and will continue to allow, us (i) to achieve sustainable growth and profitability; (ii) to maintain our leading position in the vision correction services industry in Germany, Denmark and the PRC; and (iii) to capture the immense growth potential and market opportunities as explained:

#### **We are an industry leader in performing advanced lens exchange surgery and refractive surgery (without PRK/LASEK) in Germany and Denmark**

We are an industry leader in performing trifocal lens exchange surgeries and refractive laser surgeries in Germany and Denmark. According to Frost and Sullivan, we ranked first and second in the industry of advanced lens exchange surgery and refractive surgery (without PRK/LASEK) by market share in terms of revenue in Germany and Denmark in 2018, respectively and we have reached and received the following recognition, milestones and service awards:

- (i) In 2018, we have achieved the "Hatrick" of vision correction services awards for having carried out the following:
  - the most Zeiss trifocal lens exchange surgeries in the world;
  - the most phakic lens (ICL) surgeries in Europe; and
  - the most ReLEx SMILE procedures in Germany.
- (ii) In 2016, we have received the Best Service Champion award by *Die Welt* and the Best German Eye Clinic award from the *Deutsches Institut Für Service Qualität*.
- (iii) From 2012 to 2018, our surgeons have been nominated by *FOCUS* to be on the "Germany Top Doctors" list.
- (iv) We have led the industry in Germany by being one of the first eye clinic groups in adopting the following technologies:
  - phakic lens (ICL) surgery and LASIK;
  - the transition from LASIK to advanced FemtoLASIK in performing refractive laser surgery;

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- phakic lens (ICL) surgery by using the toric ICL;
- the transition to using the LenSx Femtosecond laser in performing bladeless lens exchange surgery;
- the use of image-guided LenSx Femtosecond Laser in executing challenging procedures in cataract surgeries; and
- the use of the Intralase FS 150kHz femtosecond laser system to prepare the corneal flap during FemtoLASIK and to prepare for ICRS implantation.

(v) We were one of the first in Denmark to perform LASIK services.

For further information of the awards we have received throughout the years, please see the paragraph headed “– Awards and recognitions” in this section.

### **We offer customised solutions of premium quality to our customers**

We strive to provide the highest possible quality in our services and to allow our surgeons and conservative ophthalmologists to recommend the most suitable solutions that are tailored to meet our customers’ needs. We have done so in terms of the following parameters:

- (i) ***We employ leading surgeons and conservative ophthalmologists:*** Vision correction procedures are performed by our surgeons – some of them have at least 25 years of experience in the field. Other members of our team are also engaged as instructors in the Commission of Refractive Laser Surgery, a joint committee of the Professional Association of German Ophthalmologists and the German Ophthalmological Society. Some of them have been consistently nominated by *FOCUS* to be on the “Germany’s Top Doctors List” and are key opinion leaders in the field. For information on the qualifications of our professional staff, please see the paragraph headed “– Our team” in this section.
- (ii) ***We adopt advanced technologies:*** Since our inception, we have been striving to be an industry leader in adapting to the latest technologies. In 2004, we were one of the earliest industry players to transition from LASIK to FemtoLASIK. We were also one of the first in the industry to implant the TICL. In 2011, we switched from using conventional lens exchange techniques to using the LenSx femtosecond laser technology to perform bladeless surgeries. In terms of our dedication to continuous technological innovation, we have also been investing in advanced equipment, such as the VisuMax laser and LenSx femtosecond laser technology. We have access to technologies in Europe that is up to five years ahead of its mass introduction in the PRC vision correction market. For instance, we have been implanting the toric trifocal lens since 2013, which is yet to be introduced in the PRC vision correction services market. For information on our equipment used, please see the paragraph headed “– Our facilities and equipment” in this section. Members of our professional team have also been invited to collaborate with major eye surgery equipment manufacturers, including Carl Zeiss, to provide advice and suggestions in developing and refining their equipment and products.

- (iii) ***We offer various treatment options:*** Our offering covers refractive errors that are prevalent in age groups from 18 to 45 years of age (with our refractive laser surgery and phakic lens (ICL) surgery options), and from 45 years of age and above (with our trifocal lens exchange surgery option, which is an ideal treatment for presbyopia).

Such capabilities in providing a wide spectrum of vision correction services, combined with our expertise and experience in the field, allow us to customise and recommend the most ideal option tailored to the specific needs of our customers.

**We are one of the leaders in the industry with our innovative use of trifocal lens exchange surgery to treat presbyopia for people above the age of 45**

We have been one of the industry leaders in utilising the trifocal lens exchange surgery as a standalone treatment option for people with presbyopia at an age as early as 45 years of age. According to Frost & Sullivan, there is approximately a 70% chance that a person would develop presbyopia as early as 45 years of age, this increases to 86% when a person reaches the age of 60 and the effects will only become increasingly severe at an older age. It is our philosophy that one should not delay their treatment and suffer the unnecessary inconveniences and adverse effects to their quality of life caused by presbyopia. Instead, they may achieve full vision with a trifocal lens exchange surgery offered by us as a standalone treatment to presbyopia, as early as the age of 45.

According to Frost & Sullivan, in 2018, in Germany and the PRC, there were 33.2 million and 406.3 million people above the age of 45 with presbyopia, but only 4,652 and 5,170 people had undergone trifocal lens exchange surgery, constituting penetration rates of 140.1 per million people, and 12.7 per million people, respectively. Considering the fact that there were around 2,500 people had undergone the trifocal lens exchange surgery at EuroEyes in Germany in 2013, and we conducted the first trifocal lens exchange surgery in the PRC in 2015, there is a growing marketing potential in Germany and the PRC to treat presbyopia with trifocal lens exchange surgery.

We have been certified by Carl Zeiss to have performed the largest number of Zeiss trifocal lens exchange surgery in the world for the fourth consecutive year, and the market share of Carl Zeiss represents 37.6% of the global trifocal lens industry in terms of revenue. In other words, we are currently one of the world's leading clinic groups in performing trifocal lens exchange surgeries. Moreover, presbyopia treatment via lens exchange surgery has a steep learning curve and requires well-trained and qualified surgeon to perform. On top of relying on the experience of our surgeons, we also provide internal training programmes and regular evaluation for our staff, devised to ensure quality services and customer care when conducting such demanding surgery. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, the revenue contribution of our trifocal lens exchange surgery performed amounted to approximately 40.8%, 40.4%, 36.7% and 42.9%, respectively.

We believe that our capabilities and experience in treating presbyopia with the trifocal lens exchange surgery will continue to be a competitive strength, allow us to capture the market growth potential and lead to strong financial performance in Germany, Denmark and the PRC.

**We are well-positioned to benefit from the increasing opportunities in the PRC**

Among the existing industry participants, we were the first foreign entrant (except for those from Hong Kong, Macau and Taiwan) to the PRC vision correction services market when we opened our Shanghai clinic in 2013 and we have been positioning ourselves as a high-end vision correction services provider in the PRC since then. The signature features of our services in our PRC clinics are as follows:

- (i) ***German ophthalmology excellence:*** We have accumulated over 25 years of experience in the vision correction services industry since we began our operations in Germany. Our experienced surgeons and conservative ophthalmologists have been educated, trained and have practiced in Germany. Members of our professional team have been consistently nominated by *FOCUS* to be on the “Germany’s Top Doctors” list. We also have a proven track record of having performed the most treatments for myopia, high myopia, and presbyopia (i.e. the ReLEx SMILE, phakic lens (ICL) surgery and Zeiss trifocal lens exchange surgery) in Germany, Europe and the world, respectively. After all, our brand represents confidence in German ophthalmology excellence through our dedication to quality services, top ophthalmologists and best practices, which we have brought into the PRC since 2013. Moreover, our customers from the PRC may also be referred to our clinics in Germany to seek treatment options that may not be readily available in our PRC clinics.
- (ii) ***Our High Volume Surgeons:*** In order to ensure safety, best performances and consistency, our customers in the PRC are treated by our surgeons stationed in the PRC (including our High Volume Surgeons) and also those who will regularly travel to the PRC from Germany to perform vision correction procedures.
- (iii) ***Early adopters of cutting-edge technologies:*** Being ahead of our local competitors, we were one of the first in the PRC to use LenSx femtosecond laser technology to perform bladeless lens exchange surgery and one of the first in the PRC to perform Zeiss trifocal lens exchange surgery to treat presbyopia. Moreover, with our operations based in Germany and Denmark, we were able to accumulate our experience and know-how with the latest technologies that were already in general utilisation in these countries but before they were unveiled and approved by the relevant government authorities in the PRC.
- (iv) ***Quality and comfort:*** We recognise the discomfort and possible distress patients experienced by waiting and being admitted to a hospital or clinic. Hence, we provide comfort and quality services with our hospitality towards our customers when they arrive at our premises. We have installed facilities and recruited front desk staff with a ‘hotel-like’ hospitality experience to provide customers with a sense of premium services and relaxation whilst they wait for surgery.

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- (v) **Customer satisfaction:** According to the customer feedback surveys conducted by our customer feedback management team, we have been consistently receiving generally positive feedback and commendations from our customers in the PRC.
- (vi) **Location of our clinics:** All of our established clinics in operation in the PRC are situated in landmark metropolitan locations of major Chinese cities including Shanghai, Beijing, Shenzhen, Guangzhou and Hangzhou.

As a testament to our premium services provided, we are able to charge higher service fees for vision correction than the market average in the PRC. We believe the abovementioned features demonstrate our capabilities and advantages in capturing the growing market opportunities in the PRC.

### **Dr Jørgensen, our founder, chairman and chief executive officer, is a visionary leader with industry reputation and a proven managerial record**

Our Group was founded under the leadership of Dr Jørgensen, who has been a pioneer in the vision correction services industry with a proven track record and reputation. He is an author of several scientific publications, a Hans-Sautter Laureate and an appraiser for an arbitration body on medical malpractice in northern Germany. He is also widely known as a leader in phakic lens (ICL) surgery and trifocal lens exchange surgery. For further information regarding the background, qualification and experience of Dr Jørgensen, please refer to the section headed “Directors and Senior Management” in this prospectus.

Not only does Dr Jørgensen possess the skillset and experience of a world-class eye surgeon, he also has the visionary insight to look for optimum market opportunities. For example, he began offering out-patient cataract surgery in Hamburg as early as 1986. Over 20 years ago, through EuroEyes, he commenced offering multifocal lens exchange surgery. Dr Jørgensen also saw the opportunities for EuroEyes to invest, participate and expand in the vision correction services market in the PRC.

Under the leadership and management of Dr Jørgensen, our Group had experienced exponential growth across the years, from one eye clinic in Hamburg, into an established network of 25 premises in Germany, Denmark and the PRC. Based on such proven track record, we believe that the leadership and management of Dr Jørgensen will lead our Group to sustainable growth.

### **We have a professional team with outstanding reputation and technical expertise**

We are managed and operated by eye surgeons renowned for their experience and expertise in the vision correction services industry. Experienced members of our expert team of surgeons (including Dr Jørgensen, Professor Neuhann, Professor Knorz and Dr Lerche) have each practiced in the industry for an average of 25 years. These experts are also key opinion leaders in the field. Professor Neuhann has been an expert in the excimer laser technique when performing refractive laser surgeries since the 1980s. In 1999, Professor Neuhann was



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honoured as a “Pioneer of Eye Laser Treatment” in the United States. He has also been the president of the Organisation of German Specialty Clinics for Refractive Laser Surgery since 2006. Professor Knorz is a leader in the field of refractive laser surgery and cataract surgery in Germany and, for five consecutive years from 2012 to 2018, he was placed on the FOCUS expert list. In 2005, both Professor Neuhann and Professor Knorz were voted as one of the “Top 50 Opinion Leaders” by *Cataract & Refractive Surgery Today* for outstanding contribution and leadership in the field. Dr Lerche was the medical director at our Euroeyes centre in Hannover and he was the founder of two eye clinics in Hamburg. For further information regarding the background and experience of our team, please refer to the section headed “Directors and Senior Management” in this prospectus.

Unique from other medical or ophthalmology surgery groups, we have been advised by an international medical advisory board which comprises distinguished international eye surgeons and key opinion leaders in the field. This board serves in an advisory capacity to our executive team and convenes annually to provide expert insight, scientific direction, and industry know-how on specific initiatives. Members of our international medical advisory board also work closely to advance medical education, to foster innovation and knowledge sharing amongst our staff, and to improve the quality and standards of our services. For further information on our international medical advisory board, please refer to the paragraph headed “– International medical advisory board” in this section.

We believe that based on the qualifications, experience and in-depth knowledge of our team and the international medical advisory board, we are able to deliver services to our customers’ satisfaction, which will lead to our success and future development.

### **FUTURE STRATEGIES**

#### **We will further expand our business operations through acquisitions in Europe in order to solidify our leadership position**

Throughout the years, part of our operations have grown as a result of a series of acquisitions. We believe that by leveraging our experience and brand recognition, we will be able to expand further into Europe where the market conditions, demand and growth potential for vision correction services seem favourable. When opportunities arise, we will consider acquiring other eye clinics in various cities across Europe.

We will maintain a disciplined approach to such acquisitions and will consider various selection criteria with the aim to creating synergies between the acquired target and the rest of the Group after the said acquisition. Before any acquisition, we will take into account factors such as financial performance, reputation, operating history, qualifications of the professional staff and the competitive landscape of the target company. Illustrations of such suitable factors may include financially sound, reputable, eye clinic groups with clinics based in Sweden or Norway that provide similar surgery types, or eye clinic groups with clinics in Denmark or Germany that offer services supplemental to those which we currently offer. Once we have acquired these targeted clinics, we will involve ourselves in their management to ensure that

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they conform to our operational standards and best practices to ensure that these clinics can fully integrate into our Group and appropriately reflect the “EuroEyes” brand. As at the Latest Practicable Date, we have not identified any specific acquisition targets, formed any specific acquisition plans or entered into any agreements with potential targets.

For more information on the funding of possible acquisitions in Europe, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.

### **We will further expand our business operations in the PRC in order to seize the massive market opportunities**

Among the existing industry participants, we were the first foreign entrant (except for those from Hong Kong, Macau and Taiwan) to the PRC vision correction services market. We are well-positioned to benefit from the immense growth potential in the PRC. The projections, as stated above by Frost & Sullivan, suggest that there is an enormous potential to expand in the Chinese premium vision correction services market. For a full description of the identified opportunities in the PRC, please see the paragraph headed “– Increasing opportunities in the PRC market” in this section.

Considering the above, we will solidify our current market position by opening up more clinics in major cities in the PRC including Chengdu and Chongqing by 2020. Nonetheless, we plan to establish around one to three clinics each year in first-tier or second-tier cities in the PRC. Emulating from our successes in Germany, Denmark and the PRC, all of these new clinics will be located in premium metropolitan areas. For a further discussion on the financial analysis in opening clinics in the PRC, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.

### **We will enhance our marketing efforts in order to increase the size of our future customer base and our geographical reach**

We will boost our various marketing efforts to build stronger brand awareness for EuroEyes. To do so, we shall increase our efforts as described in the paragraph headed “– Sales and marketing” in this section. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, our advertising and marketing expenditure amounted to approximately €4.1 million, €5.0 million, €4.7 million and €1.1 million, representing approximately 13.4%, 13.5%, 11.0% and 9.1% of our total revenue during the same periods. In order to increase our marketing efforts, in particular, we will expand into television advertisements, engaging popular figures to become our “presbyopia ambassadors” and increase our social media promotion campaigns, we expect that our advertising and marketing expenditure will increase accordingly in the future. We will also enhance our marketing efforts to expand our geographical reach to cover other regions such as Hong Kong and Macau. For more information on the funding of such advertising and marketing campaigns, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.

**We will expand our service offerings in order to tap into a larger customer base**

In order to increase the size of our customer base in the future, in addition to our efforts in promoting our current service offering, we will also expand the scope of our services such that it will include treatment options for age-related macular degeneration and retinal detachment (which we have not started to offer in any of our clinics) and cataract (which can be treated by advanced lens exchange surgery, however, we have yet to increase our efforts in marketing this service offering to those who are showing signs of cataract in the PRC).

In particular, with regards to the market potential of cataract, according to Frost & Sullivan, the number of cases of cataract in the PRC increased from 121.6 million in 2014 to 147.7 million in 2018 (representing a CAGR of 5.0%) and is projected to reach 188.8 million in 2023 (representing a CAGR of 5.0% from 2018 to 2023). The market size of cataract treatment (which includes, among other things, lens exchange surgery) in terms of revenue in the PRC increased from RMB4.4 billion in 2014 to RMB11.0 billion in 2018 (representing a CAGR of 26.0%), and is expected to reach RMB26.2 billion in 2023 (representing a CAGR of 19.0% from 2018 to 2023). Such figures, in our view, reflects the market potential for our Group to increase our efforts in promoting the service offering of lens exchange surgery as a treatment for cataract in the PRC. Considering such market trends and the benefits of the trifocal lens exchange surgery to treat cataract, to provide a permanent alternative to wearing glasses and to rid customers of all of their refractive errors, we will be offering, and promoting the offering of our trifocal lens exchange surgery option to our customers in the PRC to treat their cataract.

Currently, our professional staff are already qualified and skilled to perform treatments for cataract, age-related macular degeneration and retinal detachment. We also have the necessary equipment to perform lens exchange surgery to treat cataract. Moving forward, we will be investing in acquiring more equipment to treat age-related macular degeneration and retinal detachment, and, if necessary, recruit additional professionals who are expert in this field with our internal resources. By doing so, we will continue to widen the range of our services in order to become a one-stop service provider for all types of refractive errors and eye-related difficulties.

**We will continue to attract, recruit and retain the best talents**

We are of the view that the expertise and professionalism of our ophthalmologist and surgeons are crucial factors in reaching our current success. Therefore, we plan to invest in the retention, training and recruitment of talents in vision correction. In order to retain our current team members, we plan to offer incentive packages such as favourable revenue sharing arrangements, performance-based bonuses, fringe benefits or stock options. To provide further training to our current team, we will sponsor our professionals to attend international conferences and symposiums in relation to vision correction, and also hold regular know-how sharing sessions across our Group. To recruit the best talents of the industry, we will ensure that we create a pleasant environment in the workplace, build a positive reputation as an inspirational employer in the field and to offer favourable terms.

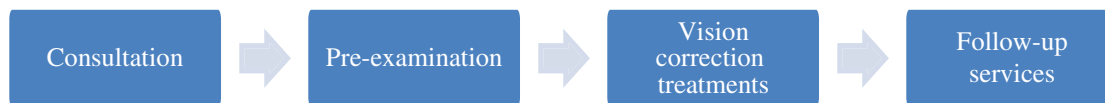
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## BUSINESS

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### OUR SERVICES

A customer seeking our vision correction services in Germany, Denmark or the PRC will typically undergo the following process:



#### Consultation

Our consultations are optional, generally free of charge and are provided by our refractive coordinators. During a consultation, our refractive coordinators will provide our customers with general information on our vision correction procedures available. They will also measure the customer's eye parameters as well as give recommendations as to the method of treating refractive errors. Thereafter, the customer can schedule a pre-examination with an ophthalmologist.

The number of customer visits increased steadily during the Track Record Period of which is in line with the growing demand for our services. The table below sets out a breakdown of the number of consultants and the conversion rate for the periods indicated:

	Year ended 31 December			Three months ended 31 March
	2016	2017	2018	2019
Total number of consultations	9,563	11,639	14,448	5,567
Conversion rate (%) <sup>(1)</sup>	54.0	56.0	57.0	48.1%

*Note:*

- (1) Calculated by dividing the total number of consultations by the number of customers who underwent vision correction surgeries in the respective year.

#### Pre-examination

A pre-examination is a process that lasts around one to two hours and is a prerequisite to undertake vision correction surgery with us. The fees incurred during pre-examinations are included in the package offered to our customers who undergo vision correction services. If our customers do not wish to proceed with their vision correction surgery, they will have to individually pay for the pre-examination. Pre-examinations are carried out by our surgeons and/or conservative ophthalmologists who take images and measure the customer's eyes. Customers who wish to carry out a pre-examination will need to have taken at least a one week break from soft contact lenses, and a two-week break from hard contact lenses. Having taken images and exact measurements of the customer's eyes, our doctor will be able to guide our customer to the most appropriate type of vision correction for them, and do all the necessary examinations to prepare them for surgery.

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## BUSINESS

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### Vision correction treatments

We offer our services to two main customer groups: customers below 45 years of age and customers above 45 years of age. The customers below 45 years of age usually experience myopia or high myopia and are treated with refractive laser surgery and phakic lens (ICL) surgery. Customers over 45 years of age usually experience presbyopia and are treated with trifocal lens exchange surgery. Lens exchange surgery with trifocal lens can also be a treatment option for customers who are showing symptoms of cataract at a later age. We also offer the ICRS implantation as a treatment option for keratoconus, a progressive corneal disease where the vision distorts as a result of the cornea becoming thinned and weakened, causing it to bulge out and deform.

The full range of our services is tabulated below by the suitable age group for each treatment option:

	<u>Refractive laser surgery</u>	<u>Phakic lens (ICL) surgery</u>	<u>Lens exchange surgery</u>	<u>ICRS implantation</u>
<b>18 to 45 years of age</b>	Myopia, Hyperopia, Astigmatism	High myopia, Hyperopia, Astigmatism	–	Keratoconus
<b>45 years of age or above</b>	–	–	Presbyopia, Cataract, Myopia, High myopia, Hyperopia, Astigmatism	Keratoconus

Apart from the premium vision correction services targeted at a clientele with mid-to-high income levels, customers of relatively lower income levels in Germany may seek affordable vision correction options (such as FemtoLASIK and PRK/LASEK) by engaging ophthalmologists present at the centres operating under our sister brand “LASIK Germany”.

## BUSINESS

The table below sets out a breakdown of the revenue of our operations by the types of services provided during the Track Record Period.

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>	<i>% of total</i>
	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>	<i>revenue</i>
	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>	<i>from</i>
	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>	<i>providing</i>
	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>	<i>vision</i>
	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>	<i>correction</i>
	€'000	services	€'000	services	€'000	services	€'000	services	€'000	services
Refractive laser surgery										
– ReLEx SMILE	8,705	29.2	10,629	29.1	13,489	31.8	3,038	29.8	3,491	30.7
– FemtoLASIK	3,621	12.1	4,333	11.9	4,017	9.5	1,302	12.8	1,024	9.0
<b>Subtotal</b>	<b>12,326</b>	<b>41.3</b>	<b>14,962</b>	<b>41.0</b>	<b>17,506</b>	<b>41.3</b>	<b>4,340</b>	<b>42.6</b>	<b>4,515</b>	<b>39.7</b>
Phakic lens (ICL) surgery	3,214	10.8	4,463	12.2	6,671	15.8	1,572	15.4	1,415	12.4
Lens exchange surgery										
– monofocal lens exchange surgery	1,634	5.5	1,843	5.1	2,172	5.1	482	4.7	451	4.0
– trifocal lens exchange surgery	12,413	41.6	14,946	41.0	15,776	37.2	3,754	36.8	4,934	43.3
<b>Subtotal</b>	<b>14,047</b>	<b>47.1</b>	<b>16,789</b>	<b>46.1</b>	<b>17,948</b>	<b>42.3</b>	<b>4,236</b>	<b>41.5</b>	<b>5,385</b>	<b>47.3</b>
Others										
– PRK/LASEK	235	0.8	238	0.7	232	0.5	51	0.5	67	0.6
– ICRS implantation	30	0.0	12	0.0	29	0.1	–	–	–	–
<b>Subtotal</b>	<b>265</b>	<b>0.8</b>	<b>250</b>	<b>0.7</b>	<b>261</b>	<b>0.6</b>	<b>51</b>	<b>0.5</b>	<b>67</b>	<b>0.6</b>
<b>Total revenue from providing vision correction services</b>	<b>29,852</b>	<b>100.0</b>	<b>36,464</b>	<b>100.0</b>	<b>42,386</b>	<b>100.0</b>	<b>10,199</b>	<b>100.0</b>	<b>11,382</b>	<b>100.0</b>

## BUSINESS

The table below sets out the geographical revenue by types of services during the Track Record Period:

	Year ended 31 December									Three months ended 31 March					
	2016			2017			2018			2018			2019		
	Revenue in Germany	Revenue in the PRC	Revenue in Denmark	Revenue in Germany	Revenue in the PRC	Revenue in Denmark	Revenue in Germany	Revenue in the PRC	Revenue in Denmark	Revenue in Germany	Revenue in the PRC	Revenue in Denmark	Revenue in Germany	Revenue in the PRC	Revenue in Denmark
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Refractive laser surgery	10,519	1,157	650	11,169	3,223	570	12,419	4,691	396	3,125	1,136	79	3,086	1,334	95
Phakic lens (ICL) surgery	2,169	1,002	43	2,065	2,356	42	2,793	3,830	48	625	947	-	612	791	12
Lens exchange surgery	8,951	1,596	3,500	9,863	3,066	3,860	10,840	3,589	3,519	2,594	741	901	3,327	886	1,172
Others	253	-	12	218	-	32	246	-	15	51	-	-	64	-	3
<b>Total revenue from providing vision correction services</b>	<b>21,892</b>	<b>3,755</b>	<b>4,205</b>	<b>23,315</b>	<b>8,645</b>	<b>4,504</b>	<b>26,298</b>	<b>12,110</b>	<b>3,978</b>	<b>6,395</b>	<b>2,824</b>	<b>980</b>	<b>7,089</b>	<b>3,011</b>	<b>1,282</b>

The table below sets out the number of surgeries performed and the average selling price during the Track Record Period:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)
Refractive laser surgery	6,298	1,957	8,052	1,858	9,649	1,814	2,338	1,856	2,505	1,802
Phakic lens (ICL) surgery	990	3,246	1,451	3,076	2,017	3,307	476	3,303	417	3,393
Lens exchange surgery	4,841	2,902	5,466	3,072	5,707	3,145	1,360	3,115	1,694	3,179
Others	199	1,332	178	1,404	167	1,563	32	1,594	52	1,288

*Note:* These numbers do not include non-revenue contributing surgeries, such as follow-up surgical treatments.



## BUSINESS

The table below sets out the number of surgeries performed and the average selling price by countries during the Track Record Period:

	Year ended December 31,						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	<i>Number of surgeries performed<sup>(Note)</sup></i>	<i>Average selling price (€ per surgery)</i>	<i>Number of surgeries performed<sup>(Note)</sup></i>	<i>Average selling price (€ per surgery)</i>	<i>Number of surgeries performed<sup>(Note)</sup></i>	<i>Average selling price (€ per surgery)</i>	<i>Number of surgeries performed<sup>(Note)</sup></i>	<i>Average selling price (€ per surgery)</i>	<i>Number of surgeries performed<sup>(Note)</sup></i>	<i>Average selling price (€ per surgery)</i>
Germany	9,373	2,336	9,846	2,368	11,016	2,387	2,708	2,362	2,918	2,429
PRC	1,324	2,836	3,624	2,386	5,098	2,375	1,156	2,443	1,321	2,279
Denmark	1,631	2,578	1,677	2,686	1,426	2,790	342	2,865	429	2,988

*Note:* These numbers do not include non-revenue contributing surgeries, such as follow-up surgical treatments.

### ***Refractive laser surgery***

Our refractive laser surgeries are mainly offered to customers with myopia (up to around -8.0 dioptres and even up to around -10.0 dioptres in certain circumstances), hyperopia (up to around +3.0 dioptres and up to +4.0 dioptres in certain circumstances) and astigmatism (up to around 6.0 dioptres) and who are under 45 years of age. Our options, which include ReLEx SMILE and FemtoLASIK, allow us to serve a broad spectrum of customers despite of their unique physical circumstances such as thin corneas or dry eyes. Among these types of refractive laser surgeries, the one we carried out the most was ReLEx SMILE. For the years ended 31 December 2016, 2017, 2018 and for the three months ended 31 March 2019, we performed 6,298, 8,052, 9,649 and 2,505 refractive laser surgeries, respectively.

### ***ReLEx SMILE***

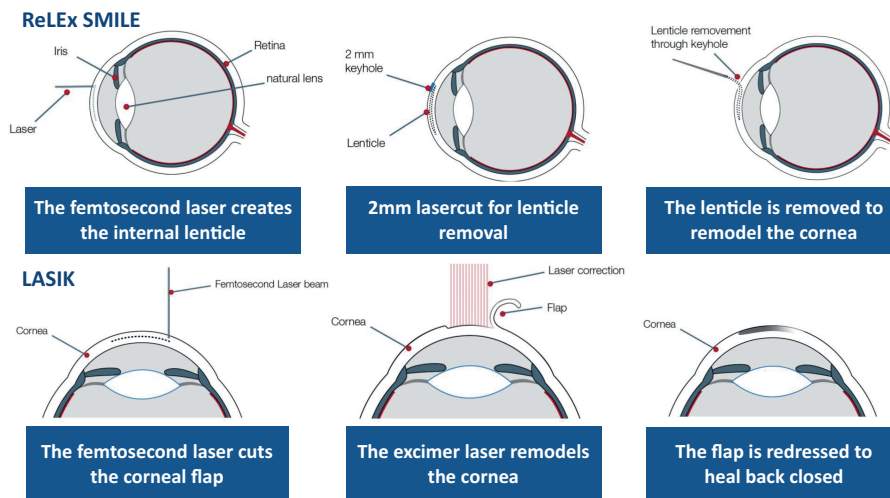
ReLEx SMILE treats myopia from -1.0 to -8.0 dioptres (and up to -10.0 dioptres in some circumstances) and astigmatism up to -5.0 dioptres. It can only be carried out by the VisuMax laser, as manufactured by Carl Zeiss. This procedure is minimally invasive when compared with other types of vision correction procedures, and is a popular type of refractive laser surgery in Germany, Denmark and the PRC. We see the ReLEx SMILE as the future of refractive laser surgery and we currently use it as the ideal treatment for correcting low and moderate myopia with or without astigmatism. Prior to the introduction of the ReLEx SMILE, the majority of customers who wanted to correct their myopia and astigmatism had to seek LASIK or FemtoLASIK treatment. ReLEx SMILE is a more advanced evolution of FemtoLASIK and can treat customers with thin corneas or dry eyes.

For ReLEx SMILE treatment, given that fewer nerves are severed by the smaller incision (under 4mm), there is a lower chance of dry eyes subsequent to the treatment. Customers who have undergone ReLEx SMILE surgery will generally have a shorter recovery time and experience fewer side-effects than those receiving other types of refractive laser surgeries. The total duration of this procedure will be approximately 10-15 minutes per eye.

### *FemtoLASIK*

FemtoLASIK is a refractive laser surgery which combines the use of the femtosecond laser and the excimer laser to treat myopia up to -8.0 dioptres (and up to -10.0 dioptres in some circumstances), hyperopia up to +3.0 dioptres (and up to +4.0 dioptres in certain circumstances), and astigmatism up to +5.0 dioptres. This is contrasted with the old version known as LASIK, of which the Femtosecond laser is not utilised. The total duration of this procedure will be approximately 15 minutes per eye.

The diagram below is a summary of the steps performed during a ReLEX SMILE and a FemtoLASIK treatment:

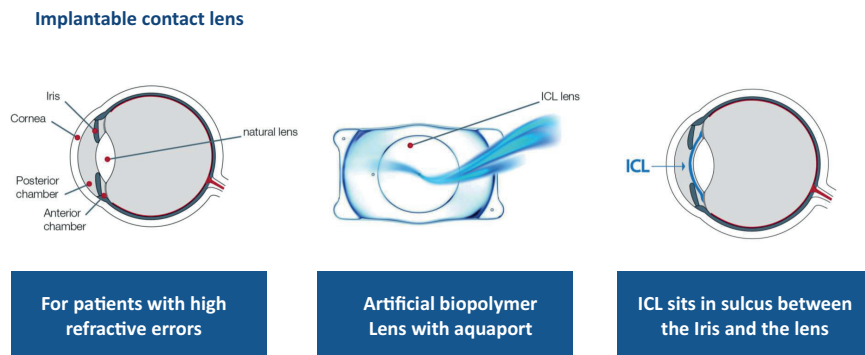


### *Phakic lens (ICL) surgery*

Phakic lens (ICL) surgery is where a phakic intraocular lens is implanted to the eye to treat high levels of myopia (typically over -6.0 dioptres), hyperopia and astigmatism. It is mostly suitable for customers between the ages of 18 and 45 and those who are not suitable for refractive laser surgery due to thin or irregular corneas, very dry eyes or extreme levels of refractive errors. The total duration of this procedure will be approximately 10 to 15 minutes per eye.

We were among the first (in 1997) to offer the intraocular contact lens (“**ICL**”) (which is developed, manufactured and supplied by Staar Surgical) to perform our phakic lens surgery to treat customers who had high myopia of which refractive laser surgery could not correct. Staar Surgical is the world’s largest supplier of phakic lens (ICL). According to Staar Surgical, we have carried out the most phakic lens (ICL) surgeries in Europe in 2018. For the years ended 31 December 2016, 2017 and 2018 and for the three months ended 31 March 2019, we performed 990, 1,451, 2,017 and 417 phakic lens (ICL) surgeries, respectively.

The diagram below is a summary of the steps performed during a phakic lens (ICL) surgery:

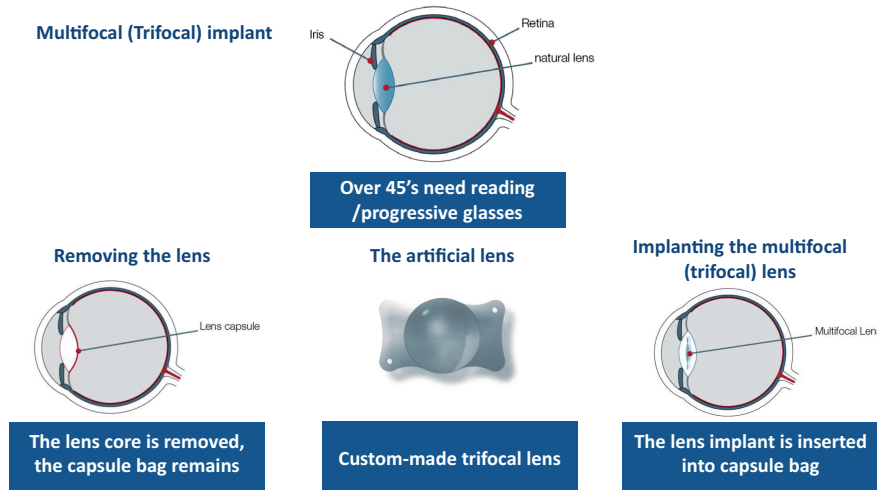


### ***Lens exchange surgery***

Lens exchange surgery can permanently solve multiple refractive errors and vision disorders. We offer two different types of artificial lenses for lens exchange surgery, trifocal and monofocal. The implantation of Zeiss trifocal lenses is an ideal solution for those hoping for the permanent freedom from wearing any glasses ever again. Customers with the trifocal lens implanted (which is developed, manufactured and supplied to us by Carl Zeiss) will not require any glasses as a trifocal lens can focus at near, middle-ranged and distant objects. Customers who wish to treat their cataract with the monofocal lens exchange surgery will need to use glasses after the surgery either for far or near vision. The total duration of this procedure will be approximately 10 to 15 minutes per eye. For the years ended 31 December 2016, 2017, 2018 and for the three months ended 31 March 2019, we performed 4,841, 5,466, 5,707 and 1,694 lens exchange surgeries, respectively.

We are the pioneers in the lens exchange surgery landscape. For the past 20 years, we have also been offering the multifocal (bifocal) lenses, which were then superseded by the Zeiss trifocal lens for customers at the age of 45 or above with signs of presbyopia. This can also be used in conjunction as a treatment for cataract or even early signs of cataract. Nowadays, as life expectancy increases by the year, people above the age of 70 are still healthy and have become far more demanding for full vision restoration after treating their cataract to improve their quality of life. As a result, there is an increasing need for trifocal lens exchange surgery as it is the only treatment that can cure all types of refractive errors. In 2018, we have implanted the most number of Zeiss trifocal lenses worldwide as accredited by Carl Zeiss.

The diagram below is a main summary of the steps performed during lens exchange surgery:



***Intracorneal Ring Segment (“ICRS”) implantation***

Keratoconus is a genetically inherited disease which affects the normal shape of the cornea leading to the development of a cone-shaped protrusion, which results in a reduction and distortion of vision thereby affecting its stability. It occurs in at least one out of 2000 people in Europe. Keratoconus is treated with an intracorneal ring segment implantation with corneal crosslinking by reshaping the cornea by implanting a poly methyl methacrylate ring segment. Later, the corneal shape is fixated using ultra-violet light and vitamin B. The total duration of this procedure will be 30 minutes per eye. ICRS implantation services are only offered in our Hamburg and Munich clinics in Germany. Below is a summary of the main steps performed during an ICRS implantation:

- |   |   |  |
|---|---|--|
| <b><i>Step 1:</i></b><br><b><i>Creation of a tunnel</i></b> | <b><i>Step 2:</i></b><br><b><i>Creating a key-hole incision</i></b> | <b><i>Step 3:</i></b><br><b><i>Implanting the ring</i></b> |
|---|---|--|

First, a tunnel is prepared for the ring to be inserted into. We use the femtosecond laser for this – similar to the use of lasers in a FemtoLASIK treatment – which makes precise incisions within six seconds.

The ring is then inserted carefully by the eye surgeon into this tunnel, and carefully positioned.

The rings “tighten” the corneal cone through increased structural pressure and thereby create a more regular corneal surface.

**Follow-up services**

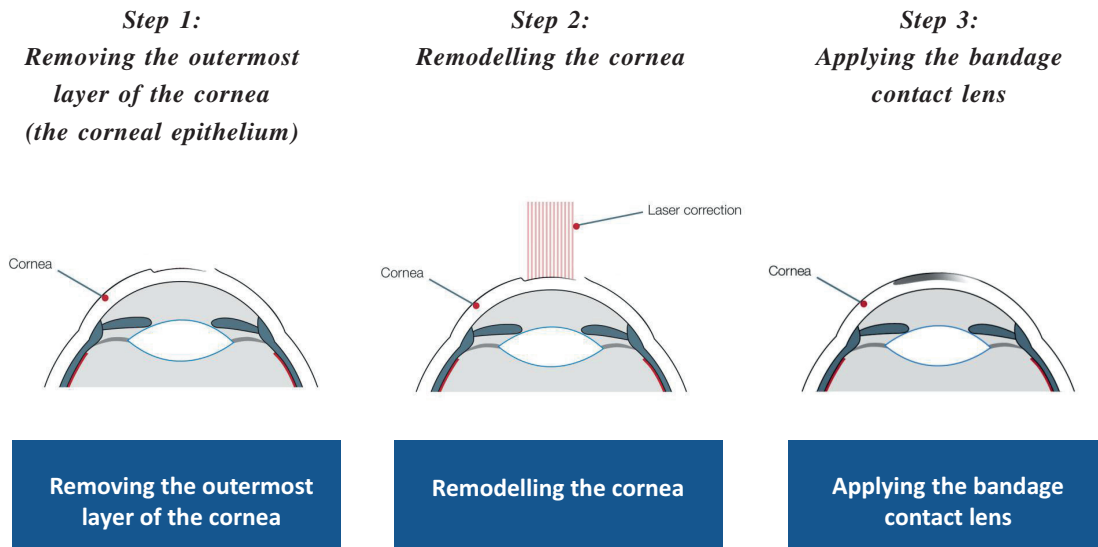
We provide all our customers who have undertaken vision correction surgery three free-of-charge follow-up examinations (one taken on the day after the surgery, one taken during the week after surgery, and one a month after the surgery) as well as a free follow-up treatment within a year after the initial surgery, if necessary.

**Our sister brand – “LASIK Germany”**

Apart from premium vision correction offered to our customers under our “EuroEyes” brand, customers may also seek more affordable options (such as FemtoLASIK and PRK/LASEK) by engaging the ophthalmologists at the centres operating under the “LASIK Germany” brand, with locations including Hamburg, Berlin, Leipzig, Stuttgart, Hannover, Oberhausen and Munich. Nonetheless, if customers who visited LASIK Germany were deemed to be more fit for lens exchange surgery, ReLEx SMILE or phakic lens (ICL) surgery or if they were to prefer so, they would be referred by LASIK Germany to EuroEyes.

PRK/LASEK (unlike ReLEx SMILE or FemtoLASIK) results in a prolonged healing period of about four to five days. During this healing period, customers usually experience various degrees of discomfort and tearing. Therefore, PRK/LASEK is only used for customers who cannot undergo ReLEx SMILE or FemtoLASIK because of thin or irregular corneas. The total duration of this procedure will be approximately 10 to 15 minutes per eye.

The diagram below is a summary of the steps performed during a PRK/LASEK treatment:



The outermost layer of the cornea (the corneal epithelium) is pushed aside or removed entirely either mechanically (PRK) or using alcohol (LASEK).

The excimer laser ablates the cornea to re-shaped it and correct for the refractive error.

A bandage contact lens covers the wound similar to a band-aid, until the epithelium has grown back after around five days.

**OUR EUROEYES CENTRES**

Since 1993, we have grown from one clinic in Hamburg, Germany, to an established network of 26 premises spanning across Germany, Denmark and the PRC. All of our centres are situated in landmark areas in major metropolitan cities of each these countries.

## BUSINESS

We operate consultation centres that serve a supportive function auxiliary to our clinics. At our consultation centres, our customers will meet up with our refractive coordinators for the initial consultation. Some of our consultation centres have ophthalmologist and equipment required to conduct pre-examinations. All information collected at the consultations will be then forwarded to the assigned ophthalmologist and/or surgeon before the customer undergoes vision correction.

### Germany

As at the Latest Practicable Date, we have nine clinics, five consultation centres and one centre that adopted an alternative model in Germany, which are all located in major German cities. Details of our main service offerings in Germany are set out below.

City	Consultation services	Pre-Examination services	Refractive laser surgery	Phakic lens (ICL) surgery	Lens exchange surgery	Opening year
<b>Clinics</b>						
- Hamburg <sup>(1)</sup>	✓	✓	✓	✓	✓	1993
- Munich <sup>(1)</sup>	✓	✓	✓	✓	✓	1993
- Berlin	✓	✓	✓	✓	✓	2000
- Leipzig	✓	✓	✓	✓	✓	2001
- Oberhausen	✓	✓	✓	✓	-	2002
- Stuttgart	✓	✓	✓	✓	✓	2003
- Hannover <sup>(2)</sup>	✓	✓	✓	-	-	2004
- Dusseldorf	✓	✓	✓	✓	✓	2006
- Frankfurt	✓	✓	✓	✓	✓	2010
<b>Consultation Centres</b>						
- Lübeck	✓	✓	-	-	-	2007
- Augsburg	✓	-	-	-	-	2009
- Dresden	✓	✓	-	-	-	2009
- Munich, Frauenplatz	✓	✓	-	-	-	2009
- Oldenburg	✓	✓	-	-	-	2010
<b>Centre (adopted an alternative model)</b>						
- Bremen <sup>(3)</sup>	✓	✓	✓	✓	✓	2009

*Notes:*

- (1) ICRS implantations are offered at those clinics.
- (2) Customers visiting this clinic will be referred to our clinic in Hamburg for phakic lens (ICL) surgeries and lens exchange surgeries.
- (3) Since 27 March 2019, services offered in Bremen are provided under an alternative structure. Customers may seek the services as stated in the table above by engaging the ophthalmologists at the Bremen premise operating under EuroEyes ALZ Bremen. For further details, please see the information provided in the paragraph headed “ – Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany” in this section.

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### Denmark

Our first ever clinic in Denmark was established in Copenhagen in 1997. As at the Latest Practicable Date, we have three clinics and two consultation centres in Denmark. In particular, we operate within the eye department of the Hamlet Private hospital in Copenhagen under a cooperation arrangement. The material terms of the cooperation agreement signed between EUROEYES ApS (a wholly-owned subsidiary of the Company) and Aleris Hamlet Hospitaler A/S are summarised as follows:

<b>Signing date:</b>	March 2013
<b>Term:</b>	Not specified in the agreement
<b>Rights and obligations:</b>	EUROEYES ApS is granted a right to use certain locations and facilities at the private hospital of Aleris Hamlet Hospitaler A/S for the performance of the services offered by EUROEYES ApS. This right is stated to be either exclusive or non-exclusive, depending on the specific location.
<b>Customer referrals:</b>	Each of the parties, to the extent possible, is obliged to refer customers exclusively to the respective specialties held by each of the parties (EUROEYES ApS is responsible for carrying out refractive laser surgery, phakic lens (ICL) surgery and lens exchange surgery, while Aleris Hamlet Hospitaler A/S is responsible for offering other kinds of general eye-related services).
<b>Others:</b>	The parties intend to perform e.g. joint marketing in order to achieve commercial success and establish the companies as leading suppliers of health service in Denmark.
<b>Termination:</b>	The agreement may be terminated by either party with a notice period which varies from six to twelve months.
<b>Monthly fee:</b>	EUROEYES ApS pays a monthly fee (subject to annual adjustment) for the use of the locations and facilities at the private hospital of Aleris Hamlet Hospitaler A/S and the joint marketing services.
<b>Security:</b>	EUROEYES ApS has issued an irrevocable bank demand guarantee as a security for any disagreement or dispute between EUROEYES ApS and Aleris Hamlet Hospitaler A/S under the agreement.



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Details of our main service offerings in Denmark are set out below.

City	Consultation services	Pre-Examination services	Refractive laser surgery	Phakic lens (ICL) surgery	Lens exchange surgery	Opening year
<b>Clinics</b>						
- Copenhagen	✓	✓	✓	✓	✓	1997
- Aarhus	✓	✓	✓	✓	✓	2009
- Aalborg	✓	✓	-	✓	✓	2013
<b>Consultation Centres</b>						
- Herning	✓	✓	-	-	-	2009
- Esbjerg	✓	✓	-	-	-	2014

### The PRC

As at the Latest Practicable Date, we operate six clinics in the PRC, under our subsidiaries namely Beijing Deshijia, Shanghai Deshijia, Shenzhen Deshijia, Guangzhou Deshijia, Hangzhou Deshijia and Beijing Deshijia Dongbu Eye Clinic Co., Ltd.\* (北京德視佳東部眼科診所有限公司), with our first clinic having commenced its operations in Shanghai in 2013. Two of our High Volume Surgeons are stationed in the PRC and would travel to each of our locations in the PRC to offer vision correction surgery to our customers. Meanwhile, two of our High Volume Surgeons in Germany would also travel to the PRC to perform relevant vision correction surgery in the PRC on a regular basis. Upon consultation, and pre-examination, once a PRC customer is deemed fit for vision correction or treatment, we would assign the most suitable surgeon, with skillsets tailored to the customer's circumstances, to perform the surgery. If the assigned surgeon is to travel from Germany to the PRC, the relevant waiting time will be around 30 days.

Details of our main service offerings in the PRC are set out below.

City	Consultation services	Pre-Examination services	Refractive laser surgery	Phakic lens (ICL) surgery	Lens exchange surgery	Opening year
<b>Clinics</b>						
- Shanghai	✓	✓	✓	✓	✓	2013
- Beijing (West)	✓	✓	✓ <sup>(1)</sup>	✓	✓	2015
- Guangzhou	✓	✓	✓ <sup>(1)</sup>	✓	✓	2016
- Shenzhen	✓	✓	✓	✓	✓	2017 <sup>(2)</sup>
- Hangzhou	✓	✓	✓ <sup>(1)</sup>	✓	✓	2019
- Beijing (East)	✓	✓	✓	✓	✓	2019

*Notes:*

- (1) ReLEx SMILE is the only refractive laser surgery option offered in this clinic.
- (2) Shenzhen Hero was acquired as one of our PRC subsidiaries in 2016.

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During the Track Record Period, we had eight local conservative ophthalmologists and six foreign surgeons and conservative ophthalmologists providing vision correction services at our PRC clinics. According to our PRC Legal Adviser, during the Track Record Period, all our local conservative ophthalmologists as well as our foreign surgeons and conservative ophthalmologists had respectively obtained their Practicing Certificate of Medical Practitioners (執業醫師證) (the “**Medical Practitioners Certificate**”) or the Temporary License for Foreign Physician to Practice Medicine in the PRC (外國醫師短期行醫許可證) (the “**Foreign Physician License**”), with the corresponding places of practice being our PRC clinics, which enabled them to carry out their medical practice at our PRC clinics in accordance with the applicable PRC laws and regulations.

The Medical Practitioners Certificate, which is held by our local conservative ophthalmologists, is subject to periodic examination and is effective until and unless terminated by the competent government authority. Such termination of the Medical Practitioners Certificate may be triggered in severe circumstances as prescribed by the applicable PRC laws and regulations, which arise as a result of the fault of the local conservative ophthalmologists, and this may include but is not limited to situations where there have been violations of the health administrative rules and regulations or technical operation specifications by the local conservative ophthalmologists, thereby resulting in serious consequences and will be decided by the competent government authority as gross violations.

The period of validity of the Foreign Physician License shall not exceed one year and can be extended after the completion of re-registration procedures in accordance with the relevant PRC laws and regulations. Among the Foreign Physician Licenses held by our foreign surgeons and conservative ophthalmologists, the earliest expiry date is on 13 December 2019 and the remaining licenses shall expire within the period from 24 January 2020 to 18 September 2020. In relation to those Foreign Physician Licenses that will expire on 13 December 2019 and 24 January 2020, the Company undertakes that it will promptly take necessary steps and submit the relevant re-registration applications, such foreign surgeons and conservative ophthalmologists would not be arranged by the Company to provide any vision correction services at the corresponding PRC clinics, until and unless their Foreign Physician License are duly renewed.

Our PRC Legal Adviser has advised us that, to the best of their knowledge and information, there is no material legal impediment for our foreign surgeons and conservative ophthalmologists in the PRC to renew their Foreign Physician License, so long as they comply with the relevant legal requirements and provided that they and/or the Company have taken all necessary steps to submit the relevant applications in accordance with the requirements and schedules prescribed by the applicable PRC laws and regulations.

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### Financial performance breakdown by country

The tables below sets out the breakdown of our revenue by brand and by geographical locations, during the Track Record Period. For further information on our financial performance, please see the section headed “Financial Information” in this prospectus.

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue
Germany										
– “EuroEyes”	21,455	70.6	22,394	60.5	25,226	58.7	6,051	58.8	6,739	58.6
– “LASIK Germany”	987	3.2	1,434	3.9	1,638	3.8	436	4.2	458	4.0
Denmark	4,205	13.8	4,504	12.2	3,987	9.3	983	9.6	1,284	11.2
The PRC	3,755	12.4	8,645	23.4	12,110	28.2	2,824	27.4	3,011	26.2
<b>Total</b>	<b>30,402</b>	<b>100.0</b>	<b>36,977</b>	<b>100.0</b>	<b>42,961</b>	<b>100.0</b>	<b>10,294</b>	<b>100.0</b>	<b>11,492</b>	<b>100.0</b>

Our Directors believe that it would be beneficial to continue our expansion plans by operating more clinics in second-tier cities in the PRC such as Chengdu and Chongqing. As projected by Frost & Sullivan, not only is there a rise in the number of cases of myopia and high myopia in the PRC, there is also an increased acceptance, awareness and popularity in paying for advanced lens exchange surgeries and refractive surgeries in the PRC. Such projections suggest an opportunity for us to solidify and strengthen our market-leading position in the region.

### Our facilities and equipment

The following table shows the details of the facilities within our Group’s clinics in Germany, the PRC and Denmark as at the Latest Practicable Date:

	Clinics in Germany	Clinics in the PRC	Clinics in Denmark
Number of clinics (total)	9	6	3
Number of consultation rooms	21	11	8
Number of operating theatres (total)	18	10	3
Total gross floor area	4,875 sq.m.	4,002 sq.m.	318 sq.m.
Number of surgeries performed per clinic per day (average in 2018)	15	16	8
Number of surgery days per clinic per week	Around two to three days	Around two to three days	Around two to three days

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As we aim to maintain our business model as a provider of quality services to a targeted clientele with a mid-to-high income level, the utilisation and capacity of our facilities will largely depend on the additional services provided on top of merely performing vision correction surgery. During the Track Record Period, whilst our clinics dedicated around two to three days a week to perform vision correction surgery, the remainder of the week would usually involve in-depth consultation by our staff and detailed pre-examination procedures conducted by our surgeons and/or conservative ophthalmologists. Part of our clinics' capacity will be utilised to provide follow-up services to customers after their surgeries (these usually occur one day after the surgery, one week after the surgery followed by another session which is one month after). Moreover, there may be additional time spent to address concerns from our customers and our procedures and services may vary depending on each of our customers' circumstances, as a part of our dedication to provide customised services.

Our aim is not only to help our customers correct their refractive errors, but also to improve their overall quality of eyesight. We believe that our state-of-the-art facilities and equipment will service this purpose and to provide our customers with a seamless vision correction experience. For instance, we were one of the early-movers to transition from LASIK to FemtoLASIK technology in 2004. Our operations in Germany, Denmark and the PRC have been acquiring the latest equipment and machinery for vision correction. Examples of our equipment include the LenSx femtosecond laser technology for carrying out bladeless eye surgeries, the VisuMax laser for carrying out the ReLEx SMILE and Intralase FS 150kHz laser to carry out FemtoLASIK. We purchase most of our equipment from manufacturers in Europe and the United States.

We will continue to dedicate ourselves to providing our customers with quality services and the best possible solutions. To do so, we will ensure that we have access to the latest vision correction technology and equipment for all of our operations.

Furthermore, we apply strict standards when selecting our suppliers and when purchasing equipment. For further information, please see the paragraph headed “– Quality control” in this section.

### PRICING

We price our services with reference to a number of factors, including the type of services sought, the complexity of the services, the seniority of our surgeons and conservative ophthalmologists, the operating costs, market price range charged by our competitors and the generally accepted fee range in the market. Our internal pricing policy provides reference price points of various treatment options across our operations in Germany, Denmark and the PRC. We generally review our fees annually according to our internal pricing policy. In the event where there is an increase in the price of supplies and other consumables, we are generally able to pass on the cost increase to our customers by price adjustments.

### SALES AND MARKETING

Our sales and marketing efforts, in our view, has played an important role in the business and operations of our Group. For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, our market and advertising expenses amounted to approximately €4.1 million, €5.0 million, €4.7 million and €1.1 million, representing approximately 13.4%, 13.5%, 11.0% and 9.1% of our total revenue during the same periods. We apply stringent rules in the budgeting and planning of our marketing efforts to ensure that such efforts will generate greater returns in terms of more customer visits and surgeries performed. In light of the positive effects which we have benefited from past marketing efforts, we plan to continue to invest in a number of advertising avenues, including online marketing, sponsoring events, hosting information events, customer referral programmes and follow-up services.

Given that a clear vision goes hand in hand with outdoor sporting activities, we have hosted various sporting events over the years as a part of our marketing strategy. One of the events being actively hosted by us is the EuroEyes Cyclassics Competition which is Europe's largest amateur cycling competition, where our staff would carry out consultations for participating cyclists so as to attract them to undertake vision correction with us. We are currently in discussions with the organisers of the competition to reach a long-term partnership arrangement. We have also sponsored various sports clubs, in football, handball and cycling.

We have also greatly benefited from the publicity accumulated from our information events hosted in Germany, Denmark and the PRC. These information events are given by guest professors and experts with the aim to help our potential customers better understand our treatment solutions as well as for them to learn more about vision correction in general. Going forward, we hope to host more of these information events on a more regular basis to cultivate a stronger awareness of treating presbyopia with the trifocal lens exchange surgery at EuroEyes.

As a value-added service, we offer to provide assistance to our customers in the PRC to be transferred to any of our operations in Germany to seek treatment that might not yet be available in our PRC clinics for the time being. Such assistance as needed would include visa applications assistance, advanced hotel bookings, airport pick-up services and other logistical arrangements. Before the transfer, the customer will first go through a consultation and pre-examination so as to let our professional team assess the feasibility and the most suitable treatment option available and to adequately prepare all operation materials.

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### OUR CUSTOMERS

Our customers are mostly individuals who visit us to seek vision correction services. We serve a mix of customers from different age groups. During the Track Record Period, none of these individual customers accounted for more than 5% of our total revenue.

We have not entered into any long-term agreements with these individual customers. They make payment prior to or at the time of the provision of services, and we generally do not extend any credit periods to our customers. These customers make payment for our fees either by way of cash, credit card, or bank drafts.

Some of our customers are our freelancers who pay a regular fee to use the facilities, equipment and operating space in our EuroEyes centres. These freelancers of ours, who engage their own private patients, use our equipment to perform their own medical practices. During the Track Record Period, no such usage fee received from any one of these freelancers accounted for more than 5% of our total revenue.

To the best knowledge and belief of our Directors, our five largest customers during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or any Shareholders (which to the best knowledge of our Directors beneficially own more than 5% of our shares) had any interest in any of our five largest customers during the Track Record Period.

### OUR SUPPLIERS

During the Track Record Period, our suppliers primarily include manufacturers and distributors of intraocular lenses, medical consumables and pharmaceuticals, advertising and marketing service providers. These are specific to our business and are required on a frequent basis. We have maintained a list of suppliers approved by the executive Directors from time to time.

For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, purchases from the our largest five suppliers amounted to approximately €6.9 million, €6.5 million, €7.5 million and €2.1 million, respectively, representing approximately 63.3%, 49.4%, 53.3% and 61.1% of our total purchases. For the same period, purchases from our largest supplier amounted to approximately €2.6 million, €2.9 million, €2.8 million and €1.0 million, respectively, representing approximately 23.7%, 22.4%, 20.0% and 28.0% of our total purchases.

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The tables below set out the basic information of our top five suppliers during the Track Record Period:

### For the year ended 31 December 2016

Name of supplier	Major supplies procured	Approximate % of our total purchases	Principal business of the supplier	Approximate years of business relationship as at 31 December 2016
Carl Zeiss	Lenses and treatment packs	23.7	Whole supply chain of medical instruments and after sale services	23 years
Staar Surgical	Lenses (ICL)	13.2	Manufacturer of implantable contact lenses	21 years
Supplier C	Marketing services	13.2	Sports event organiser	1 year
Supplier D	Equipment maintenance services, lenses and treatment packs	7.7	Ophthalmic products	13 years
Supplier E	Laser surgery equipment and lenses	5.4	Ophthalmic products	15 years

### For the year ended 31 December 2017

Name of supplier	Major supplies procured	Approximate % of our total purchases	Principal business of the supplier	Approximate years of business relationship as at 31 December 2017
Carl Zeiss	Lenses and treatment packs	22.4	Whole supply chain of medical instruments and after sale services	24 years
Staar Surgical	Lenses (ICL)	9.4	Manufacturer of implantable contact lenses	22 years
Supplier F	Lenses and treatment packs	7.0	Providing import and export services	3 years
Supplier G	Search engine optimisation	5.8	Software technology service and advertisement publication	3 years
Supplier H	Marketing services	4.7	Online marketing and business development	3 years



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### For the year ended 31 December 2018

Name of supplier	Major supplies procured	Approximate % of our total purchases	Principal business of the supplier	Approximate years of business relationship as at 31 December 2018
Carl Zeiss	Lenses and treatment packs	20.0	Whole supply chain of medical instruments and after sale services	25 years
Staar Surgical	Lenses (ICL)	11.2	Manufacturer of implantable contact lenses	23 years
Supplier F	Lenses and treatment packs	11.2	Providing import and export services	4 years
Supplier G	Search engine optimisation services	6.2	Software technology service and advertisement publication	4 years
Supplier I	Search engine optimisation services	4.7	Search engine	14 years

### For the three months ended 31 March 2019

Name of supplier	Major supplies procured	Approximate % of our total purchases	Principal business of the supplier	Approximate years of business relationship as at 31 March 2019
Carl Zeiss	Lenses and treatment packs	28.0	Whole supply chain of medical instruments and after sale services	25 years
Staar Surgical	Lenses (ICL)	12.0	Manufacturer of implantable contact lenses	23 years
Supplier F	Lenses and treatment packs	8.9	Providing import and export services	4 years
Supplier G	Search engine optimisation services	6.4	Software technology service and advertisement publication	4 years
Supplier I	Search engine optimisation services	5.6	Search engine	14 years

To the best knowledge and belief of our Directors, all of our five largest suppliers during the Track Record Period were Independent Third Parties and none of our Directors or their close associates or any Shareholders (which to the best knowledge of our Directors beneficially own more than 5% of our Shares) had any interests interest in any of our five largest suppliers during the Track Record Period. None of our five largest suppliers during the Track Record Period was a customer of our Group. We have not experienced any material disruption, disputes or delay in relation to the required supplies from our suppliers during the Track Record Period and up to the Latest Practicable Date.

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### Relationship with Carl Zeiss

One of our largest suppliers, Carl Zeiss, is a Frankfurt-listed medical technology company which offers comprehensive systems and solutions to diagnose and treat vision disorders and refractive errors. Our business relationship with Carl Zeiss began in 1993 as it was engaged as a supplier of various equipment and consumables including the VisuMax laser (which allows us to perform ReLEx SMILE procedures) and trifocal lenses (which allows us to perform trifocal lens exchange surgeries). Carl Zeiss is also our sole supplier of the Zeiss trifocal lens. Taking into account the importance of providing ReLEx SMILE and trifocal lens exchange surgery to our customers and that Carl Zeiss being the sole supplier of such equipment, they are considered a crucial partner.

As at the Latest Practicable Date, we have entered into a long term supply agreement and a distribution agreement with Carl Zeiss in which they would supply, among other things, lenses and consumables to our premises in each of Germany, Denmark and the PRC with guaranteed prices. Details of the agreement are set out below:

<b>Date of agreement:</b>	1 March 2018
<b>Term:</b>	Three years
<b>Price:</b>	<p>For our Germany and Denmark subsidiaries, the guaranteed price will be adjusted according to the quantity purchased, there will also be rebates made to the Company depending on quantity of orders made</p> <p>As per the long term supply agreement, the prices of Carl Zeiss' products supplied to our PRC subsidiaries were to be separately negotiated</p>
<b>Geographical coverage:</b>	Germany, Denmark and the PRC
<b>Scope of supplies:</b>	<p>Products: intraocular lenses and ReLEx SMILE treatment packs (single-use activation codes required to operate the VisuMax laser and perform each ReLEx SMILE procedure, which will expire at the conclusion of the procedure)</p> <p>Equipment and annual maintenance services for the VisuMax laser and other equipment that were installed at EuroEyes premises</p>
<b>Renewal provision:</b>	If the agreement is not terminated, via notice in writing from either party, within six months before the end of the term, the agreement shall be extended for another year.

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Supplemental to this long term supply agreement, in relation to our PRC subsidiaries, EuroEyes Hong Kong Co. Limited (a wholly-owned subsidiary of the Company) had entered into a separate distribution agreement with Carl Zeiss in August 2018, details of which are set out below:

<b>Term:</b>	One year
<b>Price:</b>	The price of items are designated in the agreement schedule, but will be subject to Carl Zeiss' discretion to change any time during the term, upon 30 days' notice.
<b>Scope of Supplies:</b>	The same lenses and treatment packs as stated above for Germany and Denmark.
<b>Renewal:</b>	Save for termination for cause, there is an option to renew at the end of each year.

### **Relationship with Staar Surgical**

Another one of our largest suppliers, Staar Surgical, is a NASDAQ-listed medical technology company which designs, develops, manufactures and markets implantable lenses for the eye with companion delivery systems. These lenses are intended to provide visual freedom for customers, lessening or eliminating their reliance on glasses or contact lenses. Our business relationship with Staar Surgical began in 1997 when it was engaged as a supplier for the ICL. Staar Surgical is also our sole supplier of the ICL which is used to perform phakic lens (ICL) surgery. Taking into account the importance of providing phakic lens (ICL) surgeries to our customers and that Staar Surgical is the sole supplier of the ICL, we consider them a crucial partner.

### **Management of our suppliers**

We select quality suppliers and maintain an inventory of supplies to satisfy our surgical needs. Based on the surgery requirements of each clinic, we plan the amount and types of supplies required. Due to the nature of our business as well as suppliers, we maintain a short-list of qualified suppliers for main supplies and directly purchase from them. We may also examine and obtain copies of the suppliers accreditation, qualifications, business licenses and tax registration certificates.

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### Payment and credit terms

We generally enter into purchase orders with our suppliers for each of our purchases. Set out below are the material terms of such purchase orders:

- Specification:** The purchase orders typically set out the ordering numbers, names, specifications, prices, quantities, value and delivery dates of the supplies we require.
- Delivery:** Our suppliers are required to deliver directly to us.
- Payment:** Our suppliers generally grant us a credit term of up to 60 days from the issuing date of the invoices.
- Termination:** We are generally entitled to terminate our purchase orders for late delivery.

### OUR TEAM

We are of the view that the expertise of our team (especially our surgeons, conservative ophthalmologist and nurses) is a pivotal factor in reaching our current success. As at the Latest Practicable Date, our team consists of 136 employees in Germany, 21 employees in Denmark, 90 employees in the PRC and two employees in Hong Kong. In addition to our employees, we also engage certain surgeons, conservative ophthalmologists and a member of our senior management via freelance arrangements.

As at the Latest Practicable Date, we have engaged seven High Volume Surgeons in Germany, one High Volume Surgeon in Denmark and one High Volume Surgeon in the PRC.

### Our High Volume Surgeons

The table below sets out the (i) years of experience as at the 31 March 2019, (ii) number of eye surgeries performed (which refers to the number of surgeries performed on each individual eye), (iii) revenue contribution of each individual High Volume Surgeon and (iv) identities of the High Volume Surgeons for each of the three years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 comprising the Track Record Period:

High Volume Surgeon	Approximate years of practice as at 31 March 2019	For the year ended 31 December												For the three months ended 31 March											
		2016				2017				2018				2019											
		Number of eye surgeries performed		Approximate total revenue generated from the provision of vision correction services		Number of eye surgeries performed		Approximate total revenue generated from the provision of vision correction services		Number of eye surgeries performed		Approximate total revenue generated from the provision of vision correction services		Number of eye surgeries performed		Approximate total revenue generated from the provision of vision correction services									
Lens exchange	Refractive laser surgery	Total (per surgeon)	Revenue contribution	%	Lens exchange	Refractive laser surgery	Total (per surgeon)	Revenue contribution	%	Lens exchange	Refractive laser surgery	Total (per surgeon)	Revenue contribution	%	Lens exchange	Refractive laser surgery	Total (per surgeon)	Revenue contribution	%						
€'000/1)																									
Dr Jørgensen	32	1,440	152	24	1,616	4,713.8	15.8	1,333	462	23	1,818	5,238.3	14.4	1,362	187	12	1,561	5,059.6	11.9	438	24	0	462	1,496.1	13.1
Dr Inger Lidekke	8	0	326	0	326	681.0	2.3	0	741	7	748	1,585.8	4.4	0	1,003	57	1,060	2,148.4	5.1	0	383	70	453	824.2	7.2
Dr Johannes Gonnemann	10	855	0	4	859	2,409.0	8.1	1,394	0	3	1,397	4,066.3	11.2	1,656	0	2	1,658	4,886.9	11.5	415	0	0	415	1,203.9	10.6
Dr Ilse Fischer	28	0	791	54	845	970.6	3.3	0	1,125	72	1,197	1,449.0	4.0	0	1,279	70	1,349	1,639.7	3.9	0	359	10	369	455.6	4.0
Dr Boberg-Aus	37	896	317	94	1,307	3,084.4	10.3	724	289	53	1,066	2,631.7	7.2	685	215	66	966	2,433.8	5.8	197	47	27	271	653.7	5.7
Dr Anshu Penmeya	28	91	419	9	519	1,078.6	3.6	121	1,521	14	1,656	2,737.3	7.5	174	2,914	16	3,004	4,966.9	11.7	74	827	7	908	1,306.9	13.2
Dr Lereche (freelancer)	24	1,534	0	55	1,589	4,322.1	14.5	1,802	0	73	1,875	5,256.4	14.4	1,903	0	65	1,968	5,015.8	13.3	462	0	0	462	1,340.3	11.8
Prof Knorz (freelancer)	35	227	112	-	339	1,109.8	3.7	452	152	-	604	1,875.3	5.2	573	54	-	627	2,301.1	5.4	67	16	-	83	306.2	2.7
Dr Peter Galambos (freelancer)	15	0	1,410	65	1,475	2,945.5	9.9	0	1,192	58	1,250	2,550.9	7.0	0	1,286	163	1,449	2,754.6	6.5	0	245	24	269	527.2	4.6
<b>Subtotal</b>		<b>5,043</b>	<b>3,527</b>	<b>305</b>	<b>8,875</b>	<b>21,314.8</b>	<b>71.5</b>	<b>5,826</b>	<b>5,482</b>	<b>303</b>	<b>11,611</b>	<b>27,391</b>	<b>75.3</b>	<b>6,353</b>	<b>6,938</b>	<b>451</b>	<b>13,742</b>	<b>31,808.8</b>	<b>75.1</b>	<b>1,653</b>	<b>1,901</b>	<b>138</b>	<b>3,692</b>	<b>8,314.1</b>	<b>72.9</b>
Others (i.e. Non-High Volume Surgeons of the Group)		976	2,782	226	3,984			1,155	2,684	276	4,115			1,471	2,778	329	4,578			460	655	73	1,188		
<b>Total</b>		<b>6,019</b>	<b>6,309</b>	<b>531</b>	<b>12,859</b>			<b>6,981</b>	<b>8,166</b>	<b>579</b>	<b>15,726</b>			<b>7,824</b>	<b>9,716</b>	<b>780</b>	<b>18,320</b>			<b>2,113</b>	<b>2,556</b>	<b>212</b>	<b>4,880</b>		

Notes:

- Calculated by multiplying the number of surgeries (without including non-revenue contributing surgeries) performed by that particular High Volume Surgeon by the average selling price of the surgeries performed during the year indicated.
- The number of non-revenue contributing surgeries does not have any financial impact in the calculation of the Group's business or financial performance, since such type of surgeries are follow-up treatment, which is excluded from the calculation of the average price for eye surgeries. It is only applicable when there is a refractive error after eye surgeries where the Group would offer free-of-charge follow-up treatments to its customers to rectify such refractive error.
- Prof Knorz performed surgeries outside the Group via external engagements, and the total number of surgeries performed by him exceeds 1,000 in 2018.

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In terms of the qualification and background of these High Volume Surgeons, they have an average of 24 years of practical experience in ophthalmology, and have been working for the Group for an average of nine years. Four of them are shareholders of the Company and two of them are our Directors. These High Volume Surgeons are educated in renowned medical schools, such as Universität Hamburg and other medical schools in Europe before they joined our Group.

### Our employees

The tables below sets out a breakdown of our employees, by department and by geographical representation, as at the Latest Practicable Date:

	Number of employees in Germany	Number of employees in Denmark	Number of employees in the PRC	Number of employees in Hong Kong
Surgeons	5	2	2	–
Conservative ophthalmologists	8	–	10	–
Nurses, optometrists, opticians and refractive coordinators	55	10	24	–
Management, finance, human resource and administration	15	2	18	2
Receptionists, sales, marketing and customer feedback	53	7	36	–
<b>Subtotal</b>	136	21	90	2
<b>Total</b>	<b>249</b>			

We incurred staff costs of approximately €7.4 million, €8.6 million, €9.5 million and €2.5 million for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively, representing 24.4%, 23.2%, 22.2% and 21.5% of our revenue for the same periods, respectively. We review the performance of our employees monthly, quarterly and annually, the results of which are used in their annual salary review and promotion appraisal. In addition to a monthly salary, some of our surgeons will receive a bonus calculated based on the number of surgeries they have performed in a year. Our refractive coordinators may also receive a referral bonus for any customers they manage to refer to a clinic to undergo vision correction treatment. During the Track Record period and up to the Latest Practicable Date, we had not experienced any strikes, work stoppages or significant disputes with our employed staff in the past and had not experienced any significant difficulties in recruiting or retaining qualified employees.

### Freelance arrangements

We enter into different types of freelance arrangements with six of our surgeons (among whom, Dr Lerche and Professor Knorz are also members of our senior management), two of our ophthalmologists and one member of our senior management (i.e. Mr Hassel, who is neither a surgeon nor a conservative ophthalmologist).

The terms and conditions and the format of these freelance arrangements vary, depending on their seniority, their practice nature as well as commercial negotiation. In general, the form of our freelance arrangements with our surgeons are primarily dependent on the individual negotiation with each of our freelance surgeons on a case-by-case basis (which may be affected, among other things, by the relative seniority of, and professional education and training received, by the relevant surgeon).

Some of these freelance arrangements provide for a more complex compensation structure (such as carrying formula based on the number of eye surgeries performed). We do not believe that the form of such freelance arrangements would affect our business model or the services provided to our clients.

The table below summarises the principal terms of freelance arrangements which we generally enter into with our surgeons and conservative ophthalmologists:

<b>Dates:</b>	The freelance arrangements were entered into on various dates.
<b>Term:</b>	The freelance arrangements are effective on a continuous basis unless they are terminated.
<b>Duties:</b>	To perform eye check-ups, refractive laser surgery, phakic lens (ICL) surgery or/and lens exchange surgery at our clinics or other locations as we may designate.
<b>Outside practice:</b>	Our surgeons under the freelance arrangements are allowed to practice outside of the EuroEyes group and engage private patients.
<b>Compensation:</b>	The compensation of such surgeons varies across freelance arrangements, which are generally categorised as follows: (i) base payment amount with a bonus based on the number of eye surgeries performed; (ii) a revenue-sharing mechanism which may primarily be tied to the number of eye surgeries performed; or (iii) a fixed fee per surgery performed.



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**Termination:** The freelance arrangement may be terminated by either party with a notice period which varies from three to six weeks.

**Malpractice Insurance:** Some of the ophthalmologists are insured by our Group, while most freelance surgeons will provide for their own professional malpractice insurance schemes.

For the freelance arrangement made with one member of our senior management, the principal terms of the arrangement provided that he shall be providing assistance with our Group's supervision of our operations and technical management, with a base monthly payment and a performance-based bonus.

### **Remuneration of our employee and freelance surgeons**

We offer different types of remuneration packages to our employee and freelance surgeons.

For our employee surgeons, the types of remuneration packages include: (i) a fixed annual fee; (ii) a fixed annual fee, with bonus for per eye surgery performed and/or per working day; (iii) a fixed annual fee, with bonus for per eye surgery performed, subsequent to reaching a benchmark number of eye surgeries; and (iv) a fixed annual fee, with bonus for each refractive laser surgery and/or lens exchange surgery performed.

For our freelance surgeons, the types of remuneration packages include: (i) bonus of a certain percentage of the revenue per eye and bonus for the pre-examinations carried out; (ii) bonus for per working day with a monthly salary cap, and additional bonus for per working day subsequent to working over a benchmark number of days per month for over a benchmark number of months in a year; (iii) a fixed annual fee, with bonus for per eye surgery performed; and (iv) a fixed annual fee, with bonus for each refractive laser surgery and/or lens exchange surgery performed.

### **Remuneration received by our surgeons who are our Shareholders**

During the three years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, six of our surgeons were shareholders of the Company. Apart from Dr Jørgensen, Dr Lerche, Prof Knorz and Dr Hans-Göran Gustaf Helgason became shareholders of the Group in 2012, 2017 and 2018, respectively, as they had confidence in the prospects of our Group and we would like to retain their talent and skills and align the interest of these surgeons with the development of our Group. Dr Jörg Fischer and Dr Boberg-Ans became shareholders of our Group, as part of the consideration for our Group's acquisition of Dr Jörg Fischer's clinic in Hamburg and Dr Boberg-Ans' clinic group in Denmark in 2008. They decided to invest in our Group mainly due to their confidence in the prospects of our Group.

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The following table sets forth the current types of remuneration packages offered to our Shareholder Surgeons as at the Latest Practicable Date:

<u>Name of Shareholder Surgeon</u>	<u>Effective period</u>	<u>Type of current remuneration package</u>
<b>Dr Jørgensen</b>	(1) From March 2019 to March 2021 for his remuneration as executive Director	Fixed annual fee
	(2) From March 2019 to March 2022 for his remuneration as a managing director of EuroEyes Deutschland Verwaltungs GmbH	
<b>Dr Boberg-Ans</b>	Since October 2013 <sup>(1)</sup>	Fixed annual fee with bonus for per eye surgery performed
<b>Dr Lerche<sup>(2)</sup></b>	From November 2018 to March 2022 <sup>(2)</sup>	(i) Fixed daily fee with a monthly cap plus conditional bonus for provision of surgical services; (ii) fixed monthly fee for provision of management services
<b>Prof Knorz</b>	Since July 2015 <sup>(1)</sup>	Fixed fee for per eye surgery performed
<b>Dr Hans-Göran Gustaf Helgason</b>	From October 2018 to December 2020	Fixed annual fee
<b>Prof Neuhann<sup>(3)</sup></b>	From March 2008 to March 2022 <sup>(4)</sup>	Fixed fee for per eye surgery performed

*Notes:*

- (1) Each of these contracts does not have a fixed term period.
- (2) On 27 March 2019, Dr Lerche and EuroEyes ALZ Hamburg entered into an amendment agreement to the freelance agreement, pursuant to which Dr Lerche shall provide ophthalmologic services to our Group for a term of three years commencing from 27 March 2019. Save and except for the amendment to the length of the term of the agreement, all other terms of Dr Lerche's remuneration package since November 2018 remained unchanged. For details, please refer to the section headed "Connected Transactions – Freelance Agreement with Dr Lerche and the Hannover Director's Fee" in this prospectus.
- (3) Prof Neuhann is deemed as a Shareholder Surgeon as Ms Antonie Neuhann, his spouse, is a shareholder of the Company.
- (4) On 27 March 2019, Prof Neuhann and EuroEyes alz Augenklinik München GmbH entered into an amendment agreement to the freelance agreement, pursuant to which Prof Neuhann shall provide ophthalmologic services to our Group for a term of three years commencing from 27 March 2019. Save and except for the amendment to the length of the term of the agreement, all other terms of Prof Neuhann's remuneration package since March 2008 remained unchanged. For details, please refer to the section headed "Connected Transactions – Freelance Agreement with Prof Neuhann" in this prospectus.

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None of the Shareholder Surgeons' remuneration packages contain any adjustment mechanism. We do not expect any significant changes to the remuneration packages of the Shareholder Surgeons after the Listing for the following reasons:

- (i) Dr Jørgensen has agreed with our Company that his total remuneration entitlement, which includes all of his entitlements under any employment contract, director's service contract, discretion bonuses, share-based compensation, etc. from our Company or any of its subsidiaries, will not be increased by more than 5% for each of the three full financial years immediately following the Listing. As at the Latest Practicable Date, Dr Jørgensen is entitled to a total remuneration entitlement of €300,000, which covers both the management services and ophthalmologic services rendered by Dr Jørgensen for the Group;
- (ii) Dr Boberg-Ans has agreed with our Company that each of his (a) fixed annual fee and (b) fixed fee for per eye surgery performed when used to calculate his bonus, will not be increased by more than 10% for each of the three full financial years immediately following the Listing;
- (iii) Dr Lerche has agreed with our Company that each of his (a) monthly cap and conditional bonus for provision of surgical services and (b) fixed monthly fee for provision of management services, will not be increased by more than 10% for each of the three full financial years immediately following the Listing;
- (iv) Prof Knorz has agreed with our Company that his fixed fee for per eye surgery performed will not be increased by more than 10% for each of the three full financial years immediately following the Listing;
- (v) Dr Hans-Göran Gustaf Helgason has agreed with our Company that his fixed annual fee will not be increased by more than 10% for each of the three full financial years immediately following the Listing; and
- (vi) Prof Neuhann has agreed with our Company that his fixed fee for per eye surgery performed will not be increased by more than 10% for each of the three full financial years immediately following the Listing.

Our Company also undertakes that any discretionary bonus (which includes any other fees and entitlements) given to any Shareholder Surgeon, except for Dr Jørgensen, shall not exceed 25% of the remuneration entitlement as prescribed under the relevant contractual arrangement with each Shareholder Surgeon for the specific year and such limitation shall be valid for a period of three full financial years immediately following the Listing. Any determination of an increase (if any) to such Shareholder Surgeon's remuneration package is subject to the discretion of our Company and is also subject to the satisfactory performance of a Shareholder Surgeon's services as well as the overall business and financial results of our Group.

Furthermore and notwithstanding the limitations set out above in respect of the Shareholder Surgeons (for a period of three full financial years immediately following the Listing), immediately following the Listing, any:

- (i) renewal of existing contracts relating to remuneration for services provided;
- (ii) entry into a new contract relating to remuneration for services provided; and/or

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- (iii) modification of the remuneration terms of existing contracts relating to remuneration for services provided,

in each case (i) for each of Dr Lerche, Prof Knorz, Dr Hans-Göran Gustaf Helgason and Prof Neuhann shall be subject to the approval of our Independent Shareholders for the three full financial years immediately following the Listing; and (ii) for each of Dr Jørgensen, Dr Boberg-Ans and any surgeon of our Group who holds an interest of 5% or more in the total issued share capital of our Company at the time of such renewal, modification or entry of a contract (as the case may be) shall be subject to the approval of our Independent Shareholders after the Listing. For the avoidance of doubt, the Independent Shareholders' approval requirements stated above shall not be applicable to any letters of appointment or service contracts relating to the appointment of individuals as our Directors, and the appointment or re-election (as the case may be) of any Shareholder Surgeon as a Director shall be subject to compliance with the requirements of the Articles, the Listing Rules and any applicable laws.

Our Directors believe that, despite Dr Jørgensen may take additional duties and roles in our Group after the Listing, it is anticipated that the number of surgeries he would perform each year would remain at a similar level as the number of surgeries he performed during the Track Record Period. This is mainly due to the following reasons:

- (i) ***Dr Jørgensen's management role in our Company since our Group's establishment:*** Since 1993, Dr Jørgensen has taken up significant management roles in the Group as its founder, chairman, executive Director and CEO, and has been responsible for formulating our Group's overall development strategies and business plans and overseeing the management and strategic development of our Group for many years since its establishment, while concurrently being one of the High Volume Surgeons of our Group by performing a significant number of surgeries annually. Given that Dr Jørgensen has been heavily involved in the operation of our Company for over 25 years already, the time allocable for him to perform surgeries should not be materially impacted after the Listing.
- (ii) ***Support from management:*** Our Company has put in place various management officers that would assist Dr Jørgensen's management role within our Company in relation to overseeing and managing the financial reporting, compliance and other corporate governance matters, including but not limited to: (i) the chief financial officer (recruited in connection with the Listing), who supervises and oversees the overall financial and accounting management of our Group; (ii) the Company Secretary (recruited in connection with the Listing), who ensures our Company's compliance with relevant laws and regulations as well as helping to manage the affairs of the Board meetings; and (iii) the respective clinical/medical/managing directors of our Group's clinics, who are in charge of the day-to-day operation of our Group's clinics and premises in different markets. After the Listing, it is contemplated that the other management members and officers of our Company will continue to be in charge of different aspects of its day-to-day operation, management, compliance and corporate governance.

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- (iii) **Assistance from various professional parties:** After the Listing, it is contemplated that our Company will continue to engage various professional parties to assist our Group's compliance and corporate governance matters, including the Compliance Adviser and legal advisers, who will provide advice and guidance to the Company in respect of its compliance with applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.
- (iv) **Role of Dr Jørgensen after Listing:** With the assistance of various company officers and professional parties as illustrated above, it is anticipated that after the Listing, while Dr Jørgensen will remain as a key management figure of our Group, his role will be more strategic and more about making key business decisions. With our Group's continuous expansion, it is expected that additional professional parties would be engaged and Dr Jørgensen can free up more capacity from his management roles, and allocate more time for strategic-planning of our Group while continuously managing his surgical work. Furthermore, as one of the High Volume Surgeons, Dr Jørgensen contributes to the brand management of the Group. Hence it is in our Group's interest that he maintains a similar level of surgeries performed every year after the Listing, so as to maintain the high profile and reputation of our Group's business and its surgeons.

Nevertheless, our Directors are of the view that should there be a need to hire an additional surgeon to cover Dr Jørgensen's surgical duties, the estimated additional costs would be in the range of €133,000 to €292,000, being the average annual remuneration between a senior doctor and a chief doctor of a German hospital, according to the Frost & Sullivan Report. Our Directors believe that such additional costs would not have material impact on the Group's financial performance.

Dr Jørgensen has agreed with our Company that his total remuneration entitlement, which includes all of his entitlements under any employment contract, director's service contract, discretion bonuses, share-based compensation, etc. from our Company or any of its subsidiaries, will not be increased by more than 5% for each of the three financial years immediately following the Listing. As at the Latest Practicable Date, Dr Jørgensen is entitled to a total remuneration entitlement of €300,000, for both the management services and ophthalmologic services rendered by Dr Jørgensen for our Group.

Based on (i) the remuneration paid by our Company to Prof Knorz, a surgeon of our Group who is comparable to Dr Jørgensen in terms of the types of surgeries performed, their years of experience, and their industry reputation; and (ii) the remuneration paid by our Company to Dr Jørgensen, the hypothetical additional aggregate compensation that Dr Jørgensen would receive amount to approximately €387,817, €501,212, €421,829 and €116,045 for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Please see the section headed "Financial Information – Estimate of the impact of the hypothetical per eye remuneration of Dr Jørgensen (our Controlling Shareholder) during the Track Record Period" in this prospectus for further details.

### **Qualification of our surgeons, conservative ophthalmologists and nurses**

The qualifications and experience of our professional team are considered to be vital to the quality of the services that we provide. We place great emphasis on recruiting, training and retaining our surgeons, conservative ophthalmologists and nurses. All of our surgeons and conservative ophthalmologists received their relevant medical bachelor degrees and specialist diplomas from accredited institutions in various jurisdictions such as Germany, Denmark and the PRC. Our ophthalmologists are also registered as medical practitioners under the relevant medical practitioner's registration regulations in their corresponding jurisdictions. Some of our ophthalmologists served as instructors with the German Vision Correction Commission and the German Ophthalmologic Association. They also have over 14 years of experience in performing the FemtoLASIK in Europe. Our surgeons, conservative ophthalmologists and nurses, from time to time, attend specific trainings provided by external institutions to keep themselves abreast of the latest developments in the industry. Some of our ophthalmologists have also further obtained additional certification and accreditation from attending workshop courses abroad.

### **Staff training and further education**

The EuroEyes staff training consists of two phases. In the first phase, the staff member receives an in-house training during the initial six months of employment, designed to unify all staff of different work and education backgrounds under a common level of expertise and knowledge. New staff needs to be educated in the EuroEyes treatment strategies and philosophy in order to provide the optimal level of service to all customers, and in order to integrate them into the existing team efficiently. This defines an internal standards level to confirm the staff has the appropriate knowledge to serve visiting customers. The second phase of staff training is continuing education in the form of supplementary internal and external training programs in areas such as sales, surgery assistance and new developments in refractive surgery; as well as sponsoring our staff to attend international conferences and symposiums on refractive surgery to further develop and refine expertise. We provide all of our new staff with a refractive surgery manual and the opportunity to sit our internal examination to become a refractive coordinator of EuroEyes, which is held by our Group once a year at the headquarters in Hamburg, Germany. By passing the exams, they will have the requisite knowledge to provide advice on the suitable vision correction treatment option to visiting customers.

In order to keep abreast of the latest technologies and know-how in the vision correction industry, we will sponsor our 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. We will also host our annual "EuroEyes Congress" in Hamburg where most of our professional staff from Germany, Denmark and the PRC will come together for knowledge sharing and discussions.

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### International medical advisory board

In 2017, we established the EuroEyes international medical advisory board which serves in an advisory capacity to our management team. In addition to Dr Jørgensen, Professor Neuhann, Professor Knorz, Dr Lerche, the board comprises of Professor Thomas Kohnen (“**Prof Kohnen**”) and Professor Yao Ke (“**Professor Yao**”), both being reputational ophthalmologists and key opinion leaders specialised in vision correction field.

As key opinion leaders in our international medical advisory board, Professor Neuhann and Professor Knorz graduated from internationally renowned medical schools and have contributed to over 100 scientific publications in the field of vision correction. Prof Kohnen currently serves as the Chair of the Department of Ophthalmology at the Goethe University in Frankfurt, and Professor Yao is the Director of the SAHZU Eye Centre of Zhejiang University and has served as the President of the Chinese Ophthalmological Society and has contributed to over 300 scientific publications.

As at the Latest Practicable Date, our international medical advisory board has hosted annual meetings where they have provided guidance as to specific initiatives, insight as well as scientific direction to our management team. These key opinion leaders are considered to be crucial assets that help define us to be among the leaders of the high-end private ophthalmic services market.

### AWARDS AND RECOGNITIONS

During the Track Record Period, the services provided to our customers were given the following major awards and recognitions:

<u>Date of issue</u>	<u>Award or recognition</u>	<u>Awarding or granting organisation</u>
2012 to 2018	EuroEyes surgeons have been listed as to be amongst the best refractive surgeons in Germany	<i>FOCUS</i>
2015 to 2018	Certified as the World Champion in implanting the most Zeiss trifocal lenses worldwide (for four years in a row)	Carl Zeiss
2017	“Customer Darling” in Germany in Vision correction	Deutschland TEST
2017	Best Price Performance in Germany	Deutschland TEST



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<u>Date of issue</u>	<u>Award or recognition</u>	<u>Awarding or granting organisation</u>
2017	European Champion in carrying out the most phakic lens (ICL) surgeries in Europe	Staar Surgical
2017	Certified as the Germany Champion in carrying out the most ReLEx SMILE procedures in Germany	Carl Zeiss
2016	Membership to the ICL 3000 club – having performed over 3000 phakic lens (ICL) surgeries	Staar Surgical
2016	Best Service Champion	<i>Die Welt</i>
2016	Best German Eye Clinic	Deutsches Institut Für Service Qualität

### LICENSE, PERMITS AND CERTIFICATES

According to the relevant laws and regulations of Germany, Denmark and PRC, we are required to obtain and maintain various certificates, licenses, permits (and, in the absence of such licences, permits or certificates, the necessary exemptions or concessions) in relation to our business operations. During the Track Record Period, save as disclosed in the paragraph “– Legal proceedings and compliance matters – Compliance” we have obtained all necessary certificates, licenses and permits from the relevant regulatory authorities which are material to our operations, and all of our certificates, licenses and permits were valid and in force as of the Latest Practicable Date. We are required to renew such certificates, licenses and permits from time to time and we do not expect any difficulties in such renewals as long as we meet the applicable requirements and conditions and adhere to procedures set out in relevant laws and regulations. As at the Latest Practicable Date, we have not experienced any rejection on the renewal application of any material certificates, licenses and permits from the relevant regulatory authorities which are necessary for our operations. For further details see the section headed “Regulatory Overview” in this prospectus.



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The following table sets out the major licenses, permits and certificates for our clinics and centres as at the Latest Practicable Date:

License/Permit/Certificate	Registrant	Date of grant	Expiry date
Medical Institution Practicing Certificate (醫療機構執業許可證)	Beijing Deshijia	13 September 2017	13 August 2020
Medical Institution Practicing Certificate (醫療機構執業許可證)	Shanghai Deshijia	30 January 2018	29 January 2023
Medical Institution Practicing Certificate (醫療機構執業許可證)	Guangzhou Deshijia	25 October 2016	24 October 2021
Medical Institution Practicing Certificate (醫療機構執業許可證)	Shenzhen Deshijia	20 March 2019	20 March 2024
Medical Institution Practicing Certificate (醫療機構執業許可證)	Hangzhou Deshijia	10 May 2019	9 May 2024
Medical Institution Practicing Certificate (醫療機構執業許可證)	Beijing Deshijia Dongbu Eye Clinic Co., Ltd	8 August 2019	31 December 2023
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes AugenLaserZentrum Berlin GmbH	16 February 2001	N/A
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes ALZ Hamburg	22 January 2018	N/A
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes AugenLaserZentrum Betriebs GmbH for		
	(i) Frankfurt	(i) 10 November 2010	N/A
	(ii) Leipzig	(ii) 26 February 2002	N/A
	(iii) Düsseldorf	(iii) 9 February 2007	N/A

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<u>License/Permit/Certificate</u>	<u>Registrant</u>	<u>Date of grant</u>	<u>Expiry date</u>
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes AugenLaserZentrum Hannover GmbH	8 April 2004	N/A
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes AugenLaserZentrum Stuttgart GmbH		
	(i) Stuttgart	(i) 30 July 2003	N/A
	(ii) Oberhausen	(ii) 12 December 2002	N/A
Concession according to section 30 of the GewO granted by the competent local authority	EuroEyes alz Augenklinik München GmbH	12 October 2009	N/A

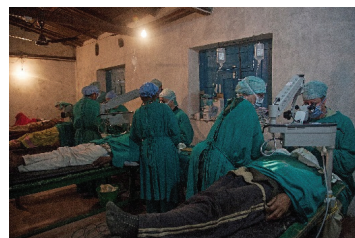
### INTELLECTUAL PROPERTY

We believe that intellectual property rights are critical to our continued success. We primarily rely on the applicable laws and regulations on trademarks, trade secrets as well as confidentiality agreements to protect our intellectual property rights. As of the Latest Practicable Date, we have registered a number of trademarks and domain names. For more information about our registered intellectual property, please see the section headed “Statutory and General Information – B. Further information about our business – 2. Our intellectual property rights” in Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any infringement or dispute regarding our intellectual property rights that had a material and adverse effect on our business.

### SOCIAL RESPONSIBILITY

As a vision correction services provider which is responsible for one of the most important sensory organs, we are well aware of our social responsibility. Since 2003, we have been involved in pro-bono work in less developed areas such as Peru, Nepal, the Dominican Republic and Gansu in the PRC. In particular, teams of EuroEyes ophthalmologists and nurses have travelled to Tibet and the Dominican Republic to help underprivileged individuals in need of eye care and surgery.



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### **ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY AND SOCIAL WELFARE**

Our operation is subject to the current environmental protection laws and regulations promulgated by the governments of Germany, Denmark and the PRC, a summary of which is set out in the section headed “Regulatory Overview” in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice or warning in relation to our operations, nor had we been subject to any fines, penalties or other legal actions by any government agencies resulting from any non-compliance with any environmental protection laws. As far as our Directors are aware, after making all reasonable enquiries, there was no threatened or pending action by any environmental government agencies in respect thereof.

We have adopted occupational health and safety management procedures and an internal safety manual for our staff. We have written procedures and guidelines in place for health and safety related requirements, including those on the handling of medical equipment and clinical waste. We provide training to our employees regarding how to react during selected emergencies. During the Track Record Period, we did not experience any material accidents involving personal injury or property damage and we were not subject to any material claims, lawsuits, penalties or disciplinary actions as a result of any material accidents.

Pursuant to applicable laws and regulations regarding social welfare in Germany, Denmark and the PRC, we are required to make certain welfare contributions for our employees. For instance, pursuant to applicable PRC laws and regulations, we are required to make contributions for our PRC employees to various social insurance funds, such as pension insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance plans. For further details, please see the section headed “Regulatory Overview” in this prospectus. Our Directors confirm that we had made full welfare contributions for all of our employees in the PRC during the Track Record Period and up to the Latest Practicable Date and we had not been penalised for any breaches to such social welfare regulations by the relevant government authorities.

### **INSURANCE**

As at the Latest Practicable Date, we have purchased and maintained insurance policies for all of our premises, covering business interruption, employment compensation and other liabilities in line with the industry practice. Our full-time employees are fully covered under our insurance policies. We also ensure that our surgeons and conservative ophthalmologists purchase their own professional indemnity insurance policies.

### **PROPERTIES**

All of our clinics and centres are operating on leased properties, with 17 in Germany, two in Denmark, nine in the PRC and one in Kong Kong. As at the Latest Practicable Date, out of these leased nine properties in the PRC, six lease agreements (with a gross floor area of approximately 1,311.76 sq.m representing 33.5% of the total gross floor area which our Group

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leased in the PRC) have not been registered with the relevant authorities. As advised by our PRC Legal Adviser, the non-registration of lease agreements by the lessor and us does not affect the validity of such lease agreements, our use of these leased properties would not be affected. As at the Latest Practicable Date, we have not received any notice from any competent authority in relation to the non-registration of lease agreements. As at the Latest Practicable Date, the aggregate area of our premises in Germany, Denmark, the PRC and Hong Kong amounted to approximately 9,366 sq.m..

### **QUALITY CONTROL**

We prioritise quality in our services and believe that quality control is crucial to the long-term success of our business. Our international medical advisory board is responsible for providing advice on how to ensure quality control, focusing on maintaining standards of quality, standardising our internal policies and procedures and monitoring adherence to those standards. To ensure that we continue to provide consistent and high quality services to our customers, our international medical advisory board will also oversee the quality standards of our services and monitors the daily processes and workflows so that our customers' satisfaction can be met.

For instance, our premises in Germany have passed their ISO 9001:2015 Quality Certification's regular audits. We also satisfy all the relevant safety standards required for operating eye clinics in Europe and the PRC.

Our quality assurance team implements policies as advised by the international medical advisory board to reduce operations risks and conducts periodic checks at our premises to ensure that our internal guidelines and policies in relation to various aspects of our operations, such as handling of equipment, treating and caring for our customers have been closely adhered to. The team also oversees the performance of duties by our staff and conducts an annual performance review to ensure that our professional team is able to deliver services up to our standard.

### **Feedback and Complaint Management**

We place great emphasis on our customers' experience at our premises. Our ophthalmologist and staff members are responsible for answering our customers' inquiries and complaints. We have a standard procedure in each of Germany, Denmark and the PRC for handling complaints received from our customers which include considering the feedback or complaint and responding to them quickly and in a systematic way.

In Germany, we operate internal complaints procedures led by our associate medical director Dr Lerche. As part of the complaints procedure system, all the complaints received from customers are directed to Dr Lerche where he would conduct investigations and decide on the actions to be taken. Dr Lerche will prepare reports addressing each of the complaints and we have a structured recording keeping system in Germany for the all complaints received.

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Similar internal complaints procedures are also put in place regarding our operations in Denmark (under the supervision of Dr Boberg-Ans) and the PRC (under the supervision of Dr Jørgensen). The supervising director will oversee our patient complaints and conducts regular checks on any irregular complications subsequent to surgeries. Each patient complaint will be filed in our structured recording-keeping systems in Denmark and the PRC.

During the Track Record Period and up to the Latest Practicable Date, results of our regular customer feedback surveys, as conducted by our customer feedback management team, have been mostly positive in Germany, Denmark and the PRC. During the same period, we have not received any material complaints from our customers in relation to our services.

### INVENTORY MANAGEMENT

Our inventory consists of supplies which generally include lenses, treatment packs, eye-drops, equipment and tools. Our supplies are delivered directly to us. Upon inspection by our designated staff, the supplies are then placed into storage areas with controlled temperature and humidity and with their details properly recorded in a logbook. Such storage areas include lockers, storage rooms and warehouses which are situated in our premises. During the Track Record Period, we complied with the applicable rules and regulations in Germany, Denmark and PRC on the storage of our supplies in all material aspects. For further details of the applicable rules and regulations in Germany and Denmark, please see the section headed “Regulatory Overview” in this prospectus.

We regularly monitor the level of inventory and we maintain strict control over our inventory. We generally maintain 30 days of single-use surgical inventory to meet the needs of our operations and we generally purchase lenses and the treatment packs according to our estimated surgery demands, and we monitor the expiry dates closely through our logbook and physical inspection to ensure that no expired items will be used.

As at 31 December 2016, 2017 and 2018 and 31 March 2019, our closing balance of our inventories amounted to approximately €1.2 million, €1.7 million, €3.5 million and €4.3 million, respectively which accounted for approximately 14.6%, 9.1%, 14.5% and 16.6% of our total current assets, respectively. Our average inventory turnover days were approximately 70, 83, 127 and 190 days for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. We had longer inventory turnover days for the year ended 31 December 2018 and for the three months ended 31 March 2019 due to our large procurement amount in 2018 and in the first quarter of 2019 to enjoy the special discount from one of our suppliers and to support our expansion of operations in the PRC. For more details of our average inventory turnover days, please refer to the section headed “Financial Information” in this prospectus.

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### MARKET AND COMPETITION

The vision correction services market in each of Germany, Denmark and the PRC has been competitive due to the abundance of eye clinics and laser centres. Further, our competitors in each of Germany, Denmark and the PRC have been growing to become international clinic chains through a series of mergers and acquisitions. Nonetheless, given our unique positioning as a provider of premium vision correction services to a targeted clientele with mid-to-high income levels, we have been able to distinguish ourselves from other vision correction providers with the quality of our service, the full range of services offered, the experience of our high volume eye surgeons and conservative ophthalmologists as well as our up-to-date vision correction equipment.

### RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management policies and procedures that we believe are appropriate for our business operations. Our key risk management objectives include: (i) identifying the different risks relevant to our operations; (ii) assessing and prioritising the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) monitoring and managing risks and our risk tolerance level; and (v) executing measures to respond to those risks.

Our Board oversees and manages the risks associated with our business. We have established an audit committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the audit committee members, please see the section headed “Directors and Senior Management” in this prospectus.

In order to improve our corporate governance, we have adopted, or expect to adopt before Listing, a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control include the following:

- (i) Our Directors and senior management attended a training session regarding the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;
- (ii) We have appointed Dr Markus Braun as our chief financial officer and Mr Leung Ting Cheung as our company secretary to ensure our compliance with relevant laws and regulations. For their biographical details, please see the section headed “Directors and Senior Management” in this prospectus;
- (iii) We have appointed Somerley Capital Limited as our compliance adviser to advise us on compliance with the Listing Rules;
- (iv) We have appointed external legal advisers to advise us on the compliance requirements of the Listing Rules and ensure our compliance with relevant regulatory requirements and applicable laws, where necessary;

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- (v) We have implemented relevant policies to ensure future compliance with applicable laws and regulations. For more information, please see the paragraph headed “– Legal proceedings and compliance – Compliance” in this section; and
- (vi) We have adopted various policies to ensure compliance with the Listing Rules, including those in relation to risk management, continuing connected transactions and information disclosure.

In preparation for the Listing, we engaged an independent internal control consultant to perform a review of internal controls over financial reporting, based on an agreed scope covering controls and procedures in aspects including entity level, revenue management, procurement management, inventory management, human resources management, fixed assets, cash and treasury management, insurance management, financial reporting management, taxes management, information technology general controls and clinic operation management.

The internal control review described above was conducted on information provided by the Company and no assurance or opinion was expressed by the internal control consultant.

There are various risks relating to our business and industry and market risks in the ordinary course of our business. For further details of our risks, please refer to the sections headed “Risk Factors” in this prospectus.

Our internal control consultant recommended certain rectification and improvement measures in our internal control system based on its findings. Accordingly, we implemented rectification and improvement measures in response to these findings and recommendations. Our internal control consultant has also completed procedures to follow up on the actions we took in relation to our internal control system, and we did not receive any additional recommendations from the internal control consultant as of the Latest Practicable Date. Taking into consideration of the above, our Directors and the Sole Sponsor are of the view that our enhanced internal control measures are adequate and effective for our current business environment.

### **DATA PRIVACY AND PROTECTION**

We have established a protocol to govern the handling, storage, retrieval and access of the personal data and medical records of our customers. We have also put in place a data protection policy to ensure that our staff can properly handle information relating to our customers according to the relevant laws and regulations. To this end, in order to protect patient data against unauthorised physical access by third parties, files that include such data shall be stored in a lockable cabinet, which can only be accessed by a designated person of the clinic. All third party IT contractors visiting our back offices or computer rooms shall be monitored at all times by an authorised staff member. All staff with separate personal offices that can be directly accessed from public area and contain computer access should lock the doors when these offices are not in use. In order to protect patient data against unauthorised online access by third parties, access to classified information (which will be encrypted) without appropriate



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authentication shall not be allowed. Authentication shall be performed in a manner commensurate with the sensitivity of the information to be accessed. Automatic protection features (e.g. password protected screen saver, keyboard lock) in servers, computer terminals, workstations or microcomputers should be activated if there has been no activity for a predefined period of time to prevent illegal system access attempt. Alternatively, the logon session and connection should be terminated. Also, user workstation should be switched off, if appropriate, before leaving work for the day or before a prolonged period of inactivity. Moreover, there will be a control on the number of consecutive unsuccessful login trials that will result in the automatic denial of access. A newly appointed data protection officer will ensure proper knowledge, support and authority is available to the Company regarding GDPR. The data protection officer will also provide training on data protection to ensure that processes and tools involved in personal data are and remain compliant. As stipulated in our data protection policy, staff members who handle and have access to personal and sensitive data of our customers must observe and follow the GDPR.

### LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

#### Legal proceedings

We are subject to the laws, regulations and supervision of the regulatory authorities in Germany, Denmark and the PRC and are required to maintain certain licences, permits and approvals in order to operate our business. A summary of the relevant Germany, Denmark and PRC laws and regulations which our business operations are subject to is set out in the section headed “Regulatory Overview” in this prospectus.

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings which, if determined adversely to us, in our opinion, was likely to have a material adverse effect on our financial condition or results of operations. As of the Latest Practicable Date, there were no legal, arbitration or administrative proceedings pending or threatened against us or any of our Directors which, in our opinion, was likely to have a material adverse effect on our financial condition or results of operations.

#### Compliance

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the summary table below, we have not had any non-compliance incidents in each of Germany, Denmark and PRC in relation to our business which we believe, taken as a whole, would likely have a material adverse effect on our business or financial position.



Set out below is a summary of certain historical non-compliance incidents of our Group during the Track Record Period and up to the Latest Practicable Date as well as the rectification and preventive measures that we have taken in respect of such matters.

Non-compliance incidents	Reasons for the non-compliance	Legal consequences and potential maximum risks and penalties	Remedies and rectification measures taken	Enhanced internal control measures to prevent recurrence of non-compliance
<p>We failed to comply with local professional laws applicable to our Bremen and LASIK Germany Centres that prohibit the participation of private investors/shareholders that are not healthcare professionals in a legal entity under private law which provides medical services.</p> <p>There were private investors or shareholders that were not healthcare professionals participating as shareholders of EuroEyes Deutschland, the then ultimate holding company of our Group prior to completion of the Reorganisation.</p>	<p>The non-compliance was mainly due to the inadvertent oversight and mistaken judgement by the relevant staff of the Bremen and LASIK Germany Centres when considering the implications of the applicable local professional laws which led to the Concession not being obtained in respect of the Bremen and LASIK Germany Centres.</p> <p>Such inadvertent oversight and mistaken judgement stemmed from the fact that EuroEyes ALZ Bremen provided its medical service within the premises of another third-party private clinic that holds a valid Concession, and LASIK Germany provided medical services at the clinics/facilities of other members of our Group which all held valid Concessions, as well as in a separate centre in Hamburg (Hohe Bleichen) which was located in close proximity to the Group's facility in Hamburg and was treated the same way as the other LASIK Germany facilities. The management of both EuroEyes ALZ Bremen and LASIK Germany had originally and mistakenly believed that the Concessions granted were clinic/location specific and accordingly thought that EuroEyes ALZ Bremen and LASIK Germany could rely on the Concessions of such other clinics/facilities to provide their respective medical services at such clinics/facilities. Upon further investigation by the Company, it turned out that each Concession is both a personal and facility-related approval, and cannot be transferred to or relied upon by any other facility and/or third party (i.e. EuroEyes ALZ Bremen and LASIK Germany).</p>	<p>As advised by our German Legal Adviser, the non-compliance incident may result in disciplinary proceedings being brought by the competent local chambers. However, such disciplinary proceedings may be brought against the healthcare professionals of the Bremen and LASIK Germany Centres, rather than our subsidiaries operating the Bremen and LASIK Germany Centres, as our subsidiaries are not members of such local chambers.</p> <p>Accordingly, our German Legal Adviser is of the view that it is hardly possible that the local authorities and/or chambers will take any action directly against our subsidiaries which operate the Bremen and LASIK Germany Centres. Furthermore, our German Legal Adviser is of the view that whilst the formation of LASIK Germany and the transfer and acquisition of shares in EuroEyes ALZ Bremen by EuroEyes Deutschland as well as the transfer of the shares in EuroEyes ALZ Bremen and LASIK Germany by EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH (being the legal predecessor of EuroEyes KG) should be effective, we cannot exclude the possibility that a competent court in Germany may take a contrary view which may have a negative effect on the validity of the formation of LASIK Germany and the validity of the transfer and acquisition of shares in LASIK Germany and EuroEyes ALZ Bremen. For details, please see the section headed "Risk Factors – Our business may be adversely and materially affected due to a former regulatory non-compliance of EuroEyes ALZ Bremen and LASIK Germany, our German subsidiaries" in this prospectus.</p>	<p>As advised by our German Medical Law Adviser, we have adopted an alternative model for the Bremen and LASIK Germany Centres on 27 March 2019 to promptly rectify the former regulatory non-compliance and to minimise any potential interruptions of the business of the Bremen and LASIK Germany Centres. Under the alternative model, the Bremen and LASIK Germany Centres provide non-medical services and usage of function units to self-employed surgeons and conservative ophthalmologists, who provide medical services to the patients directly. For details of the alternative model, please see the paragraph headed "– Adoption of an alternative model for our centres operated by EuroEyes ALZ Bremen and LASIK Germany" in this section.</p>	<p>We have established a regulatory compliance committee to conduct periodical review of the compliance with local professional laws by our existing clinics and centres in Germany as well as overseeing the set-up and opening of new clinics and centres in Germany. The results of the review will be reported to our senior management and the Board.</p> <p>We have also provided enhanced training to the relevant staff of our Group with respect to the requirements under the local professional laws which are applicable to all clinics and centres operated by our Group in Germany.</p>

**Directors' Views**

Having regard to the views of our German Legal Adviser and German Medical Law Adviser as disclosed above, our Directors are of the view that the above non-compliance incidents do not and will not have any material financial or operational impact on our Group. In order to prevent the recurrence of the non-compliance incidents in the future, we have implemented the enhanced internal control measures as disclosed above.

**ADOPTION OF AN ALTERNATIVE MODEL FOR OUR CENTRES OPERATED BY EUROEYES ALZ BREMEN AND LASIK GERMANY**

During the Track Record Period (up to 26 March 2019), we failed to comply with local professional laws applicable to our Bremen and LASIK Germany Centres which prohibit the participation of private investors or shareholders that are not healthcare professionals in a legal entity under private law which provides medical services. For details, please refer to the section headed "Risk Factors – Our business may be adversely and materially affected due to a former regulatory non-compliance of EuroEyes ALZ Bremen and LASIK Germany, our German subsidiaries" in this prospectus and the paragraph headed "– Legal proceedings and compliance matters – Compliance" in this section. During the Track Record Period, the revenue generated from EuroEyes ALZ Bremen amounted to approximately €1.8 million, €1.7 million, €1.8 million and €0.5 million, for the years ended 31 December 2016, 2017 and 2018 and for the three months ended 31 March 2019, respectively, which accounted for approximately 5.8%, 4.6%, 4.3% and 4.3% of our total revenue for the same periods, respectively, and EuroEyes ALZ Bremen generated net profits of approximately €284,000, €305,000, €266,000 and €44,000 for the same periods, respectively. During the Track Record Period, the revenue generated from LASIK Germany amounted to approximately €1.0 million, €1.4 million, €1.6 million and €0.5 million, for the years ended 31 December 2016, 2017 and 2018 and for the three months ended 31 March 2019, respectively, which accounted for approximately 3.2%, 3.9%, 3.8% and 4.0% of our total revenue for the same periods, respectively, and LASIK Germany generated net profits of approximately €127,000, €228,000, €121,000 and €60,000 for the same periods, respectively.

To comply with the local professional laws, EuroEyes ALZ Bremen and LASIK Germany adopted an alternative model on 27 March 2019, as the most efficient method to rectify promptly the former regulatory non-compliances, given the significant time needed to apply and obtain a concession from the relevant authorities. Under the alternative model, the self-employed surgeons and conservative ophthalmologists contract directly with their patients and provide medical services to the patients directly, and the patients are invoiced by the self-employed surgeons and conservative ophthalmologists or the Bremen and LASIK Germany Centres acting on their behalf. The Bremen and LASIK Germany Centres offer the infrastructure to self-employed surgeons and conservative ophthalmologists, including the provision of facility and rooms, non-medical assistants, medical equipment etc. The Bremen and LASIK Germany Centres are responsible for the goods and equipment, providing support in the scheduling of consultation, pre-examination, treatments and any follow-up services, and billing and payment collection on behalf of each self-employed surgeon and conservative ophthalmologist. The Bremen and LASIK Germany Centres will receive usage fees from the self-employed surgeons and conservative ophthalmologists for treatments that are carried out in the respective Bremen and LASIK Germany Centres. The following table summarises the differences between the business model of the Group's clinics (where medical services are provided by employed or freelance surgeons and conservative ophthalmologists) and the

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alternative model (where medical services are provided by self-employed surgeons and conservative ophthalmologists) in terms of the contractual arrangement with the patients, the contractual arrangement with the surgeons and conservative ophthalmologists and the billing arrangement with the patients:

	<u>The Group's clinics</u>	<u>The Bremen and LASIK Germany Centres under the alternative model</u>
<b>Contractual arrangement with patients</b>	The relevant subsidiary of the Group operating the clinic contracts with the patients	The self-employed surgeons and conservative ophthalmologists contract directly with patients and provide services to the patients directly
<b>Contractual arrangement with the surgeons and conservative ophthalmologists</b>	The salaries/service fees of the surgeons and conservative ophthalmologists (employees and freelancers) are paid by our Group	The usage fee that the self-employed surgeons and conservative ophthalmologists pay to the Bremen and LASIK Germany Centres is deducted from the fees paid by the patients, which are collected by the Bremen and LASIK Centres on behalf of the self-employed surgeons and conservative ophthalmologists
<b>Billing arrangement with the patients</b>	Patients are invoiced by the relevant subsidiary of the Group under the name of the clinic	Patients are either invoiced by (i) the self-employed surgeons and conservative ophthalmologists directly or (ii) the Bremen and LASIK Germany Centres acting on their behalf, under the name of the self-employed surgeon or conservative ophthalmologists

As advised by our German Medical Law Adviser, the reorganisation of EuroEyes ALZ Bremen and LASIK Germany for adoption of the alternative model is in compliance with all relevant laws and/or regulations in Germany.

After adopting the alternative model, the main impact on our financial performance will be the VAT chargeable to our Group on the usage fees received by us. Our Directors are of the view that the change of the operation of Bremen and LASIK Germany Centres to the alternative model will not have material financial impact on our operation after taking into consideration of (i) the revenue contribution of EuroEyes ALZ Bremen and LASIK Germany during the Track Record Period; and (ii) the differences in accounting treatments between the two models.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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### RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Immediately after completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), Dr Jørgensen, our chairman, executive Director and chief executive officer, will be directly interested in approximately 52.84% of the total issued share capital of our Company. Accordingly, Dr Jørgensen will be regarded as our Controlling Shareholder under the meaning of the Listing Rules. Details of the structure of our Group immediately following the completion of the Capitalisation Issue and the Global Offering are set out in the section headed “History, Reorganisation and Corporate Structure – Corporate structure immediately following the Capitalisation Issue and the Global Offering” in this prospectus.

### BUSINESS OF OUR GROUP

We provide premium vision correction services to a targeted clientele with a mid-to-high income level. Our services mainly include refractive laser surgery, phakic lens (ICL) surgery and lens exchange surgery. These services are offered to two main groups of customers: (i) those between the age of 18 and 45 who usually seek refractive laser surgery or phakic lens (ICL) surgery to treat their myopia, high myopia, hyperopia or astigmatism; and (ii) those over 45 years of age, who usually seek lens exchange surgery to treat their presbyopia or cataract. For further information regarding our business, please see the section headed “Business” in this prospectus.

### EXCLUDED BUSINESSES

During the Track Record Period and up to the Latest Practicable Date, apart from our business, our Controlling Shareholder, Dr Jørgensen, had interests in certain conventional ophthalmic businesses (collectively, the “**Excluded Businesses**”). The following table sets out the partnership and companies (as the case may be) which are involved in the operation of the Excluded Businesses and in which Dr Jørgensen had interests during the Track Record Period and up to the Latest Practicable Date:

<u>Partnership/Company</u>	<u>Place of Establishment/ Incorporation</u>	<u>Date of Establishment/ Incorporation</u>	<u>Principal Business</u>	<u>Partners/ Shareholders as at the Latest Practicable Date</u>
1. MVZ Ophthalmologikum Eidelstedt GmbH (“MVZ”)	Germany	28 April 2016	Conservative ophthalmology on diagnosis and treatment of eye disease for patients mostly with statutory health insurance	Dr Jørgensen (33%) Dr Lerche (33%)

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Partnership/Company	Place of Establishment/ Incorporation	Date of Establishment/ Incorporation	Principal Business	Partners/ Shareholders as at the Latest Practicable Date
2. Ophthalmologikum Dres. Jørgensen/Lerche/Galambos/Klär-DiBars GmbH (“Ophthalmologikum”) <sup>(Note)</sup>	Germany	23 July 2013	Conservative ophthalmology on diagnosis and treatment of eye disease for patients mostly with statutory health insurance	Dr Jørgensen (25%) Dr Lerche (25%)
3. Dr Jørgensen und Kollegen GbR	Germany	4 March 2005	Cataract surgery for patients with statutory health insurance	Dr Jørgensen (partner) Dr Lerche (partner) Dr Ulrike Klär-DiBars (partner)

*Note:* Ophthalmologikum also offers minor interventional treatments, such as blepharoplasty, intravitreal application of medication in age-related macular degeneration, etc.

On 31 December 2018, we entered into a Sublease Agreement and a Contract of Use with Dr Jørgensen und Kollegen GbR, pursuant to which, we agreed to sublease to Dr Jørgensen und Kollegen GbR certain parts of the premises in which our Hamburg clinic is located and to provide the equipment and non-physician support services for the ophthalmic surgeries carried out by Dr Jørgensen und Kollegen GbR. Our Directors considered that the transactions with Dr Jørgensen und Kollegen GbR during the Track Record Period had been carried out in the ordinary course of business of our Group, based on normal commercial terms and were fair and reasonable. For more information about the transactions with Dr Jørgensen und Kollegen GbR, please see the section headed “Connected Transactions – Fully exempt continuing connected transaction – Sublease of premises and provision of services to Dr Jørgensen und Kollegen GbR” in this prospectus.

As at the Latest Practicable Date, save as disclosed in the above table, our Directors, our Controlling Shareholder and their respective close associates, were not engaged or did not have any interest in any business which, either directly or indirectly, competes or may compete with the business of the Group.

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### DELINEATION OF BUSINESSES

#### Summary of major differences between our Group's business and the Excluded Businesses

The table below sets out a summary of the major differences between our Group's business and those Excluded Businesses during the Track record Period and as at the Latest Practicable Date:

	<u>Our Group</u>	<u>MVZ</u>	<u>Ophthalmologikum</u>	<u>Dr Jørgensen und Kollegen GbR</u>
<b>Business focus and services</b>	Refractive laser surgery and lens exchange surgery	Conservative ophthalmology on diagnosis and treatment of eye disease	Conservative ophthalmology on diagnosis and treatment of eye disease	Cataract surgery (monofocal lens exchange surgery only)
<b>Major target customers</b>	Private patients with mid-to-high income level	Patients mostly with statutory health insurance	Patients mostly with statutory health insurance	Patients only with statutory health insurance
<b>Geographical location</b>	Germany (Hamburg, Munich, Berlin, Leipzig, Oberhausen, Stuttgart, Hannover, Dusseldorf, Frankfurt, Lubeck, Augsburg, Dresden, Oldenburg and Bremen); Denmark (Copenhagen, Aalborg, Aarhus, Herning and Esbjerg); and PRC (Shanghai, Beijing, Guangzhou, Shenzhen and Hangzhou)	Germany (Hamburg)	Germany (Hamburg)	Germany (Hamburg)

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### Reasons for non-inclusion of the Excluded Businesses into our Group

Our Directors are of the view that there was no overlap or competition between our business and the Excluded Businesses in any material respect during the Track Record Period and up to the Latest Practicable Date because of the following reasons:

*(a) No overlapping business in Denmark and the PRC*

During the Track Record Period and up to the Latest Practicable Date, the Excluded Businesses only operate in Hamburg, Germany, while our Group operates in various cities in Germany, Denmark and the PRC. It is expected that the Excluded Businesses will continue to focus their operations only in Hamburg, Germany and there is no plan that the Excluded Businesses will expand into other parts of Germany as well as Denmark and the PRC.

*(b) Different services and customers in Germany*

*(i) MVZ and Ophthalmologikum*

During the Track Record Period and up to the Latest Practicable Date, both MVZ and Ophthalmologikum focus on the provision of conservative ophthalmic services on the diagnosis and treatment of eye diseases. Neither MVZ nor Ophthalmologikum have provided any form of surgeries including refractive laser surgeries or lens exchange surgeries. Our services, on the other hand, mainly include refractive laser surgery, phakic lens (ICL) surgery and lens exchange surgery.

*(ii) Dr Jørgensen und Kollegen GbR*

During the Track Record Period and up to the Latest Practicable Date, Dr Jørgensen und Kollegen GbR only operated in Hamburg, Germany. The only customers of Dr Jørgensen und Kollegen GbR were patients with statutory health insurance. Patients at Dr Jørgensen und Kollegen GbR were only treated with monofocal lens exchange surgeries.

On the other hand, we operate in 14 locations in Germany (including Hamburg) and we primarily offer trifocal lens exchange surgeries to our customers (except in limited circumstances where the customer can only undergo monofocal lens exchange surgery due to medical conditions). Furthermore, since we operate private clinics, the surgeries undergone by customers at our clinics are not covered by statutory health insurance and we are not permitted to treat patients who wish to use statutory health insurance for the treatments.



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While there is an overlapping single service (being the monofocal lens exchange surgery) between our clinic in Hamburg and Dr Jørgensen und Kollegen GbR (which only operates in Hamburg), our Directors are of the view that such overlapping single service will not have any material financial or operational impact on our Group for the following reasons:

- (i) The revenue generated from performing monofocal lens exchange surgeries at our Hamburg clinic for the three years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €521,886, €566,576, €626,759 and €160,613, respectively, representing approximately 1.7%, 1.5%, 1.5% and 1.4% of our Group's total revenue, respectively.
- (ii) In addition, our major target customers during the Track Record Period and up to the Latest Practicable Date have been mid-to-high income level customers seeking premium vision correction services. We are not permitted, and have no intention, to target customers who wish to use statutory health insurance for the treatments.

Upon Listing, the Excluded Businesses and our Group will continue to focus on their respective service types and specific groups of target customers.

Our Directors also do not expect that there will be any overlap or competition between the Excluded Businesses and our business in any material respect after the Listing. Each of our Directors, including Dr Jørgensen, confirmed that there is no intention to merge our Group and the Excluded Businesses at any time.

### NON-COMPETITION UNDERTAKING

Save as disclosed above, our Controlling Shareholder is not interested in any business which is, directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, our Controlling Shareholder has undertaken to our Company in the Deed of Non-competition that he will not, and will use his best efforts to procure his close associates (other than members of our Group) not to, directly or indirectly, participate or engage in or develop any business which competes, or may compete, with our business (the "**Restricted Business**").



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Furthermore, under the Deed of Non-competition, our Controlling Shareholder has also undertaken that to the extent permissible by applicable laws and regulations, if any business investment or any business opportunities relating to, engaging in or owning the Restricted Business (the “**Competing Business Opportunity**”) is identified by or made available to him or any of his close associates (other than us), he shall, and shall use his best efforts to procure that his close associates to, refer such Competing Business Opportunity to us on a timely basis and in the following manner:

- (i) our Controlling Shareholder shall, and shall use his best efforts to procure that his close associates (other than us) to, refer the Competing Business Opportunity to us for consideration by giving written notice (the “**Offer Notice**”) within ten days from the initial date of receipt of such Competing Business Opportunity, and such Offer Notice shall include all relevant information of the Competing Business Opportunity (including but not limited to the nature of the Competing Business Opportunity and the related investment or acquisition costs) which are reasonably necessary for us to make an informed assessment whether to pursue such Competing Business Opportunity;
- (ii) our Controlling Shareholder shall, and shall use his best efforts to procure his close associates (other than us) to, ensure that such Competing Business Opportunity is first offered to us on terms that are fair and reasonable and no less favourable than those terms first offered to our Controlling Shareholder and/or his close associates (other than us);
- (iii) upon receiving the Offer Notice, our Company shall seek approval from our Board or a committee of the Board (in each case comprising only the independent non-executive Directors) which has no actual or potential interest in the Competing Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);
- (iv) the Independent Board will be responsible for reviewing and considering whether or not to take up the Competing Business Opportunity, or whether or not the Competing Business Opportunity constitutes Restricted Business, and in considering whether to pursue the Competing Business Opportunity offered, the Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans, the general market conditions of our business and whether the Competing Business Opportunities is in line with the overall interests of our Company and its Shareholders as a whole;
- (v) our Controlling Shareholder shall not, and shall use his best efforts to procure his close associates (other than us) shall not, engage, participate or hold any right or interest in any Competing Business Opportunity unless such Competing Business Opportunity shall have been rejected by us;

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- (vi) our Controlling Shareholder may only engage in such Competing Business Opportunity if he has received a notice from us confirming that such Competing Business Opportunity is not accepted and/or does not constitute a Restricted Business or if he does not receive any Non-acceptance Notice from us within 30 days after the date of receipt of the Offer Notice; and
- (vii) if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholder or his close associates (other than us), our Controlling Shareholder shall, and shall use his best efforts to procure his close associates (other than us) to, refer such revised Competing Business Opportunity to us as if it were a new Competing Business Opportunity.

Pursuant to the Deed of Non-competition, our Controlling Shareholder shall, and shall use his best efforts to procure his close associates (other than us) to, grant us an option to purchase any equity interest, assets or other interests which form part of any Competing Business Opportunity not taken up by us but has been retained by our Controlling Shareholder or his close associates (other than us).

Furthermore, our Controlling Shareholder shall, and shall use his best efforts to, procure his close associates, to let us have the pre-emptive right for any transfer, sale, lease, license, grant of right to any Competing Business not taken up by us but has been retained by our Controlling Shareholder or his close associates (other than us), on the same terms as and before the offer of such transfer, sale, lease, license or grant to any third party.

Our Controlling Shareholder has undertaken to provide and will use his best efforts to procure his close associates to provide us (including our independent non-executive Directors) with all information necessary for our annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-competition and for us to consider whether to exercise our right in respect of the Competing Business Opportunity.

The Deed of Non-competition will terminate automatically if (i) our Controlling Shareholder and/or his close associates, individually or taken as a whole, ceases to hold, whether directly or indirectly, at least 30% (or such other percentage as constituting a controlling shareholder under the Listing Rules and applicable requirements from time to time) of our Shares; or (ii) our Shares cease to be listed on the Stock Exchange.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Our Directors believe that our Group is capable of carrying on our business independently from, and without undue reliance on, our Controlling Shareholder and his close associates after Listing based on the following reasons:

### **Management Independence**

The main functions of our Board include the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER**

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Our Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. We believe the three independent non-executive Directors are able to provide sufficient checks and balances in transactions involving any actual or potential conflict of interests and to protect the interest of our independent Shareholders.

In addition, each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and its shareholders as a whole and that he does not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

Our Board is also supported by a team of senior management with substantial experience and expertise in the implementation of our Group's policies and strategies. Our daily operations are managed by our senior management team independently.

Based on the above, our Directors believe that we are able to manage our business independently from our Controlling Shareholder and his close associates after Listing.

### **Operational Independence**

We have our own organisational structure with independent departments, each with specific areas of responsibility. We have our own administration, finance and human resources and other systems and teams which have been operating and are expected to continue to operate separately from our Controlling Shareholder and his close associates. We also maintain a set of comprehensive internal control measures to facilitate the effective operation of our business.

We have independent access to our customers and suppliers and are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently from our Controlling Shareholder.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholder and his close associates after Listing.

### **Financial Independence**

We have our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payments and we make financial decisions according to our own business needs.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

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All loans, advances and balances due to our Controlling Shareholder will be fully repaid upon Listing. All guarantees provided by our Controlling Shareholder during the Track Record Period on our Group's borrowing had been fully released. Accordingly, we will not rely on any guarantees provided by our Controlling Shareholder or his close associates upon Listing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholder and/or his close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholder and his close associates after Listing.

### CORPORATE GOVERNANCE MEASURES

In order to promote good corporate governance practices and to improve transparency, we intend to adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-competition by our Controlling Shareholder;
- (ii) we will disclose, to the extent permissible by applicable laws and regulations, the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- (iii) our Controlling Shareholder will make an annual declaration in our annual report on the compliance with the Deed of Non-competition in accordance with the principle of voluntary disclosure in the corporate governance report;
- (iv) in the event that any of our Directors and/or his close associates has a material interest in any matter to be deliberated by our Board, he may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles; and
- (v) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

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## CONNECTED TRANSACTIONS

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### OVERVIEW

Prior to the Listing, we have entered into certain transactions with parties who are connected persons of our Company. Upon Listing, these transactions will constitute continuing connected transactions of our Company under the Listing Rules. Details of such transactions are set out below.

### CONNECTED PERSONS

Upon Listing, the following parties, with which our Group has entered into certain transactions in the ordinary and usual course of business, will become connected persons of our Group:

<u>Name</u>	<u>Description of Connected Relationship</u>
Baigo Capital GmbH (“ <b>Baigo Capital</b> ”)	Baigo Capital is a company incorporated in Germany with limited liability and is wholly-owned by Mr Marcus Huascar Bracklo, our non-executive Director. Accordingly, Baigo Capital is a connected person of our Group.
Dr Jørgensen und Kollegen GbR	Dr Jørgensen und Kollegen GbR is a German civil law partnership ( <i>BGB-Gesellschaft</i> ) governed under the German Civil Code. Dr Jørgensen and Dr Lerche, our executive Directors, and Dr Ulrike Klär-Diðars are partners of Dr Jørgensen und Kollegen GbR. Accordingly, for the purposes of the Listing Rules, Dr Jørgensen und Kollegen GbR is considered as a connected person of our Group.
Dr Lerche	Dr Lerche is our executive Director and therefore is a connected person of our Group.
EEH AG	EEH AG is a stock company incorporated in Switzerland and is wholly-owned by Dr Jørgensen, our chairman, executive Director, chief executive officer and Controlling Shareholder. Accordingly, EEH AG is a connected person of our Group.
Prof Neuhann	Prof Neuhann is our executive Director and therefore is a connected person of our Group.
Shanghai Lingrui	Shanghai Lingrui is a company incorporated in the PRC and owns 30%, 30%, 28.67% and 10% in the equity interests of Guangzhou Deshijia, Shanghai Deshijia, Shenzhen Hero and Beijing Deshijia, respectively. Shanghai Lingrui is owned as to 86% by Mr Xu Xuyang, a director of certain of our PRC subsidiaries. Accordingly, Shanghai Lingrui is a connected person of our Group.

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## CONNECTED TRANSACTIONS

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### FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Our Group has entered into the following continuing connected transaction, which will be fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **Sublease of premises and provision of services to Dr Jørgensen und Kollegen GbR**

##### *Description of the transaction*

Our Group has been subleasing certain part of the premises at which our Hamburg clinic is located to Dr Jørgensen und Kollegen GbR. Furthermore, in connection with the subleasing of the premises, our Group also provides support services to Dr Jørgensen und Kollegen GbR as well as the right to access and use certain technical and medical devices at our Hamburg clinic for ophthalmic treatments under the Contract of Use.

Dr Jørgensen und Kollegen GbR operates a private clinic at the premises leased by our Group, which focuses on performing cataract surgeries for patients within the public national healthcare system suffering from cataract only. For more information about the private clinic operated by Dr Jørgensen und Kollegen GbR and the delineation of the businesses between our Group and Dr Jørgensen und Kollegen GbR, please see the section headed "Relationship with our Controlling Shareholder" in this prospectus.

##### *Sublease Agreement*

On 31 December 2018, EuroEyes Deutschland, as sublandlord, entered into a sublease agreement with Dr Jørgensen und Kollegen GbR (the "**Sublease Agreement**"), as subtenant, pursuant to which EuroEyes Deutschland agreed to sublease to Dr Jørgensen und Kollegen GbR certain parts of the premises situated at the ground floor and mezzanine floor of the building situated at Valentinskamp 88-90, Hamburg, Germany (the "**Building**"), which has been leased to EuroEyes Deutschland by a landlord which is an Independent Third Party.

Details of the Sublease Agreement are as follows:

<b>Subtenant:</b>	Dr Jørgensen und Kollegen GbR
<b>Sublandlord:</b>	EuroEyes Deutschland
<b>Subleased area:</b>	Certain parts of the ground floor of the Building comprising a storage room, two doctor consultation rooms, two sanitary rooms, an examination room, a reception area and a patient waiting area
<b>Size of the subleased area:</b>	150.40 m <sup>2</sup>
<b>Term:</b>	Three years commencing from 1 April 2018
<b>Annual rent payable:</b>	€64,864.56
<b>Use of property:</b>	Operation of ophthalmic clinic

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## CONNECTED TRANSACTIONS

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The rent payable under the Sublease Agreement was determined on an arm's length basis with reference to the prevailing market conditions and the prevailing market rates in respect of similar premises in the vicinity at the relevant time. Our Directors consider that the rent payable under the Sublease Agreement is fair, reasonable and comparable to the prevailing market rates for similar premises in the vicinity.

### *Contract of Use*

In connection with the Sublease Agreement, on 31 December 2018, EuroEyes ALZ Hamburg entered into a contract of use with Dr Jørgensen und Kollegen GbR (the "**Contract of Use**") with a fixed term of three years, pursuant to which EuroEyes ALZ Hamburg agreed to provide Dr Jørgensen und Kollegen GbR with:

- (i) access to such part of the ground floor of the Building occupied by EuroEyes ALZ Hamburg which comprises a surgery area, an examination room, a staff changing area, a waste disposal chute, a patient changing area, an anteroom, three surgery rooms, and two sterilisation areas (collectively, the "**Licensed Area**");
- (ii) use of the inventory in the Licensed Area, in particular, use of technical and medical devices, aids and instruments belonging to the Licensed Area; and
- (iii) non-physician support services for the preparation, operation and post-operation for the ophthalmic surgeries carried out by Dr Jørgensen und Kollegen GbR at the Licensed Area.

Based on the actual usage of the Licensed Area, pursuant to the Contract of Use, EuroEyes ALZ Hamburg shall always have the first priority to use the Licensed Area and any facility, inventory and staff for its patients. According to the payment terms in the Contract of Use, Dr Jørgensen und Kollegen GbR shall pay to EuroEyes ALZ Hamburg a monthly usage fee (the "**Usage Fee**") in arrears. The Usage Fee is calculated with reference to the agreed daily rates for different usages of the Licensed Area set out in the Contract of Use, which are determined by reference to the operating and incidental costs of EuroEyes ALZ Hamburg, the costs for using the technical or medical devices and the average wages of the non-physician staff providing the supporting services.

### *Pricing policy*

The terms of, and the consideration payable under, the Sublease Agreement was negotiated on a case-by-case and on an arm's length basis, and was entered into in the ordinary and usual course of business of our Group and was on normal commercial terms which, from our perspective, was no more favourable to Dr Jørgensen und Kollegen GbR than those made available from our Group to an Independent Third Party. In particular, the rent chargeable to Dr Jørgensen und Kollegen GbR by EuroEyes Deutschland under the Sublease Agreement was determined according to market rates and based on the then prevailing rental rates which EuroEyes Deutschland pays to its landlord for the use of the Building.



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## CONNECTED TRANSACTIONS

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The terms of, and the Usage Fees chargeable by EuroEyes ALZ Hamburg to Dr Jørgensen und Kollegen GbR under, the Contract of Use were determined through commercial negotiations on an arm's length basis by reference to (i) the operating and incidental costs of EuroEyes ALZ Hamburg, (ii) the costs for using the technical or medical devices and (iii) the average wages of the non-physician staff providing the supporting services.

### *Historical transaction amounts*

The aggregate amount of fees paid to our Group in respect of the Sublease Agreement and the Contract of Use for the year ended 31 December 2018 and for the three months ended 31 March 2019 was €137,719.29 and €50,007.02 respectively.

### *Annual caps and basis*

Our Directors estimate that for the years ending 31 December 2019, 2020 and 2021, the aggregate annual fees payable by Dr Jørgensen und Kollegen GbR to our Group under the Sublease Agreement and the Contract of Use will not exceed €210,000, €210,000 and €210,000, respectively. The aforesaid amounts are estimated with reference to (i) the historical transaction amounts, (ii) the prevailing market rates and (iii) the expected use by Dr Jørgensen und Kollegen GbR of the Licensed Area.

### *Implications under the Listing Rules*

Since each of the applicable percentage ratios (other than the profits ratio) for the Sublease Agreement and the Contract of Use is expected to be less than 5% and the annual total consideration is less than HK\$3,000,000, the transactions contemplated under the Sublease Agreement and the Contract of Use will constitute *de minimis* continuing connected transaction under Rule 14A.76(1) of the Listing Rules, and will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

### **Advisory Agreement**

#### *Description of the transaction*

On 15 January 2017, EuroEyes Deutschland, EEH AG and Baigo Capital entered into an advisory agreement (the "**Advisory Agreement**"), pursuant to which Baigo Capital agreed to provide advisory services to EuroEyes Deutschland for a fixed term of three years commencing from 1 January 2017 to 31 December 2019 at an annual retainer fee of €85,000 (together with the applicable VAT) (the "**Retainer Fee**"), which is based on an average of no more than 12 consulting days per calendar quarter, in the areas of (i) negotiations on a new shareholder agreement with regards to shareholder structure, (ii) mergers and acquisitions, (iii) joint ventures and similar cooperation arrangements, (iv) integration of new investors, (v) preparation for an Exit (as defined below) and (vi) execution of an Exit (as defined below).

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## CONNECTED TRANSACTIONS

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In addition to the Retainer Fee, Baigo Capital is entitled to a one-off success fee of €245,000 payable by EEH AG upon either (i) the sale of a majority stake in our Group, (ii) an initial public offering of the shares in our Group or (iii) the participation of a strategic partner or financial investor with a transaction amount of more than €15 million (each, an “Exit”).

### *Pricing policy*

The terms of, and the consideration payable under, the Advisory Agreement were negotiated on an arm’s length basis and were on normal commercial terms. From our perspective, the terms were no more favourable to Baigo Capital than those which would otherwise have been provided by our Group to an Independent Third Party.

### *Historical transaction amounts*

For the years ended 31 December 2017 and 2018, the fees paid by EuroEyes Deutschland to Baigo Capital was €101,150 and €101,150, respectively. As at 31 March 2019, fees amounting to €25,000 were accrued and payable by EuroEyes Deutschland to Baigo Capital.

### *Annual caps and basis*

Our Directors estimate that for the year ending 31 December 2019, the fees payable by our Group to Baigo Capital under the Advisory Agreement will not exceed €101,150, being the Retainer Fee payable by our Group under the Advisory Agreement.

### *Implications under the Listing Rules*

Since each of the applicable percentage ratios (other than profits ratio) for the Advisory Agreement is expected to be less than 5% and the annual total consideration is less than HK\$3,000,000, the Advisory Agreement will constitute a *de minimis* continuing connected transaction under Rule 14.76(1) of the Listing Rules, and will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements.

## **Freelance Agreement with Dr Lerche and the Hannover Director’s Fee**

### *Description of the transaction*

Our Group has been engaging Dr Lerche, our executive Director, to provide ophthalmologic services to our Group as a freelance surgeon since April 2005. In order to regulate the provision of ophthalmologic services to our Group in anticipation of the Listing, EuroEyes ALZ Hamburg entered into an amendment agreement to the freelance agreement with Dr Lerche (the “**Freelance Agreement with Dr Lerche**”) on 27 March 2019, pursuant to which, Dr Lerche shall provide ophthalmologic services to our Group for a term of three years commencing from 27 March 2019.

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## CONNECTED TRANSACTIONS

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For the ophthalmologic services rendered by Dr Lerche under the Freelance Agreement with Dr Lerche, EuroEyes ALZ Hamburg shall pay to Dr Lerche fees calculated as follows:

- (i) a flat rate of €1,700 per day of work, subject to a maximum of €17,000 per calendar month; and
- (ii) a bonus payment of €74,000 if the maximum monthly fee of €17,000 is reached for more than eight months in a calendar year.

In addition, Dr Lerche receives a monthly fee of €500 for acting as the medical director of EuroEyes AugenLaserZentrum Hannover GmbH (the “**Hannover Director’s Fee**”).

### *Pricing policy*

The terms of, and the fees payable under the Freelance Agreement with Dr Lerche as well as the Hannover Director’s Fee were determined through commercial negotiation on an arm’s length basis and were based on the scope of services rendered by Dr Lerche and with reference to the fees charged by independent surgeons of similar expertise, experience and reputation with similar role, scope of services and responsibilities under similar circumstances. From our perspective, the terms were no more favourable to Dr Lerche than those which would otherwise have been provided by our Group to an independent surgeon.

### *Historical transaction amounts*

The aggregate fees paid by our Group for ophthalmologic services provided by Dr Lerche for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 were approximately €175,000, €186,000, €165,000 and €53,000 respectively. As at 31 March 2019, doctors’ fees amounting to €18,000 was payable by the Group to Dr Lerche.

### *Annual caps and basis*

Our Directors estimate that for each of the years ending 31 December 2019, 2020 and 2021, the annual fees payable by our Group to Dr Lerche under the Freelance Agreement with Dr Lerche together with the Hannover Director’s Fee will not exceed €278,000, being the maximum amount of fees payable to Dr Lerche under the Freelance Agreement with Dr Lerche, together with the Hannover Director’s Fee.

### *Implications under the Listing Rules*

Since each of the applicable percentage ratios (other than the profits ratio) for the Freelance Agreement with Dr Lerche is expected to be less than 5% and the annual total consideration is less than HK\$3,000,000, the transactions contemplated under the Freelance Agreement with Dr Lerche will constitute *de minimis* continuing connected transaction under Rule 14A.76(1) of the Listing Rules, and will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements.

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## CONNECTED TRANSACTIONS

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### **Freelance Agreement with Prof Neuhann**

#### *Description of the transaction*

Our Group has been engaging Prof Neuhann, our executive Director, to provide ophthalmologic services to our Group as a freelance surgeon since March 2008. In order to regulate the provision of ophthalmologic services to our Group in anticipation of the Listing, EuroEyes alz Augenklinik München GmbH, a wholly-owned subsidiary of our Company, entered into an amendment agreement to the freelance agreement with Prof Neuhann (the “**Freelance Agreement with Prof Neuhann**”) on 27 March 2019, pursuant to which Prof Neuhann shall provide ophthalmologic services to our Group for a term of three years commencing from 27 March 2019.

For the ophthalmologic services rendered by Prof Neuhann under the Freelance Agreement with Prof Neuhann, EuroEyes alz Augenklinik München GmbH shall pay to Prof Neuhann fees calculated based on €500 per eye operated on by Prof Neuhann.

#### *Pricing Policy*

The terms of, and the fees payable under the Freelance Agreement with Prof Neuhann were determined through commercial negotiation on an arm’s length basis and were based on the scope of services rendered by Prof Neuhann and with reference to the fees charged by independent surgeons of similar expertise, experience and reputation with similar role, scope of services and responsibilities under similar circumstances. From our perspective, the terms were no more favourable to Prof Neuhann than those which would otherwise have been provided by our Group to an independent surgeon.

#### *Historical transaction amounts*

The aggregate fees paid by our Group for ophthalmologic services provided by Prof Neuhann for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 were approximately €305,000, €238,000, €275,000 and €84,000, respectively.

#### *Annual caps and basis*

Our Directors estimate that for each of the years ending 31 December 2019, 2020 and 2021, the annual fees payable by our Group to Prof Neuhann under the Freelance Agreement with Prof Neuhann will not exceed €300,000. The aforesaid amounts are estimated with reference to (i) the historical transaction amounts and (ii) the expected capacity of Prof Neuhann in providing ophthalmologic services to our Group.

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## CONNECTED TRANSACTIONS

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### *Implications under the Listing Rules*

Since each of the applicable percentage ratios (other than the profits ratio) for the Freelance Agreement with Prof Neuhann is expected to be less than 5% and the annual total consideration is less than HK\$3,000,000, the transactions contemplated under the Freelance Agreement with Prof Neuhann will constitute *de minimis* continuing connected transaction under Rule 14A.76(1) of the Listing Rules, and will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

### DISCONTINUED CONNECTED TRANSACTION

#### Loans from Shanghai Lingrui

##### *Description of the transaction*

From 2013 to 2017, Shanghai Lingrui advanced loans in an aggregate principal amount of RMB9,071,428.57 to Shanghai Deshijia and Shenzhen Hero, which are subsidiaries of our Company, for the purpose of financing the working capital of Shanghai Deshijia and Shenzhen Hero. The interest rates of the loans ranged from 0 to 5% per annum.

In 2018, Shanghai Lingrui advanced loans in an aggregate principal amount of RMB5,112,616.06 to Hangzhou Deshijia Eye Clinic Co., Ltd.\* (杭州德視佳眼科門診有限公司) (“**Hangzhou Deshijia**”), which is a subsidiary of our Company, for the purpose of financing the initial set up costs of our Hangzhou clinic. No interest was payable under the loan to Hangzhou Deshijia.

As at the Latest Practicable Date, the outstanding amount (including interest payable) of all the loans advanced by Shanghai Lingrui owed by our Group to Shanghai Lingrui had been fully settled.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors are of the view that:

- (i) the above continuing connected transactions have been entered in the ordinary and usual course of business of our Group, are on normal commercial terms, and are fair and reasonable and in the interest of the Shareholders as a whole; and
- (ii) the proposed annual caps for the above continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD OF DIRECTORS

Our Board consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.

The powers and duties of our Board include convening Shareholders' meetings and reporting our Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining our Company's business plans and investment plans, formulating our Company's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles and other applicable laws such as the Companies Law. We have entered into letters of appointment with our executive Directors, non-executive Director and independent non-executive Directors.

The following table provides certain information about our Directors:

Name	Age	Position/Title	Date of joining, or working with, our Group	Date of appointment as Director	Roles and responsibilities
Dr Jørn Slot Jørgensen	65	Chairman and executive Director	1 February 1993	13 August 2018	Formulating our overall development strategies and business plans and overseeing the management and strategic development of our Group
Dr Markus Braun	46	Executive Director	22 October 2018	14 December 2018	Supervising and overseeing the overall financial and accounting management of our Group
Dr Ralf-Christian Lerche	51	Executive Director	1 April 2005 (freelancer)	25 March 2019	Supervising and overseeing the recruitment of doctors, handling patients' complaints and advising on medical trends and practice
Prof Dr Thomas Friedrich Wilhelm Neuhann	73	Executive Director	1 March 2008 (freelancer)	25 March 2019	Supervising and overseeing the recruitment of doctors, handling patients' complaints and advising on medical trends and practice
Mr Jannik Jonas Slot Jørgensen	28	Executive Director	1 March 2012	25 March 2019	Supervising and overseeing the business development and marketing of the business in Denmark and the PRC

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position/Title	Date of joining, or working with, our Group	Date of appointment as Director	Roles and responsibilities
Mr Marcus Huascar Bracklo	55	Non-executive Director	18 July 2012	25 March 2019	Advising on strategy and business development of our Group
Mr Hans Helmuth Hennig	61	Independent non-executive Director	25 March 2019	25 March 2019	Supervising and providing independent advice to the Board
Mr Zhengzheng Hu (胡錚錚)	39	Independent non-executive Director	25 March 2019	25 March 2019	Supervising and providing independent advice to the Board
Mr Philip Duncan Wright	65	Independent non-executive Director	25 March 2019	25 March 2019	Financial oversight and supervising and providing independent advice to the Board

Save as disclosed below:

- (i) none of the Directors have held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date; and
- (ii) there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules.

### Executive Directors

**Dr Jørn Slot Jørgensen**, aged 65, is the chairman, executive Director and chief executive officer of our Company. He was appointed a Director on 13 August 2018 and subsequently re-designated as an executive Director, and appointed as chairman of the Board, on 25 March 2019. He is also a founder of our Group and is mainly responsible for formulating our overall development strategies and business plans and overseeing the management and strategic development of our Group.

Dr Jørgensen is also a director of the following subsidiaries of our Group:

- (i) EuroEyes Holdings;
- (ii) EuroEyes Deutschland;
- (iii) EuroEyes ALZ Bremen;



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## DIRECTORS AND SENIOR MANAGEMENT

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- (iv) EuroEyes AugenLaserZentrum Berlin GmbH;
- (v) EuroEyes AugenLaserZentrum Betriebs GmbH;
- (vi) EuroEyes AugenLaserZentrum Stuttgart GmbH;
- (vii) EuroEyes AugenLaserZentrum Hannover GmbH;
- (viii) EuroEyes ALZ Hamburg;
- (ix) EuroEyes alz Augenklinik München GmbH;
- (x) EuroEyes Deutschland Beteiligungs GmbH;
- (xi) EUROEYES ApS;
- (xii) LASIK Germany;
- (xiii) Shenzhen Deshijia;
- (xiv) Shanghai Deshijia;
- (xv) Guangzhou Deshijia;
- (xvi) Beijing Deshijia;
- (xvii) Beijing Deshijia Dongbu Eye Clinic Co., Ltd.\* (北京德視佳東部眼科診所有限公司);
- (xviii) Hangzhou Deshijia Eye Clinic Co., Ltd.\* (杭州德視佳眼科門診部有限公司); and
- (xix) Shenzhen Hero.

In his capacity as the managing director of EuroEyes Deutschland Verwaltungs GmbH (being the sole general partner of EuroEyes KG), Dr Jørgensen entered into a service contract with EuroEyes KG (the “**KG Service Contract**”), for the management of the affairs of EuroEyes KG on behalf of EuroEyes Deutschland Verwaltungs GmbH. Dr Jørgensen’s responsibilities in this respect include:

- (i) the overall management of EuroEyes KG;
- (ii) the preparation and conclusion of contracts to be entered into by EuroEyes KG with other parties; and
- (iii) the recruitment and dismissal of the employees of EuroEyes KG.

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## DIRECTORS AND SENIOR MANAGEMENT

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For further details regarding the KG Service Contract, please see the section headed “Statutory and General Information – D. Further information about our Directors – 1. Directors’ service contracts and letters of appointment – Executive Directors” in Appendix IV to this prospectus.

Dr Jørgensen has over 30 years of experience of practice as an ophthalmologist. Prior to founding our 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:

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

Dr Jørgensen has received numerous awards and recognitions for his achievement, including (i) the “Hans-Sautter-Laureate” awarded by the Vereinigung Norddeutscher Augenärzte in 1987, and (ii) inclusion into the “Best Doctors List” under the category of “Experts for Refractive and Cataract Surgery” in “FOCUS”, a German magazine from 2012 to 2018.

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 Jørgensen, who is also our executive Director and vice president, Denmark. For more information about Mr Jannik Jørgensen, see the paragraph headed “– Executive Directors – Mr Jannik Jonas Slot Jørgensen” in this section.

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## DIRECTORS AND SENIOR MANAGEMENT

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Under code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Dr Jørgensen is our Chairman and also acts as our chief executive officer given that he has considerable experience in the business of providing ophthalmic services in Germany, Denmark and the PRC. Dr Jørgensen is our founder and has been managing our business and overall strategic development since the establishment of our Group. Our 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 our Group by ensuring consistent leadership with our Group and enabling more effective and efficient overall strategic development for our Group following the Listing. For more information, see the paragraph headed “– Senior management – Dr Jørn Slot Jørgensen” in this section.

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

**Dr Markus Braun**, aged 46, is our executive Director and chief financial officer. He joined our Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of our Group. He was appointed a Director on 14 December 2018 and subsequently redesignated as an executive Director on 25 March 2019.

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

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

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## DIRECTORS AND SENIOR MANAGEMENT

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**Dr Ralf-Christian Lerche**, aged 51, is our executive Director and senior vice president, medical affairs (Germany). He worked with our Group since April 2005 and was appointed our executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of doctors, handling patients' complaints and advising on medical trends and practice. He also moderates the discussion and scientific round at our annual doctors meeting and oversees our 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 in 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 in 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 our 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 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.

**Prof Dr Thomas Friedrich Wilhelm Neuhann**, aged 73, is our executive Director. He worked with our Group since March 2008 and was appointed our executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the recruitment of doctors, handling patients' complaints and advising on medical trends and practice. Prof Neuhann is a freelancer and has entered into a contract for service with the Group.

Prof Neuhann has over 41 years of experience in practicing as an ophthalmologist. From March 1977 to June 1982, he was a senior staff physician at the eye clinic of Johannes Gutenberg University Mainz in Germany. Since July 1982, he has been in private practice. Since February 1988, he has been a professor of Ophthalmology at the Johannes Gutenberg University Mainz in Germany. In November 1991, he founded the Munich Cornea Bank, a non-profit private cornea bank in Munich, Germany. In April 1996, he co-founded the Alz Augenlinik München, the predecessor of EuroEyes alz Augenlinik München GmbH, a subsidiary of our Company. Since February 1997, he has been a professor at the Medical Faculty of the Technical University of Munich in Germany.

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## DIRECTORS AND SENIOR MANAGEMENT

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He obtained his medical degree in July 1970. In February 1977, he completed his residency in Ophthalmology at the Heidelberg University Eye Clinic in Germany and was board certified in Ophthalmology. In June 1982, he obtained a habilitation degree in Ophthalmology from Johannes Gutenberg University Mainz in Germany. In 1987, he founded the annual congress meeting of German Ophthalmic Surgeons with the BVA, now transformed into DOC, a platform of scientific and political representation of eye surgeons in Germany. From January 1998 to December 1999, he was the president of European Society of Cataract and Refractive Surgeons. He was the chairman and deputy chairman of KRC from 2002 to 2010 and from 2010 to 2017, respectively.

**Mr Jannik Jonas Slot Jørgensen**, aged 28, is our executive Director and vice president, Denmark. He joined our Group in March 2012 and was appointed our executive Director on 25 March 2019, and is primarily responsible for supervising and overseeing the business development and marketing of the business in Denmark and the PRC. Mr Jørgensen is also a director of Guangzhou Deshijia, a subsidiary of our Company. He is the son of Dr Jørgensen, our chairman, executive Director, chief executive officer and Controlling Shareholder of the Company. For more information about Dr Jørgensen, see the paragraph headed “– Executive Directors – Dr Jørn Slot Jørgensen” in this section.

Prior to joining our Group, Mr Jørgensen interned and worked in ophthalmological and marketing sectors on a part-time basis. He was an intern at our 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 at our 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 our eye clinics in the PRC from April to August 2017. Since August 2018, he has also been a resident doctor at the department of abdominal surgery at Randers Hospital in Denmark.

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

### **Non-executive Director**

**Mr Marcus Huascar Bracklo**, aged 55, is our non-executive Director and strategic advisor. He first joined our 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 our Group. He is also a director of Shanghai Deshijia and Beijing Deshijia, both of which are subsidiaries of our Company.

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## DIRECTORS AND SENIOR MANAGEMENT

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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 (now known as PricewaterhouseCoopers), 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 and founder of Baigo Capital GmbH, an advisory and investment firm specialising in the healthcare sector, which he founded in October 2008. He concurrently assumed the role of chief executive officer at Vanguard AG, a re-processor of medical devices from December 2011 to November 2015. Since January 2010, he has been a non-executive director 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 61, was appointed as our independent non-executive Director on 25 March 2019.

Mr Hennig has been working with Jebsen & Co. Ltd. ("**Jebsen**"), a privately-held marketing, distribution and investment company established in Greater China, since September 1983. 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 when he assumed his present position as group managing director of Jebsen, where he is 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 People's Republic of China in June 2012.



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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr Zhengzheng Hu** (胡錚錚), aged 39, was appointed as our independent non-executive Director on 25 March 2019. He is mainly responsible for supervising and providing independent advice to the Board.

Mr Hu has over 10 years of experience as a legal practitioner in the PRC. He started his legal career in December 2004 at the Beijing Office of Jingtian & Gongcheng, where he advised on corporate law matters. Mr Hu subsequently worked at JunHe Law Office in Beijing from July 2007 to September 2010, and rejoined the Beijing office of Jingtian & Gongcheng in October 2010 and has been a partner there since April 2011.

Mr Hu obtained his Bachelor of Laws degree from Nanjing University (南京大學) in the People's Republic of China in June 2002. He subsequently obtained his Master of Laws degree in International Commercial Law with Distinction from the University of Leicester in the United Kingdom in January 2005. He qualified as a lawyer in the People's Republic of China in February 2007.

**Mr Philip Duncan Wright**, aged 65, was appointed as our independent non-executive Director on 25 March 2019. 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 Price Waterhouse (“PW”) from July 1987 to June 1998 and of PricewaterhouseCoopers (“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.

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## DIRECTORS AND SENIOR MANAGEMENT

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

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

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

### SENIOR MANAGEMENT

The following table provides certain information about our senior management:

Name	Age	Position/Title	Date of joining or working with, our Group	Date of appointment as senior management	Roles and responsibilities
Dr Jørn Slot Jørgensen	65	Chief executive officer	1 February 1993	25 March 2019	Formulating our overall development strategies and business plans and overseeing the management and strategic development of our Group
Dr Markus Braun	46	Chief financial officer	22 October 2018	25 March 2019	Supervising and overseeing the overall financial and accounting management of our Group
Dr Ralf-Christian Lerche	51	Senior vice president, medical affairs (Germany)	1 April 2005 (freelancer)	25 March 2019	Supervising and overseeing our medical operations in Germany
Prof Dr Michael Christian Knorz	60	Senior vice president, medical affairs (international)	5 July 2015 (freelancer)	25 March 2019	Supervising and overseeing our medical operations worldwide
Mr Jörg Matthias Hassel	58	Senior consultant, operations (international)	30 December 2008 (freelancer)	25 March 2019	Supervising and overseeing our operations and technical management worldwide
Mr Keith Nicholas McKay	50	Senior vice president, operations (Germany)	29 March 2005	25 March 2019	Supervising and overseeing our daily operations in Germany



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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position/Title	Date of joining or working with, our Group	Date of appointment as senior management	Roles and responsibilities
Dr Lars Jannik Boberg-Ans	63	Senior vice president, Denmark	23 September 1997	25 March 2019	Supervising and overseeing our operations in Denmark
Mr Jannik Jonas Slot Jørgensen	28	Vice president, Denmark	1 March 2012	25 March 2019	Supervising and overseeing the business development and marketing of the business
Ms Yan Wang (alias Jenny Wang)	49	Vice president, China	11 August 2014	25 March 2019	Supervising and overseeing the overall operations of our business in the PRC
Mr Kai Weber	46	Vice president, marketing (Europe)	28 February 2017	25 March 2019	Supervising and overseeing the marketing and sales development of our business in Germany
Mr Ni Junjie (alias Jey Ni) (倪俊杰)	36	Vice president, marketing (China)	8 October 2012	25 March 2019	Overseeing and managing the marketing and public relations department of our business in the PRC

Save as disclosed below, none of the senior managers have held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date.

**Dr Jørn Slot Jørgensen**, aged 65, is our chief executive officer. He is also the founder of our Group and is mainly responsible for formulating our overall development strategies and business plans and overseeing the management and strategic development of our Group. For more information, see the paragraph headed “– Executive Directors – Dr Jørn Slot Jørgensen” in this section.

**Dr Markus Braun**, aged 46, is our chief financial officer. He joined our Group in October 2018 and is primarily responsible for supervising and overseeing the overall financial and accounting management of our Group. For more information, see the paragraph headed “– Executive Directors – Dr Markus Braun” in this section.

**Dr Ralf-Christian Lerche**, aged 51, is our senior vice president, medical affairs (Germany). He worked with our Group since April 2005 and is primarily responsible for supervising and overseeing our medical operations in Germany. For more information, see the paragraph headed “– Executive Directors – Dr Ralf-Christian Lerche” in this section.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Prof Dr Michael Christian Knorz**, aged 60, is our senior vice president, medical affairs (international). He worked with our Group since July 2015 and is primarily responsible for supervising and overseeing our medical operations worldwide. Prof Knorz also serves as our consulting surgeon in the PRC and has been a member of our 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:

<u>Membership/Position</u>	<u>Associations/Organisations</u>	<u>Period</u>
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

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## DIRECTORS AND SENIOR MANAGEMENT

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<u>Membership/Position</u>	<u>Associations/Organisations</u>	<u>Period</u>
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 Jörg Matthias Hassel**, aged 58, is our senior consultant, operations (international). He worked with our Group since December 2008 and is primarily responsible for supervising and overseeing our operations and technical management worldwide. Mr Hassel is a freelancer and has entered into a contract for service with the Group.

From September 1988 to September 1993, Mr Hassel served as an engineer at National Semiconductor, a company principally engaged in manufacture of semiconductors in the United States, and he was responsible for Application-Specific Integrated Circuit development, application telecommunications and sales of telecom products. In October 1993, Mr Hassel co-founded ALZ AugenLaserZentrum GmbH, the predecessor of Alz Augenklinik München GmbH which in February 2008 merged with our Group to become EuroEyes alz Augenklinik München GmbH, a subsidiary of our Company, and served as its managing director from October 1993 to December 2008. Since December 2008, Mr Hassel has been serving as a consultant of EuroEyes Deutschland's management team where he was responsible for the development, construction and commissioning of new branches for our Group. From November 2011, Mr Hassel has served as the director of business development for our subsidiaries in the PRC, which he is primarily responsible for the technical management, operations and business development of our PRC operations.

Mr Hassel obtained his diploma in Electrical Engineering at the University of Karlsruhe (now known as the Karlsruhe Institute of Technology) in Germany in June 1988.

**Mr Keith Nicholas McKay**, aged 50, is our senior vice president, operations (Germany). He joined our Group in March 2005 and is primarily responsible for supervising and overseeing our operations in Germany.

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## DIRECTORS AND SENIOR MANAGEMENT

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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 our 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 63, is our senior vice president, Denmark. He joined our Group in September 1997 and is primarily responsible for supervising and overseeing the overall operations of our business in Denmark. He is also a director and the chief executive officer of EUROYES ApS, a wholly-owned subsidiary of our 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 overlæge) 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.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr Jannik Jonas Slot Jørgensen**, aged 28, is our vice president, Denmark. He joined our Group in March 2012 and is primarily responsible for supervising and overseeing the business development and marketing of the business. For more information about him, please see the paragraph headed “– Executive Directors – Mr Jannik Jonas Slot Jørgensen” in this section.

**Ms Yan Wang (alias Jenny Wang)**, aged 49, is our vice president, China. Ms Wang joined our Group in August 2014, and is primarily responsible for supervising and overseeing the overall operations of our 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), People’s Republic of China 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.

**Mr Kai Weber**, aged 46, is our vice president, marketing (Europe). He joined our Group in April 2017, and is primarily responsible for supervising and overseeing the marketing and sales development of our business in Germany.

Mr Weber has more than 25 years of experience in the fields of marketing and business development. From September 1998 to August 1999, he worked as a sales manager at Harri Fasold GmbH, a furniture manufacturer based in Germany, and was primarily responsible for the introduction of a Switzerland furniture manufacturing brand into a wider furniture market and the implementation of trade fairs. From September 1999 to February 2003, he was a key account manager of Gebrüder Thonet GmbH, a furniture manufacturer in Germany and was primarily responsible for expanding the customer network, implementing trade fairs and providing account management services. From April 2003 to December 2003, he worked as an independent agent for the sales and distribution of furniture for furniture manufacturing brands based in Germany and Switzerland. From January 2004 to December 2005, he worked as a key accounting manager and head of sales at Schröter Bürozentrum GmbH, an office furniture manufacturer based in Germany, and he was primarily responsible for supervising their sales department, implementing e-procurement platforms and trade fairs. From September 2006 to July 2009, he worked as an area sales manager in the upholstery business in northern Europe for Alcantara S.p.A, Milano, a textile manufacturer based in Italy, where he was primarily responsible for their brand development in the Scandinavian area, implementation of trade fairs

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## DIRECTORS AND SENIOR MANAGEMENT

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and account management services. From August 2009 to December 2014, he co-founded Weber-Radjeb, a dental clinic where he assumed the role as clinic manager and was primarily responsible for managing the overall operations of the clinic. From November 2014 to March 2017, he was a branch manager under the business development department of CARE VISION Germany GmbH, an eye clinic group, where he was primarily responsible for sales management, budget planning and business development for its branches in Hannover and Berlin, Germany.

Mr Weber graduated from VGH Versicherungen AG Society\* in Hannover, Germany majoring in insurance broking in June 1995. He obtained his diploma in Business Administration and was recognised as a state-certified business manager by the Simplistic School of the Furniture Trade e.V.\* in Cologne, Germany in July 1998. In June 2014, he was further accredited as a specialist in Health and Social Work by the Chamber of Industry and Commerce in Hannover, Germany.

**Mr Ni Junjie (alias Jey Ni) (倪俊杰)**, aged 36, is our vice president, marketing (China). He joined our group in October 2012, and is primarily responsible for overseeing and managing the marketing and public relations department of our PRC business.

Mr Ni has more than ten years of experience in marketing. He worked at New Vision Eye Clinic as its digital marketing manager, focusing on search engine marketing, search engine optimisation and social media marketing, from October 2007 to November 2010. Thereafter, from December 2010 to October 2012, he worked at the Shanghai Synergy Culture & Entertainment Group as a digital marketing manager in digital music and entertainment marketing, primarily responsible for managing digital music purchase and sale and branding via social media.

Mr Ni obtained his Bachelor's degree in Graphic Design from the Shanghai Institute of Technology (上海應用技術大學), People's Republic of China, in July 2005.

### COMPANY SECRETARY

**Mr Leung Ting Cheung (alias Leo Leung) (梁庭彰)**, aged 36, is our company secretary. He was appointed as our company secretary in December 2018 and is also the sole director of EuroEyes Holdings, a subsidiary of our Company.

Mr Leung has over 13 years of experience in accounting and corporate compliance. From January 2006 to January 2008, he worked as an audit assistant at Horwath Hong Kong CPA Limited (now known as BDO Limited), a company which engages in the provision of assurance services. He joined KPMG as an accountant in January 2008 and was promoted to assistant audit manager in July 2008. He was later promoted to audit manager in October 2011 and left KPMG in May 2012. Thereafter, from May 2012 to August 2015, he worked as a senior manager at World Smart Accounting Services Limited, a company which engages in the provision of accountancy and company secretarial services. From January 2016 to November 2018, he worked as a financial consultant for Sun Cheong Creative Development Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1781) which designs, develops, manufactures and sells plastic household products.



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## DIRECTORS AND SENIOR MANAGEMENT

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Mr Leung has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since February 2010 and May 2017, respectively. Mr Leung obtained his Bachelor's degree in Commerce with a major in Accounting and Finance from the University of Auckland, New Zealand in May 2004. He further obtained a Graduate Diploma in Commerce with Commercial Law specialisation in May 2005 from the same university.

### BOARD COMMITTEES

#### Audit committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, being (i) Mr Philip Duncan Wright, (ii) Mr Marcus Huascar Bracklo and (iii) Mr Hans Helmuth Hennig. Apart from Mr Marcus Huascar Bracklo, who is a non-executive Director, the other two members of the audit committee are independent non-executive Directors. The audit committee is chaired by Mr Philip Duncan Wright.

The primary duties of the audit committee are to assist our Board:

- (i) by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems;
- (ii) to oversee the audit process;
- (iii) to develop and review our policies; and
- (iv) to perform other duties and responsibilities as assigned by our Board.

#### Remuneration committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, being (i) Mr Hans Helmuth Hennig, (ii) Dr Jørgensen and (iii) Mr Zhengzheng Hu (胡錚錚). Apart from Dr Jørgensen, who is an executive Director, the other two members of the remuneration committee are independent non-executive directors. The remuneration committee is chaired by Mr Hans Helmuth Hennig.

The primary duties of the remuneration committee include (but without limitation):

- (i) making recommendations to the Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;



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## DIRECTORS AND SENIOR MANAGEMENT

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- (ii) making recommendations to our Board on the remuneration packages of our Directors and senior management; and
- (iii) reviewing and approving the senior management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

### **Nomination committee**

We have established a nomination committee with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely (i) Dr Jørgensen, (ii) Mr Philip Duncan Wright and (iii) Mr Zhengzheng Hu (胡錚錚). Apart from Dr Jørgensen, who is an executive Director, the other two members of the nomination committee are independent non-executive Directors. The chairman of the nomination committee is Dr Jørgensen.

The primary duties of the nomination committee are to assist the Board to:

- (i) review the structure, size and composition of our Board on a regular basis and to make recommendations to our Board regarding any proposed changes to the composition of our Board;
- (ii) identify, select and make recommendations to our Board on the selection of individuals nominated for directorship of our Company, and ensure the diversity of our Board members;
- (iii) assess the independence of our independent non-executive Directors; and
- (iv) make recommendations to our Board on relevant matters relating to the appointment, reappointment or removal of our Directors and succession planning for our Directors.

### **CORPORATE GOVERNANCE**

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

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## **DIRECTORS AND SENIOR MANAGEMENT**

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Save for the separation of the responsibilities between the chairman and chief executive officer, our Company has adopted the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

### **BOARD DIVERSITY POLICY**

In order to enhance the effectiveness of our Board and to maintain high standards of corporate governance, we have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to our board diversity policy, we seek to achieve board diversity through the consideration of various factors such as skills, regional and industry experience, cultural and educational background, gender, ethnicity, age and length of service. Upon Listing, the nomination committee of our Board is responsible for reviewing our board diversity policy from time to time to ensure its continued effectiveness. Our implementation of the board diversity policy will be disclosed in our annual reports.

While we recognise that the gender diversity at our Board level can be improved given its current composition of all-male Directors, our Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for its appointments. Our Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. Our Board also aspires to having an appropriate proportion of directors who have direct experience in the core markets of our Company and our subsidiaries, with different ethnic backgrounds, and reflecting our Group's strategy. In particular, our nomination committee will use its best efforts, within three years from the Listing Date, to identify and recommend suitable female candidates to act as a Director to our Board for its consideration and we will use our best efforts to appoint at least one female Director to the Board by the end of 2022, subject to our 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 our Company and our Shareholders as a whole when making the relevant appointment.

### **COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT**

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes, and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €6,000, €24,000, €38,000 and €50,000 respectively.

The aggregate amount of remuneration including salaries, contributions to pension schemes and other allowances and benefits in kind and discretionary bonuses which were paid by our Group to the five highest paid individuals for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €1.0 million, €1.1 million, €1.3 million and €0.3 million, respectively.

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## DIRECTORS AND SENIOR MANAGEMENT

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No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind but excluding discretionary bonuses) of our Directors for the year ending 31 December 2019 is estimated to be approximately €0.4 million.

During the Track Record Period, the level of remuneration for our Directors has been relatively minimal given that the Company was a private company and the Directors have also received remuneration in their capacity as ophthalmologists of our Group (where applicable). In connection with the Listing, we have increased the level of remuneration for our Directors to reflect the increased duties and responsibilities of our Directors as a director of a publicly listed company, details of which are set out in the section headed “Statutory and General Information – D. Further information about our Directors – 1. Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus. We are of the view that even with the increased remuneration for our executive Directors, this will not have any material adverse impact on the Group’s financial performance after the Listing.

### COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares, the possible development of a false market in our Shares, or any other matters.

The term of the appointment of our compliance adviser shall commence on the Listing Date and end on the date which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

## SUBSTANTIAL SHAREHOLDERS

### OUR SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date, the following persons will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group:

Name of Shareholder	Nature of interest	Number of Shares immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(1)</sup>	Percentage of shareholding in our Company immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(2)</sup>
Dr Jørgensen	Beneficial owner	167,678,000 (L)	52.84%
Dr Susanne Jørgensen	Interest of spouse <sup>(3)</sup>	167,678,000 (L)	52.84%
Ling Rui International	Beneficial owner	23,107,000 (L)	7.28%
CHINAEYES Limited	Interest in a controlled corporation <sup>(4)</sup>	23,107,000 (L)	7.28%
TOPGOOD Inc.	Interest in a controlled corporation <sup>(4)</sup>	23,107,000 (L)	7.28%
AIRUIKANG Holdings Limited	Interest in a controlled corporation <sup>(4)</sup>	23,107,000 (L)	7.28%
Mr Xu Xuyang	Interest in a controlled corporation <sup>(4)</sup>	23,107,000 (L)	7.28%

*Notes:*

- (1) The letter “L” denotes the shareholder’s long position in our Shares.
- (2) This does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.
- (3) Dr Susanne Jørgensen is the spouse of Dr Jørgensen. She is deemed to be interested in the same number of Shares in which Dr Jørgensen is interested.
- (4) Ling Rui International is a company incorporated in Hong Kong. It is wholly-owned by CHINAEYES Limited, a company incorporated in Hong Kong, which is in turn wholly-owned by TOPGOOD Inc., a company incorporated in the Cayman Islands.

TOPGOOD Inc. is owned by AIRUIKANG Holdings Limited, a company incorporated in the British Virgin Islands which is owned by Mr Xu Xuyang as to 86%.

Each of Ling Rui International, CHINAEYES Limited, TOPGOOD Inc., AIRUIKANG Holdings Limited and Mr Xu Xuyang is deemed to be interested in the same number of Shares in which Ling Rui International is interested.

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## SUBSTANTIAL SHAREHOLDERS

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Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## SHARE CAPITAL

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### OUR SHARE CAPITAL

#### Our share capital as at the Latest Practicable Date

The following is a description of the authorised and issued share capital of our Company as at the Latest Practicable Date:

	<b>Nominal value</b>
	<i>US\$</i>
<i>Authorised share capital</i>	
<u>50,000</u> shares of US\$1.00 each	<u>50,000.00</u>
<i>Issued share capital</i>	
<u>34,000</u> shares	<u>34,000.00</u>

#### Our share capital immediately following the completion of the Capitalisation Issue and the Global Offering

The following is a description of the authorised and issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering:

	<b>Nominal value</b>
	<i>US\$</i>
<i>Authorised share capital</i>	
<u>1,000,000,000</u> Shares of US\$0.01 each ( <i>Note</i> )	<u>10,000,000.00</u>
<i>Issued share capital</i>	
3,400,000 Shares in issue prior to the Capitalisation Issue ( <i>Note</i> )	34,000.00
234,600,000 Shares to be issued pursuant to the Capitalisation Issue	2,346,000.00
<u>79,334,000</u> Shares to be issued under the Global Offering	<u>793,340.00</u>
<u>317,334,000</u> Shares in total	<u>3,173,340.00</u>

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## SHARE CAPITAL

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*Note:*

On 23 September 2019, the authorised share capital of our Company was changed from US\$50,000 divided into 50,000 shares of US\$1.00 each to US\$10,000,000 divided into 1,000,000,000 shares of US\$0.01 each by:

- (i) subdividing the 34,000 issued ordinary shares of US\$1.00 each into 3,400,000 issued ordinary shares of US\$0.01 each;
- (ii) subdividing the 16,000 authorised but unissued ordinary shares of US\$1.00 each into 1,600,000 shares of US\$0.01 each; and
- (iii) creating an additional 995,000,000 authorised but unissued ordinary shares of US\$0.01 each.

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to Capitalisation Issue and the Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will qualify for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus, save for the entitlement under the Capitalisation Issue.

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix IV to this prospectus.

### CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholders passed at an extraordinary general meeting on 23 September 2019, conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorised to capitalise US\$2,346,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full 234,600,000 Shares at par, for allotment and issue to our Shareholders whose names appeared on the register of members of our Company as at 6:00 p.m. (Hong Kong time) on 23 September 2019 on a pro rata basis.



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## SHARE CAPITAL

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### GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares of not more than the sum of:

- (i) 20% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme); and
- (ii) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement subject to applicable requirements including the Listing Rules.

This general mandate to issue Shares will expire at the earliest of (i) the conclusion of our Company's next annual general meeting, (ii) the date by which our Company's next annual general meeting is required by our Articles of Association or the Cayman Companies Law or applicable laws in the Cayman Islands to be held; or (iii) such mandate being revoked or varied by ordinary resolution of our Shareholders at a general meeting (the "**Relevant Period**").

For more information, please see the section headed "Statutory and General Information – A. Further information about our Group – 4. Resolutions of our shareholders passed on 23 September 2019" in Appendix IV to this prospectus.

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules. For more information, please see the section headed "Statutory and General Information – A. Further information about our Group – 6. Repurchases of our Company's Securities" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of (i) the conclusion of our Company's next annual general meeting; (ii) the date by which our Company's next annual general meeting is required by our Articles of Association or the Cayman Companies Law or applicable laws in the Cayman Islands to be held; or (iii) such mandate being revoked or varied by ordinary resolution of our Shareholders at a general meeting.

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## SHARE CAPITAL

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For more information, please see the section headed “Statutory and General Information – A. Further information about our Group – 4. Resolutions of our shareholders passed on 23 September 2019” in Appendix IV to this prospectus.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) subdivide its Shares into Shares of smaller amount; and (iv) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing special resolution. For more information, please see the section headed “Summary of the Constitution of our Company and Cayman Companies Law – 2. Articles of Association – 2.1 Shares – (c) Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For more information, please see the section headed “Summary of the Constitution of our Company and Cayman Companies Law – 2. Articles of Association – 2.1 Shares – (b) Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with our historical financial information, including the accompanying notes thereto, set out in Appendix I to this prospectus. Our historical financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depend on a number of risks and uncertainties over which we do not have control. Please also see the sections headed “Risk Factors” and “Forward-looking Statements” in this prospectus.*

### OVERVIEW

EuroEyes was established in 1993 and is one of the leading brands in the vision correction industry in Germany and Denmark that combines German ophthalmology excellence and 25 years of experience with individualised customer-care. We provide premium services to a targeted clientele with a mid-to-high income level. We are also one of the few eye clinic groups with a wide geographical reach, with operations in Germany, Denmark and the PRC.

Our vision correction services can be broadly categorised into: (i) refractive laser surgery (which includes ReLEx SMILE and FemtoLASIK); (ii) phakic lens (ICL) surgery; (iii) lens exchange surgery (which includes monofocal and trifocal lens exchange surgeries) and (iv) others (which include PRK/LASEK and ICRS implantation).

According to Frost & Sullivan, in the advanced lens exchange surgery and refractive surgery without PRK/LASEK market, we ranked first in Germany and second in Denmark by market share in terms of revenue in 2018, respectively. In 2018, we were awarded by Carl Zeiss for having performed the most Zeiss trifocal lens exchange surgeries in the world for the fourth year in a row and the most ReLEx SMILE procedures in Germany. In 2018, we were awarded by Staar Surgical for performing the most phakic lens (ICL) surgeries in Europe.

Moreover, apart from the premium vision correction services offered to our targeted clientele with mid-to-high income levels, customers of a low-to-mid level may seek affordable services (such as FemtoLASIK and PRK/LASEK) by engaging ophthalmologists at the centres operating under the brand “LASIK Germany”.

For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, we recorded a total revenue of approximately €30.4 million, €37.0 million, €43.0 million and €11.5 million, respectively. Our profit for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €1.9 million, €8.6 million, €4.3 million and €0.3 million, respectively. Our gross profit margin for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately 32.6%, 35.5%, 40.5% and 45.1%, respectively.

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## FINANCIAL INFORMATION

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### **BASIS OF PRESENTATION**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 August 2018. During the Track Record Period, the Company's subsidiaries primarily provided vision correction services in Germany, Denmark and the PRC (the "**Listing Business**"). Immediately prior to and after the Reorganisation as described in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, the Listing Business is held by the subsidiaries now comprising the Group (the "**Operating Subsidiaries**"). Pursuant to the Reorganisation, the Listing Business and Operating Subsidiaries were transferred to and held by the Company. The historical financial information has been prepared and presented as a continuance of the consolidated financial statements of the Operating Subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amount of the Listing Business under the consolidated financial statements of the Operating Subsidiaries for all periods presented. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

The historical financial information of our Group has been prepared in accordance with IFRS and it has been prepared under the historical cost convention. Details regarding the basis of presentation and preparation of the historical financial information of our Group are set out in notes 1.3 and 2.1 of the accountant's report in Appendix I to this prospectus.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business, results of operations and financial condition have been, or may be expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain of the key factors is set out below.

#### **Our ability to develop, maintain and enhance our brand image or reputation**

We rely substantially on the brand image and reputation in marketing and selling our services. As there are more potential customers who pay attention to refractive laser surgery, phakic lens (ICL) surgery and lens exchange surgery, who may seek our services on account of the reputation of our ophthalmologists and our brand, we will need to constantly manage our reputation and our brand recognition.

We devoted significant attention and effort to building the brand awareness of the services provided by us and to draw customers to us. Our advertising and marketing expenditure spent in Germany, Denmark and the PRC amounted for approximately 13.4%, 13.5%, 11.0% and 9.1% of our total revenue during the Track Record Period.

In the event that we fail to maintain the expectation of our customers, or adhere to our established standards, our reputation may be harmed which may lead to a reduced number of clients and strategic partners as well as members of our professional team. Negative media coverage regarding the service quality, value of our services, price-level, and the resulting

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## FINANCIAL INFORMATION

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negative publicity, may materially and adversely affect the level of customers recognition and trust in us and our services. Whilst we will incur considerable efforts in promoting our brand, it may be costly and may still fail to effectively maintain our reputation or even generate additional profits.

### **Laws and regulations affecting the vision correction service industry**

The vision correction service industry in Germany, Denmark and the PRC is highly regulated. Our business operation is subject to extensive laws, regulations and licensing requirements in Germany, Denmark and the PRC. Further information on these requirements is set forth in the section headed “Regulatory Overview” in this prospectus. Any changes in the compliance standards or any new laws or regulations may restrict our ability to conduct our business, increase our operating costs or otherwise resulting in reduced competitiveness. In addition, compliance with new or additional laws, regulations and licensing requirements may increase our operating costs and in turn, reduce our profitability.

We may not be able to adopt to such changes promptly and any failure to comply with such changes in a timely manner may result in penalty, reduced competitiveness and suspension of business operations. Further information on the related risk is set forth in the section headed “Risk Factors – Risks relating to our business and industry” in this prospectus.

### **Our pricing policy**

We price our services with reference to a number of factors, including the type and the complexity of services provided, the seniority of our ophthalmologists, the operating costs, market price range charged by our competitors and the generally accepted fee range in the market. We generally review our fees annually according to our internal pricing policy. In the event where there is an increase in the price of supplies and other consumables, we cannot assure you that we are always able to pass on the cost increase to our customers by price adjustments.

### **Implementation of our expansion strategy in the PRC**

One of our business strategies is to expand our network of our clinics to other PRC cities. Among the existing industry participants (except for those from Hong Kong, Macau and Taiwan), we were the first foreign entrant in the PRC vision correction services market and we are well-positioned to benefit from the immense growth potential in the PRC.

We will solidify our current market position by opening up more clinics in major cities in the PRC including Chengdu and Chongqing by 2020. In addition, we plan to establish around one or two clinics each year in second-tier cities in the PRC. Emulating from our successes in Germany, Denmark and the PRC, all of these clinics are expected to be located in premium metropolitan areas. The success of our expansion strategy is expected to positively impact our business and profitability. However, the time taken to open new eye clinics and the breakeven and payback period may vary depending upon a number of factors, including

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## FINANCIAL INFORMATION

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demographic factors in the area and client awareness of the brand in that area, and most of those factors are out of our control. For a further discussion on the financial analysis in opening new clinics in the PRC, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.

### **Recruit and retain our professional team**

Our success relies on our ability to attract, recruit and retain a team of skilled and qualified professionals, such as surgeons, conservative ophthalmologists and other professional staff, to provide quality services to our customers. We incur significant amount of fees paid to our professional team. During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, the amount of fees paid to our professional team amounted to approximately €8.3 million, €9.9 million, €10.7 million and €2.8 million, respectively, representing 27.4%, 26.9%, 25.0% and 24.0% of our revenue for the same periods respectively. The fees paid to our professional team represented sums of employee benefit expenses and doctor’s fee.

In order to attract and retain some of our surgeons and conservative ophthalmologists, we entered into freelance services arrangements with them instead of signing employment contracts in the ordinary sense. If our freelance surgeons or conservative ophthalmologists request for an increase in the percentage of revenue sharing or an increase in the salaries payable, it may lead to a substantial increase in our costs which may materially and adversely affect our financial performance and results of operations.

### **Market conditions and competition**

Our results of operations are affected by the market conditions of the advanced lens exchange surgery and refractive surgery (without PRK/LASEK) market in Germany, Denmark and the PRC. According to Frost & Sullivan, the advanced lens exchange surgery and refractive surgery (without PRK/LASEK) market for PRC private healthcare institutions grew at a CAGR of 37.8% from a market size of approximately RMB1.8 billion in 2014 to approximately RMB6.4 billion in 2018 in terms of revenue. This may be attributable to the increased number of people with refractive errors and the increasing awareness of various treatment options for such refractive errors. Additionally, Frost & Sullivan projected that the advanced lens exchange surgery and refractive surgery (without PRK/LASEK) market for PRC private healthcare institutions will grow at a CAGR of 29.5% from a market size of approximately RMB6.4 billion in 2018 to approximately RMB23.4 billion in 2023.

The advanced lens exchange surgery and refractive surgery (without PRK/LASEK) market in each of Germany, Denmark and the PRC has been competitive due to the abundance of eye clinics and centres. Further, our competitors in each of Germany, Denmark and the PRC have been growing to become international clinic chains through a series of merger and acquisitions. Nonetheless, with our positioning as a provider of premium vision correction services to a targeted clientele with a mid-to-high income, our Directors believe that we will distinguish ourselves from other vision correction services providers with the quality of our service, the full range of services offered and the experience of our surgeons and conservative ophthalmologists.

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### **Macroeconomic conditions which will affect consumer behaviour and preference**

As a provider of premium vision correction services with a targeted clientele with a mid-to-high income level in Germany, Denmark and the PRC, our operations are also dependent on the macroeconomic conditions in these countries.

In typical cases, preferences among the mid-to-high income level consumers for luxury, non-essential or elective products and services would drop during an economic downturn. Considering (i) the relatively higher price-points of our services when compared with those of our competitors; (ii) our emphasis in providing premium services with customised solutions; and (iii) the reality that some of our procedures, although ideal to treat certain vision disorders, are still elective procures in nature, and customers may opt for cheaper alternatives, our Directors are of the view that the fluctuation of macroeconomic conditions in Germany, Denmark and the PRC would affect our operations and financial performance.

### **SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES**

We have identified certain accounting policies that are most significant to the preparation of our historical financial information in accordance with IFRS. We have also made certain accounting judgements and assumptions in the process of applying our accounting policies. Our significant accounting policies, judgements and estimates, which are important for an understanding of our results of operations and financial position, are set out in note 2 of the accountant's report in Appendix I to this prospectus.

#### **Revenue recognition**

##### ***(a) Provision of ophthalmic services***

We primarily provide vision correction surgery and related pre and post surgery eye examination services to our 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. 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.

##### ***(b) Sales of pharmaceutical products***

We also sell pharmaceutical products such as eye-drops to our 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 the pharmaceutical products have been accepted by the customer. There is no right of return of the goods for the customer once sold.

##### ***(c) Rental of ophthalmic equipment and operating spaces***

We lease operating spaces and ophthalmic equipment to freelance doctors for eye surgeries and collect usage fees from such services.



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### Taxation

The tax expense for the period comprises current and deferred 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 period in the countries where our Group operates and generates taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information.

### Property, plant and equipment

Property, plant and equipment is 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 the replaced part is derecognised. All other repairs and maintenance are expensed as incurred.

Depreciation is calculated using the straight-line method to allocate their cost less accumulated impairment losses of each asset to their residual values over their estimated useful lives, as follows:

	<u>Useful lives</u>
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

### Intangible assets

#### *Goodwill*

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"), 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 CGU level.

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Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. 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.

### **Impacts of new IFRS**

For further information on the effects of new accounting policies adopted pursuant to new IFRS on the historical financial information of our Group during the Track Record Period, please see note 2.1 of the accountant's report in Appendix I to this prospectus.

#### *Effect on the adoption of IFRS 9*

Our historical financial information has been prepared based on our underlying financial statements, in which IFRS 9 "Financial Instruments" ("**IFRS 9**") has been adopted and applied consistently since the beginning of, and throughout, the Track Record Period. We have adopted IFRS 9 instead of IAS 39 "Financial Instruments: Recognition and Measurement" ("**IAS 39**") in the preparation of our underlying financial statements, such that our historical financial information prepared under IFRS 9 is comparable on a period-to-period basis.

We have assessed the effects of application of IFRS 9 on our financial position and performance. The financial assets held by our Group include only financial instruments measured at amortised cost which meet the condition for classification at amortised cost under IFRS 9. Accordingly, our Company does not expect the new guidance to affect the classification and measurement of these financial assets.

Saved as the aforesaid, our Directors consider that the application of IFRS 9 did not have significant impact on our financial position and performance compared to the requirements of IAS 39 during the Track Record Period.

#### *Effect on the adoption of IFRS 15*

Our historical financial information has been prepared based on our underlying financial statements, in which IFRS 15 "Revenue from contracts with customers" ("**IFRS 15**") has been adopted and applied consistently since the beginning of, and throughout, the Track Record Period. We have assessed the effects of application of IFRS 15 on our financial position and performance. Our Directors consider that the adoption of IFRS 15 would not have a significant impact on our Group's financial position and performance compared to the requirements of IAS 18 "Revenue" for the Track Record Period.

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### *Adoption of IFRS 16*

IFRS 16 “Leases” is mandatorily effective for annual periods beginning on or after 1 January 2019, and adoption before 1 January 2019 is permitted. Having considered the potential impacts to our underlying financial statements, we decided to adopt IFRS 16 and apply it throughout the Track Record Period. Following the adoption of IFRS 16, leases (except for those with lease term of less than 12 months or of low value) are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses, and finance costs are charged instead of rental expenses. Accordingly, certain financial ratios would also be affected. In particular, (i) our current ratio and quick ratio are reduced as a result of the recognition of the current portion of the lease liabilities; (ii) our interest coverage ratios are reduced as a result of the increase in interest expenses on lease liabilities; (iii) our debt to equity ratios are increased as a result of the increase in total lease liabilities; (iv) our returns on assets are reduced as a result of the recognition of right-of-use assets; and (v) our returns on equity are reduced as a result of the change in profit and equity from the adoption of IFRS 16. Nevertheless, the change in our financial positions and ratios due to the adoption of IFRS 16 did not result in the breach of any covenant of our bank borrowings.

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 3 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 the liability 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.

Extension and termination options are included in a number of property and equipment leases across the Group. The majority of extension and termination options held are exercisable upon agreement by both parties. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. The table set forth below summarised the impacts of the adoption of IFRS 16 on certain key items of our consolidated financial statements and key financial ratios:

	<b>Profit for the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€’000</b>	<b>€’000</b>	<b>€’000</b>
Would have reported if IFRS 16 was not adopted	2,094	8,745	4,357
Currently reported under IFRS 16	1,939	8,571	4,291

## FINANCIAL INFORMATION

	<b>Total assets as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	24,711	36,397	43,195
Currently reported under IFRS 16	39,839	48,277	65,943
	<b>Total liabilities as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	12,717	15,147	16,125
Currently reported under IFRS 16	28,000	27,356	39,268
	<b>Net cash (used in)/generated from operating activities for the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	(3,407)	5,485	13,651
Currently reported under IFRS 16	(342)	8,850	17,495
	<b>Net cash (used in)/generated from financing activities for the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	1,639	(280)	(1,536)
Currently reported under IFRS 16	(1,426)	(3,645)	(5,380)

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	<b>Current ratio as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>Times</i>	<i>Times</i>	<i>Times</i>
Would have been calculated if IFRS 16 was not adopted	0.9	1.6	2.0
Currently calculated under IFRS 16	0.6	1.2	1.4

	<b>Quick ratio as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>Times</i>	<i>Times</i>	<i>Times</i>
Would have been calculated if IFRS 16 was not adopted	0.8	1.5	1.7
Currently calculated under IFRS 16	0.5	1.1	1.2

	<b>Debt to equity ratio as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>Times</i>	<i>Times</i>	<i>Times</i>
Would have been calculated if IFRS 16 was not adopted <sup>(Note)</sup>	0.4	0.2	0.1
Currently calculated under IFRS 16	1.7	0.8	1.0

*Note:* Debt to equity ratio if IFRS 16 was not adopted represents total borrowings and obligations under finance leases divided by total equity as at the end of the financial year.

In particular, the above-mentioned differences are principally due to the differences in our property, plant and equipment, lease liabilities, depreciation and rental expenses during the Track Record Period as a result of the adoption of IFRS 16, and the impact of which are further summarised below:

	<b>Property, plant and equipment as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	12,988	14,413	14,066
Currently reported under IFRS 16	28,110	26,254	36,772

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## FINANCIAL INFORMATION

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	<b>Lease liabilities as at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	2,153	2,358	1,650
Currently reported under IFRS 16	17,436	14,567	26,112

	<b>Depreciation for the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	2,215	2,633	2,756
Currently reported under IFRS 16	4,897	5,576	5,957

	<b>Rental expense for the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Would have reported if IFRS 16 was not adopted	3,034	3,327	3,762
Currently reported under IFRS 16	–	–	–

## FINANCIAL INFORMATION

### RESULTS OF OPERATIONS

The following table sets forth selected items of the consolidated statements of comprehensive income for the periods indicated, which is extracted from the accountant's report in Appendix I to this prospectus. Please read the following summary together with the accountant's report in Appendix I to this prospectus and the notes thereto:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Revenue	30,402	36,977	42,961	10,294	11,492
Cost of sales	(20,485)	(23,848)	(25,545)	(6,045)	(6,307)
<b>Gross profit</b>	9,917	13,129	17,416	4,249	5,185
Selling expenses	(4,567)	(5,676)	(5,529)	(1,146)	(1,272)
Administrative expenses					
– Listing expenses	–	–	(1,210)	–	(1,449)
– Other administrative expenses	(1,569)	(1,745)	(2,673)	(461)	(1,252)
Net (impairment losses)/ reversal gains on financial assets	(10)	5	(86)	(67)	7
Other gains, net	194	8,283	238	1	27
Finance income	17	–	22	3	1
Finance expenses	(804)	(1,267)	(847)	(171)	(75)
Finance expenses, net	(787)	(1,267)	(825)	(168)	(74)
<b>Profit before tax</b>	3,178	12,729	7,331	2,408	1,172
Income tax expense	(1,239)	(4,158)	(3,040)	(1,046)	(841)
<b>Profit for the year/period</b>	<b>1,939</b>	<b>8,571</b>	<b>4,291</b>	<b>1,362</b>	<b>331</b>



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### Non-IFRS Financial Measures

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Adjusted NPAT <sup>(1)(2)</sup>	1,939	2,483	5,501	1,362	1,780
Adjusted NPAT margin <sup>(1)(2)</sup>	6.4%	6.7%	12.8%	13.2%	15.5%

*Notes:*

- (1) We define adjusted NPAT as net profit after tax for the year/period adjusted for the after-tax impact of the significant one-off items that have little or no bearing on our day-to-day operating performance, such as compensation from landlord for early termination of lease contract in 2017, and listing expenses. Adjusted NPAT margin is calculated by dividing adjusted NPAT by revenue. The adjusted NPAT and adjusted NPAT margin are non-IFRS measures.
- (2) We present the unaudited non-IFRS financial measures to supplement our consolidated statements of comprehensive income for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 that were prepared in accordance with IFRS to provide additional information about our operating performance. We believe the non-IFRS financial measures are useful measures for our management and investors to assess our financial performance and financial condition as: (i) these are non-IFRS financial measures which are used by the management to evaluate our financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluation of the actual performance of our business; and (ii) during the Track Record Period, we recorded certain significant one-off income and expenses. Therefore, we believe that, for growing our Company, such non-IFRS financial measures provide a more accurate reflection of our underlying operating performance. In particular, we incurred significant amount of listing expenses relating to the preparation of the Listing of the Company, which had a significant impact on our IFRS net profit. The listing expenses are non-recurring in nature. Similarly, the compensation from landlord for early termination of lease contract in Hamburg is also a one-off item and non-recurring in nature.

The presentation of such unaudited non-IFRS financial measures is not intended to be read or considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with IFRS. The non-IFRS financial measures we present may not be comparable to similarly titled financial measures of other companies as other companies may exclude items different from the items we exclude. Accordingly, the non-IFRS financial measures should be read in conjunction with our IFRS financial measures.

None of adjusted NPAT and adjusted NPAT margin is a recognised term under IFRS. These non-IFRS financial measures do not have a standardised meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS. You should not consider our definition of adjusted NPAT in isolation or construe it as an alternative to profit for the year/period indicated or as an indicator of operating performance or any other standard measure under IFRS.

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### PRINCIPAL INCOME STATEMENT COMPONENTS

#### Revenue

##### *By product category*

During the Track Record Period, we primarily provided vision correction services to customers in Germany, Denmark and the PRC. Our revenue increased by approximately €6.6 million or 21.6%, from approximately €30.4 million for the year ended 31 December 2016 to approximately €37.0 million for the year ended 31 December 2017. It further increased by approximately €6.0 million or 16.2%, from approximately €37.0 million for the year ended 31 December 2017 to approximately €43.0 million for the year ended 31 December 2018. Our revenue also increased by approximately €1.2 million or 11.6%, from approximately €10.3 million for the three months ended 31 March 2018 to approximately €11.5 million for the three months ended 31 March 2019. Such increases were mainly attributable to the increases in the surgeries performed as a result of our organic growth across our operational regions and expansion of our operations in the PRC.

The table below sets out the breakdown of our revenue by product category for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue
Provision of vision correction services	29,852	98.2	36,464	98.6	42,386	98.7	10,199	99.1	11,382	99.0
Rental of ophthalmic equipment and operating spaces	449	1.5	440	1.2	404	0.9	61	0.6	54	0.5
Sales of pharmaceutical products	46	0.1	36	0.1	73	0.2	11	0.1	9	0.1
Others	55	0.2	37	0.1	98	0.2	23	0.2	47	0.4
<b>Total</b>	<b>30,402</b>	<b>100.0</b>	<b>36,977</b>	<b>100.0</b>	<b>42,961</b>	<b>100.0</b>	<b>10,294</b>	<b>100.0</b>	<b>11,492</b>	<b>100.0</b>

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Revenue generated from the provision of vision correction services was primarily related to the procedures performed by our surgeons and conservative ophthalmologists which mainly included refractive laser surgeries, phakic lens (ICL) surgeries and lens exchange surgeries. Such revenue represented 98.2%, 98.6%, 98.7% and 99.0% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Revenue generated from the rental of ophthalmic equipment and operating spaces represented fees paid by external or freelance surgeons or conservative ophthalmologists for using the facilities and infrastructure of our premises. Such revenue represented 1.5%, 1.2%, 0.9% and 0.5% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Revenue generated from the sales of pharmaceutical products represented fees paid by customers who purchased eye-drops to treat dry eyes. Other revenue included sales of optical accessories such as sunglasses and income from the provision of office space leasing.

### *By geographical location*

The table below sets out the breakdown of our revenue by geographical location for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue	€'000	% of total revenue
Germany	22,442	73.8	23,828	64.4	26,864	62.5	6,487	63.0	7,197	62.6
PRC	3,755	12.4	8,645	23.4	12,110	28.2	2,824	27.4	3,011	26.2
Denmark	4,205	13.8	4,504	12.2	3,987	9.3	983	9.6	1,284	11.2
<b>Total</b>	<b>30,402</b>	<b>100.0</b>	<b>36,977</b>	<b>100.0</b>	<b>42,961</b>	<b>100.0</b>	<b>10,294</b>	<b>100.0</b>	<b>11,492</b>	<b>100.0</b>

Revenue in Germany was generated from our operations in Germany, which represented 73.8%, 64.4%, 62.5% and 62.6% of our total revenue during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Revenue in the PRC was generated from our operations in the PRC, which represented 12.4%, 23.4%, 28.2% and 26.2% of our total revenue during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. The relatively slower growth of our PRC operations for the three months ended 31 March 2019 (as compared with that of the three months ended 31 March 2018) was mainly attributable to (i) the decrease in number of surgeries performed in the PRC as a result of the expiry of a promotional period which offered lower prices for ReLEx SMILE; and (ii) advertising efforts via one of our engaged online media platforms being less effective than expected. Revenue in Denmark was generated from our operations in Denmark, which represented 13.8%, 12.2%, 9.3% and 11.2% of our total revenue during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

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### *By service type*

The table below sets out the breakdown of our revenue by service type provided for the periods indicated:

Revenue by service type	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total revenue from providing vision correction services	€'000	% of total revenue from providing vision correction services	€'000	% of total revenue from providing vision correction services	€'000	% of total revenue from providing vision correction services	€'000	% of total revenue from providing vision correction services
Refractive laser surgery										
– ReLEx SMILE	8,705	29.2	10,629	29.1	13,489	31.8	3,038	29.8	3,491	30.7
– FemtoLASIK	3,621	12.1	4,333	11.9	4,017	9.5	1,302	12.8	1,024	9.0
<b>Subtotal</b>	<b>12,326</b>	<b>41.3</b>	<b>14,962</b>	<b>41.0</b>	<b>17,506</b>	<b>41.3</b>	<b>4,340</b>	<b>42.6</b>	<b>4,515</b>	<b>39.7</b>
Phakic lens (ICL) surgery	3,214	10.8	4,463	12.2	6,671	15.8	1,572	15.4	1,415	12.4
Lens exchange surgery										
– Monofocal lens exchange surgery	1,634	5.5	1,843	5.1	2,172	5.1	482	4.7	451	4.0
– Trifocal lens exchange surgery	12,413	41.6	14,946	41.0	15,776	37.2	3,754	36.8	4,934	43.3
<b>Subtotal</b>	<b>14,047</b>	<b>47.1</b>	<b>16,789</b>	<b>46.1</b>	<b>17,948</b>	<b>42.3</b>	<b>4,236</b>	<b>41.5</b>	<b>5,385</b>	<b>47.3</b>
Others										
– PRK/LASEK	235	0.8	238	0.7	232	0.5	51	0.5	67	0.6
– ICRS implantation	30	0.0	12	0.0	29	0.1	–	–	–	–
<b>Subtotal</b>	<b>265</b>	<b>0.8</b>	<b>250</b>	<b>0.7</b>	<b>261</b>	<b>0.6</b>	<b>51</b>	<b>0.5</b>	<b>67</b>	<b>0.6</b>
<b>Total revenue from providing vision correction services</b>	<b>29,852</b>	<b>100.0</b>	<b>36,464</b>	<b>100.0</b>	<b>42,386</b>	<b>100.0</b>	<b>10,199</b>	<b>100.0</b>	<b>11,382</b>	<b>100.0</b>

During the Track Record Period, we recorded revenue from provision of vision correction services of approximately €29.9 million, €36.5 million, €42.4 million and €11.4 million, respectively, and they can be further categorised as (i) refractive laser surgery (which included ReLEx SMILE and FemtoLASIK), representing 41.3%, 41.0%, 41.3% and 39.7% of the total revenue generated from the provision of vision correction services; (ii) phakic lens (ICL) surgery, representing 10.8%, 12.2%, 15.8% and 12.4% of the total revenue generated from the provision of vision correction services; (iii) lens exchange surgery (which included monofocal and trifocal lens exchange surgeries), representing 47.1%, 46.1%, 42.3% and 47.3% of the total revenue generated from the provision of vision correction services; and (iv) others (which included PRK/LASEK and ICRS implantation), representing 0.8%, 0.7%, 0.6% and 0.6% of the total revenue generated from the provision of vision correction services.

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### Number of surgeries performed and average selling price

The table below sets out the number of surgeries performed and the average selling price during the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)	Number of surgeries performed <sup>(Note)</sup>	Average selling price (€ per surgery)
Refractive laser surgery	6,298	1,957	8,052	1,858	9,649	1,814	2,338	1,856	2,505	1,802
Phakic lens (ICL) surgery	990	3,246	1,451	3,076	2,017	3,307	476	3,303	417	3,393
Lens exchange surgery	4,841	2,902	5,466	3,072	5,707	3,145	1,360	3,115	1,694	3,179
Others	199	1,332	178	1,404	167	1,563	32	1,594	52	1,288

*Note:* These numbers do not include non-revenue contributing surgeries, such as follow-up surgical treatments.

The number of refractive laser surgeries performed increased from 6,298 for the year ended 31 December 2016 to 8,052 for the year ended 31 December 2017, and it further increased to 9,649 for the year ended 31 December 2018. The number of refractive surgeries continued to increase from 2,338 for the three months ended 31 March 2018 to 2,505 for the three months ended 31 March 2019. Such increases were mainly attributable to our organic growth in Germany and in the PRC. The average selling price of the refractive laser surgeries decreased from approximately €1,957 for the year ended 31 December 2016 to approximately €1,858 for the year ended 31 December 2017 and further decreased to approximately €1,814 for the year ended 31 December 2018. The average selling price of the refractive laser surgeries continued to decrease from approximately €1,856 for the three months ended 31 March 2018 to approximately €1,802 for the three months ended 31 March 2019. Such decreases were mainly due to the change of our pricing strategy in order to capture a larger market share when facing fierce competition.

The number of phakic lens (ICL) surgeries we performed increased from 990 for the year ended 31 December 2016 to 1,451 for the year ended 31 December 2017, and it further increased to 2,017 for the year ended 31 December 2018. Such increases were mainly attributable to the organic growth in Germany and expansion of our operations in the PRC. The number of phakic lens (ICL) surgeries we performed decreased from 476 for the three months ended 31 March 2018 to approximately 417 for the three months ended 31 March 2019. Such decrease was mainly due to less effective promotion and marketing of the phakic lens (ICL) surgeries through certain channel in the PRC. The average selling price of phakic lens (ICL) surgeries decreased from approximately €3,246 for the year ended 31 December 2016 to approximately €3,076 for the year ended 31 December 2017 and then increased to approximately €3,307 for the year ended 31 December 2018. The average selling price of phakic lens (ICL) surgeries further increased from approximately €3,303 for the three months ended 31 March 2018 to approximately €3,393 for the three months ended 31 March 2019. Price fluctuations were primarily due to unique needs and condition of each patient who underwent phakic lens (ICL) surgery and the market condition in each country in a certain period of time.

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## FINANCIAL INFORMATION

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The number of lens exchange surgeries performed increased from 4,841 for the year ended 31 December 2016 to 5,466 for the year ended 31 December 2017, and it further increased to 5,707 for the year ended 31 December 2018. The number of lens exchange surgeries we performed continued to increase from 1,360 for the three months ended 31 March 2018 to 1,694 for the three months ended 31 March 2019. Such increases were mainly attributable to our organic growth of existing clinics in Germany and Denmark. The average selling price of the lens exchange surgeries increased from approximately €2,902 for the year ended 31 December 2016 to approximately €3,072 for the year ended 31 December 2017 and further increased to approximately €3,145 for the year ended 31 December 2018. The average selling price of lens exchange surgeries increased from approximately €3,115 for the three months ended 31 March 2018 to approximately €3,179 for the three months ended 31 March 2019. Such increases were primarily due to increase in the number of trifocal lens exchange surgeries performed, which were priced higher than that of monofocal lens exchange surgeries, as a result of stronger marketing efforts to promote the use of trifocal lens exchange surgeries as a standalone option to treat presbyopia.

The number of other surgeries performed decreased from 199 for the year ended 31 December 2016 to 178 for the year ended 31 December 2017, and it further decreased to 167 for the year ended 31 December 2018. Such decreases were mainly attributable to the increasing popularity and preference of FemtoLASIK procedures over PRK/LASEK. The number of other surgeries we performed increased from 32 for the three months ended 31 March 2018 to 52 for the three months ended 31 March 2019. Such fluctuation was mainly due to the unique needs and condition of each patient. The average selling price of other surgeries performed increased from approximately €1,332 for the year ended 31 December 2016 to approximately €1,404 for the year ended 31 December 2017 and further increased to approximately €1,563 for the year ended 31 December 2018. Such increases were mainly attributable to the decreased proportion of PRK/LASEK surgeries performed which had relatively lower price than ICRS implantations in the periods indicated. The average selling price of other surgeries decreased from approximately €1,594 for the three months ended 31 March 2018 to approximately €1,288 for the three months ended 31 March 2019. Such fluctuation was mainly due to the unique needs and condition of each patient.

### **Cost of sales**

Our cost of sales primarily consisted of materials and consumables used, employee benefit expenses, depreciation of property, plant and equipment and doctors' fees. Our cost of sales was approximately €20.5 million, €23.8 million, €25.5 million and €6.3 million for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively, representing approximately 67.4%, 64.5%, 59.5% and 54.9% of our total revenue for the same periods, respectively.

## FINANCIAL INFORMATION

The following table sets out a breakdown of our cost of sales by nature for the periods indicated:

### *By nature*

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	% of total cost of sales	€'000	% of total cost of sales	€'000	% of total cost of sales	€'000	% of total cost of sales	€'000	% of total cost of sales
Employee benefit expenses	7,062	34.5	7,954	33.3	8,457	33.1	1,858	30.7	1,954	31.0
Raw materials and consumables used	5,357	26.2	6,445	27.0	7,407	29.0	1,810	29.9	1,827	29.0
Depreciation of property, plant and equipment	4,524	22.1	4,983	20.9	5,295	20.7	1,359	22.5	1,462	23.2
Doctors' fees	932	4.5	1,349	5.7	1,182	4.6	232	3.8	296	4.6
Others <sup>(1)</sup>	2,610	12.7	3,117	13.1	3,204	12.6	786	13.1	768	12.2
<b>Total</b>	<b>20,485</b>	<b>100.0</b>	<b>23,848</b>	<b>100.0</b>	<b>25,545</b>	<b>100.0</b>	<b>6,045</b>	<b>100.0</b>	<b>6,307</b>	<b>100.0</b>

*Note:*

- Others mainly included transportation, travel, repair and maintenance of equipment, electricity, utility, clinic, office and consumption expenses

Our cost of sales mainly consisted of:

- Employee benefit expenses, which were salaries, incentives and benefit paid to our surgeons, conservative ophthalmologists, nurses and refractive coordinators. It amounted to approximately 34.5%, 33.3%, 33.1% and 31.0% of our total cost of sales for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively;
- Raw materials and consumables used, which were the costs in procuring equipment, lenses and other consumables used for providing vision correction services. It amounted to approximately 26.2%, 27.0%, 29.0% and 29.0% of our total cost of sales for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively;
- Depreciation of property, plant and equipment, which were related to the right-of-use assets in relation to our operations and the equipment used in vision correction services. It amounted to approximately 22.1%, 20.9%, 20.7% and 23.2% of our total cost of sales for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively; and
- Doctors' fees, which were fees paid to freelance surgeons and conservative ophthalmologists for their provision of vision correction services to our customers. It amounted to approximately 4.5%, 5.7%, 4.6% and 4.6% of our total cost of sales for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

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During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, Dr Jørgensen received a remuneration package of €127,000, €138,000, €153,000 and €42,000 respectively, of which, €123,000, €134,000, €77,000 and €22,000 were doctor's fee directly paid to Dr Jørgensen (please see note 8 of the accountant's report in Appendix I to this prospectus for details) and the remainder being (i) Dr Jørgensen's health insurance costs paid by our Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019; and (ii) salary paid to Dr Jørgensen by JJB for the year ended 31 December 2018, which were subsequently reimbursed to JJB by EuroEyes Deutschland.

### *By geographical location*

The following table sets out a breakdown of our cost of sales by geographical location for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	<i>% of total cost of sales</i>		<i>% of total cost of sales</i>		<i>% of total cost of sales</i>		<i>% of total cost of sales</i>		<i>% of total cost of sales</i>	
	<i>€'000</i>	<i>sales</i>	<i>€'000</i>	<i>sales</i>	<i>€'000</i>	<i>sales</i>	<i>€'000</i>	<i>sales</i>	<i>€'000</i>	<i>sales</i>
Germany	13,796	67.3	14,586	61.2	15,356	60.1	3,559	58.9	3,725	59.1
PRC	3,666	17.9	6,038	25.3	7,319	28.7	1,728	28.6	1,783	28.3
Denmark	3,023	14.8	3,224	13.5	2,870	11.2	758	12.5	799	12.6
<b>Total</b>	<b>20,485</b>	<b>100.0</b>	<b>23,848</b>	<b>100.0</b>	<b>25,545</b>	<b>100.0</b>	<b>6,045</b>	<b>100.0</b>	<b>6,307</b>	<b>100.0</b>

### **Gross profit and gross profit margin**

For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, our gross profit was approximately €9.9 million, €13.1 million, €17.4 million and €5.2 million, respectively and our overall gross profit margin was approximately 32.6%, 35.5%, 40.5% and 45.1% for the same periods, respectively.



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The table below sets out a breakdown of our gross profit and gross profit margin by geographical location for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	<i>Gross Profit</i> €'000	<i>Gross Profit Margin</i> %	<i>Gross Profit</i> €'000	<i>Gross Profit Margin</i> %	<i>Gross Profit</i> €'000	<i>Gross Profit Margin</i> %	<i>Gross Profit</i> €'000	<i>Gross Profit Margin</i> %	<i>Gross Profit</i> €'000	<i>Gross Profit Margin</i> %
Germany	8,646	38.5	9,242	38.8	11,508	42.8	2,928	45.1	3,472	48.2
PRC	89	2.4	2,607	30.2	4,791	39.6	1,096	38.8	1,228	40.8
Denmark	1,182	28.1	1,280	28.4	1,117	28.0	225	22.9	485	37.8
<b>Total</b>	<b>9,917</b>	<b>32.6</b>	<b>13,129</b>	<b>35.5</b>	<b>17,416</b>	<b>40.5</b>	<b>4,249</b>	<b>41.3</b>	<b>5,185</b>	<b>45.1</b>

Our gross profit in Germany represented approximately 87.2%, 70.4%, 66.1% and 67.0% of our total gross profit for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our gross profit in the PRC represented approximately 0.9%, 19.9%, 27.5% and 23.7% of our total gross profit for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our gross profit in Denmark represented approximately 11.9%, 9.7%, 6.4% and 9.4% of our total gross profit for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

### *Selling expenses*

The following table sets out a breakdown of our selling expenses for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	%	€'000	%	€'000	%	€'000	%	€'000	%
Advertising and marketing expenditure	4,059	88.9	4,987	87.9	4,728	85.5	960	83.8	1,050	82.5
Employee benefit expenses	254	5.6	431	7.6	523	9.5	121	10.6	122	9.6
Depreciation of property, plant and equipment	48	1.0	139	2.4	144	2.6	37	3.2	62	4.9
Others <sup>(1)</sup>	206	4.5	119	2.1	134	2.4	28	2.4	38	3.0
<b>Total</b>	<b>4,567</b>	<b>100.0</b>	<b>5,676</b>	<b>100.0</b>	<b>5,529</b>	<b>100.0</b>	<b>1,146</b>	<b>100.0</b>	<b>1,272</b>	<b>100.0</b>

*Note:*

- Others mainly included transportation, electricity, utility, office and consumption expenses.

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Our selling expenses amounted to approximately 15.0%, 15.4%, 12.9% and 11.1% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our selling expenses mainly consisted of:

- (i) Advertising and marketing expenditure, which were expenses used for our social media promotion campaigns, sponsor events and billboard advertisements;
- (ii) Employee benefit expenses, which were salaries, incentives and benefit paid to our sales and marketing personnel; and
- (iii) Depreciation of property, plant and equipment, which were mainly expenses relating to the right-of-use assets used by our sales and marketing team.

### *Administrative expenses*

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2016		2017		2018		2018		2019	
	€'000	%	€'000	%	€'000	%	€'000	%	€'000	%
Consulting and other service expenses	429	27.3	368	21.1	659	17.0	69	15.0	357	13.2
Employee benefit expenses	94	6.0	209	12.0	559	14.4	106	23.0	390	14.4
Depreciation of property, plant and equipment	325	20.7	454	26.0	518	13.3	118	25.6	211	7.8
Office and consumption expenses	308	19.7	255	14.6	256	6.6	41	8.9	99	3.7
Listing expenses	-	-	-	-	1,210	31.2	-	-	1,449	53.7
Others <sup>(1)</sup>	413	26.3	459	26.3	681	17.5	127	27.5	195	7.2
<b>Total</b>	<b>1,569</b>	<b>100.0</b>	<b>1,745</b>	<b>100.0</b>	<b>3,883</b>	<b>100.0</b>	<b>461</b>	<b>100.0</b>	<b>2,701</b>	<b>100.0</b>

*Note:*

1. Others mainly included transportation costs and repair and maintenance costs.

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Our administrative expenses amounted to approximately 5.2%, 4.7%, 9.0% and 23.5% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019. Our administrative expenses mainly consisted of:

- (i) Consulting and other service expenses, which were fees of legal, consulting and other professionals engaged;
- (ii) Employee benefit expenses, which were salaries, incentives and benefit paid to our administrative and management team;
- (iii) Depreciation of property, plant and equipment, which were expense incurred relating to the leasehold improvement of current centres and the depreciation of the right-of-use assets;
- (iv) Office and consumption expenses, which were fees paid for office utilities; and
- (v) Listing expenses, which were professional fees and other fees incurred in connection with the Listing and the Global Offering.

### *Other gains, net*

The following table sets out a breakdown of our other gains, net for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Gains/(losses) on disposal of property, plant and equipment	62	(778)	–	–	–
Compensation from landlord for early termination of lease contract	–	8,980	–	–	–
Social security compensation	–	–	67	19	20
Others <sup>(1)</sup>	132	81	171	(18)	7
<b>Total</b>	<b>194</b>	<b>8,283</b>	<b>238</b>	<b>1</b>	<b>27</b>

*Note:*

- (1) “Others” primarily included the gains related to the reduction of rental liabilities resulting from the deficiency of the leased properties.

Our other gains primarily consisted of gains or losses on disposal of assets and one-off items. This represented 0.6%, 22.4%, 0.6% and 0.2% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

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In 2017, we received a compensation of approximately €9.0 million from our former landlord due to the relocation of our Hamburg clinic from our former premises to our current address at Valentinskamp in Hamburg. The compensation was made by our former landlord given that the tenancy of our former premises in Hamburg was terminated by our former landlord prior to the agreed expiration of the lease under the former tenancy agreement, and such €9.0 million compensation was recognised as other gains in 2017. This compensation from our former landlord for early termination of the former tenancy agreement is subject to a German corporate income tax (including solidarity surcharge) at approximately 16% and an average German trade tax at approximately 15%. The amount of tax provided by us in 2017 in relation to such compensation amounted to approximately €2.9 million.

### *Finance expenses*

The following table sets out a breakdown of our finance expenses for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Foreign exchange losses/(gains), net	140	462	22	(7)	(231)
Interest expenses on borrowing from a non-controlling shareholder	3	25	36	7	4
Interest expenses on bank borrowings	43	40	14	1	–
Interest expenses on leases	592	707	717	158	287
Other finance expenses	26	33	58	12	15
<b>Finance expenses</b>	<b>804</b>	<b>1,267</b>	<b>847</b>	<b>171</b>	<b>75</b>

Our finance expenses primarily consisted of interests cost on leases for our premises in Germany, the PRC and Denmark. This represented 2.6%, 3.4%, 2.0% and 0.7% of our total revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

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## FINANCIAL INFORMATION

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### Income tax expense

The following table sets out a breakdown of our income tax expense for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Current income tax	1,781	4,543	3,267	775	953
Deferred income tax	(542)	(385)	(227)	271	(112)
<b>Income tax expense</b>	<b><u>1,239</u></b>	<b><u>4,158</u></b>	<b><u>3,040</u></b>	<b><u>1,046</u></b>	<b><u>841</u></b>

Current tax primarily comprised of corporate income tax payable by our subsidiaries in Germany, Denmark and the PRC. Our income tax expense for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 were approximately €1.2 million, €4.2 million, €3.0 million and €0.8 million, respectively. The effective tax rates of our Group during the same periods were approximately 39.0%, 32.7%, 41.5% and 71.8%, respectively. Please also refer to note 11 of the accountant's report in Appendix I to this prospectus for details.

### NON-IFRS FINANCIAL MEASURES

We present adjusted NPAT to supplement our consolidated statements of comprehensive income for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 that were prepared in accordance with IFRS to provide additional information about our operating performance. We believe the non-IFRS financial measures are useful measures for our management and investors to assess our financial performance and financial condition as: (i) they are non-IFRS financial measures which are used by the management to evaluate our financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluation of the actual performance of our business; and (ii) during the Track Record Period, we recorded certain one-off income and expenses. In particular, we incurred significant amount of listing expenses relating to the preparation of the Listing of the Company, which had a significant impact on our IFRS net profit. The listing expenses are non-recurring in nature. Similarly, the compensation from landlord for early termination of lease contract is also a one-off item and non-recurring in nature. Therefore, we believe that, for growing our company, such non-IFRS financial measures provide a more accurate reflection of our underlying operating performance.

## FINANCIAL INFORMATION

The presentation of such non-IFRS financial measures is not intended to be read or considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with IFRS. The non-IFRS financial measures we present may not be comparable to similarly titled financial measures of other companies as other companies may exclude items different from the items we exclude. Accordingly, the non-IFRS financial measures should be read in conjunction with our IFRS financial measures.

None of adjusted NPAT and adjusted NPAT margin is a recognised term under IFRS. These non-IFRS financial measures do not have a standardised meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS. You should not consider our definition of adjusted NPAT in isolation or construe it as an alternative to profit for the year/period indicated or as an indicator of operating performance or any other standard measure under IFRS.

### Adjusted NPAT

Adjusted NPAT refers to profit after tax adjusted for certain one-off items.

The following table reconciles our profit after tax under IFRS to our definition of adjusted NPAT for the years/periods indicated:

	For the year ended			For the three	
	31 December			months ended	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Profit after tax	1,939	8,571	4,291	1,362	331
Adjustments after taxation					
– Compensation from landlord for early termination of lease contract	–	(6,088)	–	–	–
– Listing expenses	–	–	1,210	–	1,449
<b>Adjusted NPAT</b>	<b>1,939</b>	<b>2,483</b>	<b>5,501</b>	<b>1,362</b>	<b>1,780</b>
Revenue	30,402	36,977	42,961	10,294	11,492
Adjusted NPAT margin <sup>(1)</sup>	6.4%	6.7%	12.8%	13.2%	15.5%

Note:

(1) Adjusted NPAT margin is calculated by dividing adjusted NPAT by revenue.

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## FINANCIAL INFORMATION

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### Estimate of the impact of the hypothetical per eye remuneration of Dr Jørgensen (our Controlling Shareholder) during the Track Record Period

Based on (i) the remuneration paid by our Group to Prof Knorz, a surgeon of our Group who is comparable to Dr Jørgensen in terms of the types of surgeries performed, their years of experience, and their industry reputation; and (ii) the remuneration paid by our Group to Dr Jørgensen, the hypothetical additional aggregate compensation that Dr Jørgensen would receive, as if he would be remunerated the same rate as Prof Knorz for each surgery performed, amount to approximately €387,817, €501,212, €421,829 and €116,045 for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively.

The following table illustrates how, in our Directors' view, Prof Knorz is comparable to Dr Jørgensen in terms of the types of surgeries performed, their years of experience, the management roles they played in the Group and their industry recognition:

	<u>Dr Jørgensen</u>	<u>Prof Knorz</u>
<b>Types of surgeries performed</b>	Lens exchange and refractive laser	Lens exchange and refractive laser
<b>Years of experience</b>	32	35
<b>Management role in the Group</b>	<ul style="list-style-type: none"> <li>• Founder and CEO of the Group</li> <li>• Director of various subsidiaries of the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Head of the Group's international medical advisory board</li> <li>• Recruited renowned experts on the Group's International Advisory Board</li> <li>• Provides training to the Group's PRC surgeons as the Group's consulting surgeon in the PRC</li> </ul>
<b>Industry recognition and rewards</b>	<ul style="list-style-type: none"> <li>• The "Hans-Sautter-Laureate" awarded by the Vereinigung Norddeutscher Augenärzte in 1987</li> <li>• Inclusion into the "Best Doctors List" under the category of "Experts for Refractive and Cataract Surgery" in "FOCUS", a German magazine from 2012 to 2018</li> </ul>	<ul style="list-style-type: none"> <li>• A leader in the field of refractive laser surgery and cataract surgery in Germany</li> <li>• Voted as "Top 50 Opinion Leaders" by <i>Cataract &amp; Refractive Surgery Today</i> for outstanding contribution and leadership in the field</li> <li>• Nominated by FOCUS to be on the "Germany's Top Doctors List"</li> <li>• A professor at the Universitätsklinik Mannheim</li> </ul>

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Taking such comparability into account, Dr Jørgensen’s hypothetical per eye remuneration would be calculated as if he were to be paid at the same remuneration benchmark as Prof Knorz for each surgery performed. The table below sets out the pro forma net profit of the Group during the Track Record Period after making adjustment for certain one-off items and taking into account the “hypothetical additional compensation” of Dr Jørgensen, which is calculated based on his hypothetical per eye remuneration multiplied by the number of surgeries he performed:

	For the year ended 31 December			For the three months ended 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Profit for the year/period	1,939	8,571	4,291	331
Hypothetical additional compensation of Dr Jørgensen after tax (i.e. using the hypothetical per eye remuneration)	(388)	(501)	(422)	(116)
After-tax adjustments:				
– <i>Compensation from landlord for early termination of lease contract</i>	–	(6,088)	–	–
– <i>Listing expenses</i>	–	–	1,210	1,449
<b>Pro forma net profit of the Group</b>	<b><u>1,551</u></b>	<b><u>1,982</u></b>	<b><u>5,079</u></b>	<b><u>1,664</u></b>



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## FINANCIAL INFORMATION

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### COMPARISON OF RESULTS OF OPERATIONS

#### Three months ended 31 March 2019 compared with the three months ended 31 March 2018

##### Revenue

Our revenue increased by approximately €1.2 million or 11.6% from approximately €10.3 million for the three months ended 31 March 2018 to approximately €11.5 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increase in revenue from the provision of vision correction services due to the increased number of surgeries performed.

##### *By product category*

###### *Provision of vision correction services*

Revenue generated from providing vision correction services increased by approximately €1.2 million or 11.6%, from approximately €10.2 million for the three months ended 31 March 2018 to approximately €11.4 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increased number of surgeries performed as a result of the organic growth and expansion of our business operation.

###### *Rental of ophthalmic equipment and operating spaces*

Revenue generated from the rental of ophthalmic equipment and operating spaces remained relatively stable for the three months ended 31 March 2018 and 2019, at approximately €61,000 and approximately €54,000, respectively.

###### *Sales of pharmaceutical products*

Revenue generated from the sales of pharmaceutical products remained relatively stable at approximately €11,000 and €9,000 for the three months ended 31 March 2018 and 2019, respectively.

###### *Others*

Other revenue increased from approximately €23,000 for the three months ended 31 March 2018 to approximately €47,000 for the three months ended 31 March 2019, which was primarily due to increase in income from the provision of office space leasing in Germany.

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### ***By geographical location***

#### *Germany*

Revenue generated from Germany increased by approximately €0.7 million or 10.9% from approximately €6.5 million for the three months ended 31 March 2018 to approximately €7.2 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increased number of surgeries performed as a result of the organic growth and expansion of our business operation in Germany by implementing a more effective marketing strategy.

#### *The PRC*

Revenue generated from the PRC increased by approximately €0.2 million or 6.6% from approximately €2.8 million for the three months ended 31 March 2018 to approximately €3.0 million for the three months ended 31 March 2019. Such increase was mainly attributable to an increase in number of surgeries performed in our Shanghai clinic and Beijing (West) clinic.

#### *Denmark*

Revenue generated from Denmark increased by approximately €0.3 million or 30.6% from approximately €1.0 million for the three months ended 31 March 2018 to approximately €1.3 million for the three months ended 31 March 2019. Such increase was mainly attributable to an increase in the number of refractive lens exchange and trifocal lens exchange surgeries performed as a result of the organic growth of our business operation in Denmark.

### ***By service type***

#### *Refractive laser surgery*

Revenue generated from providing refractive laser surgeries remained relatively stable at approximately €4.3 million and approximately €4.5 million for the three months ended 31 March 2018 and 2019, respectively.

#### *Phakic lens (ICL) surgery*

Revenue generated from providing phakic lens (ICL) surgeries decreased by approximately €0.2 million or 10.0%, from approximately €1.6 million for the three months ended 31 March 2018 to approximately €1.4 million for the three months ended 31 March 2019. Such decrease was mainly attributable to less effective promotion and marketing of the phakic lens (ICL) surgeries through certain channel in the PRC, which led to a decrease in the number of phakic lens (ICL) surgeries performed in the PRC for the three months ended 31 March 2019.

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### *Lens exchange surgery*

Revenue generated from providing lens exchange surgeries increased by approximately €1.2 million or 27.1% from approximately €4.2 million for the three months ended 31 March 2018 to approximately €5.4 million for the three months ended 31 March 2019. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; and (ii) increased promotion and marketing of the lens exchange surgery as an ideal treatment option for presbyopia, which led to an increase in the number of lens exchange surgeries performed in Germany, Denmark and the PRC for the three months ended 31 March 2019.

### *Others*

Revenue generated from providing other services increased from approximately €51,000 for the three months ended 31 March 2018 to approximately €67,000 for the three months ended 31 March 2019.

### **Cost of sales**

#### ***By nature***

Our cost of sales increased by approximately €0.3 million or 4.3% from approximately €6.0 million for the three months ended 31 March 2018 to approximately €6.3 million for the three months ended 31 March 2019, which was mainly attributable to (i) the increase in depreciation of right-of-use assets in relation to the property leases of Beijing (East) and Hangzhou clinics of approximately €136,000; (ii) the increase in employee benefit expenses of approximately €96,000 as a result of increment of our employees' benefit and the increased number of employees; and (iii) the increase in doctor's fee in Germany of approximately €64,000 as a result of the organic growth and expansion of operation.

#### ***By geographical location***

##### *Germany*

Our cost of sales in Germany increased by approximately €0.1 million or 4.7% from approximately €3.6 million for the three months ended 31 March 2018 to approximately €3.7 million for the three months ended 31 March 2019.

##### *The PRC*

Our cost of sales in the PRC increased by approximately €0.1 million or 3.2% from approximately €1.7 million for the three months ended 31 March 2018 to approximately €1.8 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increase in depreciation of right-of-use assets in relation to the property leases of Beijing (East) and Hangzhou clinics.

##### *Denmark*

Our cost of sales in Denmark increased by approximately €41,000 or 5.4% from approximately €758,000 for the three months ended 31 March 2018 to approximately

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€799,000 for the three months ended 31 March 2019. Such increase was in line with the increase of our revenue generated from Denmark.

### **Gross profit and gross profit margin**

Our gross profit increased by approximately €1.0 million or 22.0% from approximately €4.2 million for the three months ended 31 March 2018 to €5.2 million for the three months ended 31 March 2019, which was mainly inline with the increase of revenue for the same period. Our gross profit margin increased from approximately 41.3% to 45.1% during the same periods, which was primarily due to increased number of surgeries performed across all geographical locations and the benefit of the economies of scale.

### ***By geographical location***

#### *Germany*

Our gross profit in Germany increased by approximately €0.6 million or 18.6% from approximately €2.9 million for the three months ended 31 March 2018 to approximately €3.5 million for the three months ended 31 March 2019. Such increase was mainly attributable to the increased number of surgeries performed in the existing clinics. Our gross profit margin in Germany increased from approximately 45.1% for the three months ended 31 March 2018 to approximately 48.2% for the three months ended 31 March 2019, which was primarily attributable to the benefits of economies of scale given the increased number of surgeries performed.

#### *The PRC*

Our gross profit in the PRC increased by approximately €0.1 million or 12.0% from approximately €1.1 million for the three months ended 31 March 2018 to approximately €1.2 million for the three months ended 31 March 2019, which was primarily due to the breaking even of our PRC clinics and further organic growth of our PRC operations and it was offset by the increase of depreciation of right-of-use assets in relation to the property leases of Beijing (East) and Hangzhou clinics as they could not commence operation pending approval of our application for license. Our gross profit margin in the PRC increased from approximately 38.8% for the three months ended 31 March 2018 to approximately 40.8% for the three months ended 31 March 2019, which was mainly attributable to the benefits of economies of scale given the increased number of surgeries performed, and was partially offset by the increase in depreciation of right-of-use assets in relation to the property leases of Beijing (East) and Hangzhou clinics during the period when the clinics were not in operation.

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### *Denmark*

Our gross profit in Denmark increased by approximately €260,000 or 115.6% from approximately €225,000 for the three months ended 31 March 2018 to approximately €485,000 for the three months ended 31 March 2019. Such increase was mainly attributable to the further organic growth of our operations in Denmark. Our gross profit margin in Denmark increased from approximately 22.9% for the three months ended 31 March 2018 to approximately 37.8% for the three months ended 31 March 2019, which was primarily attributable to the benefits of economics of scale due to more effective marketing effort.

### *Selling expenses*

Our selling expenses remained relatively stable at approximately €1.1 million and €1.3 million for the three months ended 31 March 2018 and 2019, respectively. Our advertising and marketing expenditure increased from approximately €1.0 million for the three months ended 31 March 2018 to approximately €1.1 million for the three months ended 31 March 2019 which was mainly because of marketing efforts in Germany, Denmark and the PRC.

### *Administrative expenses*

Our administrative expenses increased by approximately €2.2 million or 485.9% from approximately €0.5 million for the three months ended 31 March 2018 to approximately €2.7 million for the three months ended 31 March 2019. Such increase was mainly attributable to (i) legal and consulting fees which increased by approximately €288,000 mainly for the Reorganisation; (ii) employee benefit expenses which increased by approximately €284,000 as a result of recruiting new staff in Germany and the PRC for our Listing and operational expansion purposes; and (iii) listing expenses incurred for the three months ended 31 March 2019 of approximately €1.4 million.

### *Other gains, net*

Our other gains increased by approximately €26,000 or 27 times from approximately €1,000 for the three months ended 31 March 2018 to approximately €27,000 for the three months ended 31 March 2019. Such increase was primarily due to a compensation of approximately €24,000 made by our Guangzhou clinic to the tenant downstairs as a result of a water leakage incident incurred during the three months ended 31 March 2018.

### *Finance expenses*

Our finance expenses decreased by approximately €96,000 or 56.1% from approximately €171,000 for the three months ended 31 March 2018 to approximately €75,000 for the three months ended 31 March 2019. Such decrease was primarily due to an increase in foreign exchange gain of approximately €224,000 as a result of the currency exchange fluctuations between Euros and RMB which was partly offset by the increase in interest expenses on leases by approximately €129,000 due to the renewal of certain leases in Germany in 2019 as well as entering into new leases in PRC for our Hangzhou clinic and Beijing (East) clinic.

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### *Income tax expenses*

Our income tax expense decreased by approximately €0.2 million or 19.6% from approximately €1.0 million for the three months ended 31 March 2018 to approximately €0.8 million for the three months ended 31 March 2019. Such decrease was primarily due to the deferred tax expense of approximately €0.3 million was recorded for the three months ended 31 March 2018, while deferred tax credit of €0.1 million was recorded for the three months ended 31 March 2019. Our effective tax rate increased from approximately 43.4% for the three months ended 31 March 2018 to approximately 71.8% for the three months ended 31 March 2019 as the listing expenses amounting to approximately €1.4 million for the three months ended 31 March 2019 was not deductible for tax purposes.

### *Profit for the period*

As a result of the factors described above, our profit for the period decreased by approximately €1.1 million or 75.7% from approximately €1.4 million for the three months ended 31 March 2018 to approximately €0.3 million for the three months ended 31 March 2019.

### **Year ended 31 December 2018 compared with year ended 31 December 2017**

#### **Revenue**

Our revenue increased by approximately €6.0 million or 16.2% from approximately €37.0 million for the year ended 31 December 2017 to approximately €43.0 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase in revenue from the provision of vision correction services due to the increased number of surgeries performed.

#### *By product category*

##### *Provision of vision correction services*

Revenue generated from providing vision correction services increased by approximately €5.9 million or 16.2%, from approximately €36.5 million for the year ended 31 December 2017 to approximately €42.4 million for the year ended 31 December 2018. Such increase was mainly attributable to the increased number of surgeries performed as a result of the organic growth and expansion of our business operation.

##### *Rental of ophthalmic equipment and operating spaces*

Revenue generated from the rental of ophthalmic equipment and operating spaces remained relatively stable for the years ended 31 December 2017 and 2018, at approximately €0.4 million and €0.4 million, respectively.

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### *Sales of pharmaceutical products*

Revenue generated from the sales of pharmaceutical products increased by approximately €37,000 or 102.8% from approximately €36,000 for the year ended 31 December 2017 to approximately €73,000 for the year ended 31 December 2018 due to the increased demand from our customers resulting from the increased number of surgeries performed. As the sales of pharmaceutical products are only made on-demand, the revenue generated under this product category will be fluctuating in nature.

### *Others*

Other revenue increased by approximately €61,000 or 164.9% from approximately €37,000 for the year ended 31 December 2017 to approximately €98,000 for the year ended 31 December 2018, which was primarily due to increased sales of optical accessories.

### ***By geographical location***

#### *Germany*

Revenue from Germany increased by approximately €3.0 million or 12.7% from approximately €23.8 million for the year ended 31 December 2017 to approximately €26.9 million for the year ended 31 December 2018. Such increase was mainly attributable to an increase in the number of surgeries performed as a result of the organic growth of the Group's business in Germany by implementing more effective marketing strategy which lead to stronger brand recognition of EuroEyes.

#### *The PRC*

Revenue from the PRC increased by approximately €3.5 million or 40.1% from approximately €8.6 million for the year ended 31 December 2017 to approximately €12.1 million for the year ended 31 December 2018. Such increase was mainly attributable to an increase in the number of surgeries performed in the existing clinics especially in our Shanghai and Beijing (West) clinics. This was also supplemented by an increase in popularity and awareness of opting for vision correction surgery to correct refractive errors in the PRC.

#### *Denmark*

Revenue from Denmark decreased by approximately €0.5 million or 11.5% from approximately €4.5 million for the year ended 31 December 2017 to approximately €4.0 million for the year ended 31 December 2018. Such decrease was mainly attributable to a decrease in revenue generated from refractive laser surgeries due to our reduced marketing efforts to promote this surgery options in Denmark.

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### *By service type*

#### *Refractive laser surgery*

Revenue generated from providing refractive laser surgeries increased by approximately €2.5 million or 17.0%, from approximately €15.0 million for the year ended 31 December 2017 to approximately €17.5 million for the year ended 31 December 2018. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of our refractive laser surgery options as ideal treatment options for myopia which led to an increase in number of refractive laser surgeries performed in Germany and in the PRC for the year ended 31 December 2018.

#### *Phakic lens (ICL) surgery*

Revenue generated from providing phakic lens (ICL) surgeries increased by approximately €2.2 million or 49.5%, from approximately €4.5 million for the year ended 31 December 2017 to approximately €6.7 million for the year ended 31 December 2018. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of phakic lens (ICL) surgery as an ideal treatment option for high myopia, which led to an increase in number of phakic lens (ICL) surgeries performed in all of our operation regions for the year ended 31 December 2018.

#### *Lens exchange surgery*

Revenue generated from providing lens exchange surgeries increased by approximately €1.2 million or 6.9%, from approximately €16.8 million for the year ended 31 December 2017 to approximately €17.9 million for the year ended 31 December 2018. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of the lens exchange surgery as an ideal treatment option for presbyopia, which led to an increase in the number of lens exchange surgeries performed in Germany and the PRC for the year ended 31 December 2018.

#### *Others*

For the years ended 31 December 2017 and 2018, revenue generated from providing other services remained relatively stable at approximately €0.3 million and €0.3 million, respectively.

### **Cost of sales**

Our cost of sales increased by approximately €1.7 million or 7.1% from approximately €23.8 million for the year ended 31 December 2017 to approximately €25.5 million for the year ended 31 December 2018, which was largely in line with the increase in our revenue during the same periods.



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### *By nature*

Our cost of sales increased by approximately €1.7 million or 7.1% from approximately €23.8 million for the year ended 31 December 2017 to approximately €25.5 million for the year ended 31 December 2018 which was primarily attributable to (i) the increase in employee benefit expenses of approximately €0.5 million as result of the increment of our employees' benefit and the increased number of employees; (ii) the increase in raw materials and consumables used of approximately €1.0 million as a result of the increased number of surgeries performed. It was partially offset by the decrease of doctors' fees of approximately €0.2 million.

### *By geographical location*

#### *Germany*

Our cost of sales in Germany remained relatively stable at approximately €14.6 million and €15.4 million for the years ended 31 December 2017 and 31 December 2018, respectively.

#### *The PRC*

Our cost of sales in the PRC increased by approximately €1.3 million or 21.2% from approximately €6.0 million for the year ended 31 December 2017 to approximately €7.3 million for the year ended 31 December 2018. Such increase was mainly attributable to increased use of supplies and consumable goods as a result of the increased surgeries performed.

#### *Denmark*

Our cost of sales in Denmark decreased by approximately €0.3 million or 11.0% from approximately €3.2 million for the year ended 31 December 2017 to approximately €2.9 million for the year ended 31 December 2018. Such decrease was mainly attributable to the decrease of raw materials and consumables consumed resulting from the decreased number of surgeries performed.

### **Gross profit and gross profit margin**

Our gross profit increased by approximately €4.3 million or 32.7% from approximately €13.1 million for the year ended 31 December 2017 to approximately €17.4 million for the year ended 31 December 2018, which was mainly inline with the increase in the total revenue during the same periods. Our gross profit margin increased from 35.5% to 40.5% during the same periods, which was primarily due to the increased gross profit margin of our PRC operations as a result of improving economies of scale as our operation expanded across our clinics in the PRC.

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### *By geographical location*

#### *Germany*

Our gross profit in Germany increased by approximately €2.3 million or 24.5% from approximately €9.2 million for the year ended 31 December 2017 to approximately €11.5 million for the year ended 31 December 2018. Such increase was generally inline with the increase in revenue from providing vision correction services in Germany during the same periods. Our gross profit margin in Germany services increased from 38.8% for the year ended 31 December 2017 to 42.8% for the year ended 31 December 2018, which was primarily due to the benefits of economies of scale given the increased number of surgeries performed.

#### *The PRC*

Our gross profit in the PRC increased by approximately €2.2 million or 83.8% from approximately €2.6 million for the year ended 31 December 2017 to approximately €4.8 million for the year ended 31 December 2018, which was primarily due to the organic growth and expansion of our PRC operations. Our gross profit margin in the PRC increased 30.2% for the year ended 31 December 2017 to 39.6% for the year ended 31 December 2018, which was primarily because the revenue grew much faster than the cost of sales due to the economies of scale.

#### *Denmark*

Our gross profit in Denmark remained relatively stable at approximately €1.3 million and €1.1 million for the years ended 31 December 2017 and 2018, respectively. Our gross profit margin in Denmark decreased slightly from 28.4% for the year ended 31 December 2017 to 28.0% for the year ended 31 December 2018 due to the lesser decrease of cost of sales when compared with the revenue during the same periods.

### **Selling expenses**

Our selling expenses remained relatively stable at approximately €5.7 million and €5.5 million for the years ended 31 December 2017 and 2018, respectively. Our advertising and marketing expenditure decreased slightly from approximately €5.0 million for the year ended 31 December 2017 to approximately €4.7 million for the year ended 31 December 2018 which was mainly because of the decrease of such expenditure in Denmark as a result of spending cut of ineffective marketing efforts. It was partially offset by the slight increase in employee benefit expenses, depreciation and other selling expenses.

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### **Administrative expenses**

Our administrative expenses increased by approximately €2.1 million or 122.5% from approximately €1.7 million for the year ended 31 December 2017 to approximately €3.9 million for the year ended 31 December 2018. Such increase was primarily attributable to (i) the increase of the listing expenses of approximately €1.2 million; (ii) the increase of consulting and other service expenses by approximately €0.3 million or 79.1% due to engagement of new legal and consulting services in preparation of the Reorganisation and (iii) the increase of employee benefit expenses by approximately €0.4 million or 167.5% due to the expansion of our business in opening new offices in Hong Kong and Hamburg.

### **Other gains, net**

Our other gains decreased by approximately €8.0 million or 97.1% from approximately €8.3 million for the year ended 31 December 2017 to approximately €0.2 million for the year ended 31 December 2018. Such decrease was primarily due to the one-off nature of the early termination compensation of approximately €9.0 million paid to us by the landlord of one of our premises in Hamburg in 2017 which was partially offset by the loss on write-off of one-off nature leasehold improvement in relation to the early termination of one of our premises in Hamburg of approximately €0.8 million.

### **Finance expenses**

Our finance expenses decreased by approximately €0.4 million or 34.9% from approximately €1.3 million for the year ended 31 December 2017 to approximately €0.8 million for the year ended 31 December 2018. Such decrease was primarily due to the decrease of foreign exchange loss of approximately €0.4 million as a result of the currency exchange fluctuations between the Euros and RMB.

### **Income tax expense**

Our income tax expense decreased by approximately €1.1 million or 26.9% from approximately €4.2 million for the year ended 31 December 2017 to approximately €3.0 million for the year ended 31 December 2018. Such decrease was primarily due to the decrease in taxable income in Germany as a result of the one-off nature of the early termination compensation from the landlord of one of our premises in Hamburg in 2017. Our effective income tax rate increased from 32.7% for the year ended 31 December 2017 to 41.5% for the year ended 31 December 2018 as the listing expenses amounted to approximately €1.2 million incurred in 2018 were not deductible for tax purposes.

### **Profit for the year**

As a result of the factors described above, our profit for the year decreased by approximately €4.3 million or 49.9% from approximately €8.6 million for the year ended 31 December 2017 to approximately €4.3 million for the year ended 31 December 2018.

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### Year ended 31 December 2017 compared with year ended 31 December 2016

#### Revenue

Our revenue increased by approximately €6.6 million or 21.6% from approximately €30.4 million for the year ended 31 December 2016 to approximately €37.0 million for the year ended 31 December 2017. Such increase was primarily due to the increase in revenue from the provision of vision correction services as a result of the increased number of surgeries performed.

#### *By product category*

##### *Provision of vision correction services*

Revenue generated from providing vision correction services increased by approximately €6.6 million or 22.1%, from approximately €29.9 million for the year ended 31 December 2016 to approximately €36.5 million for the year ended 31 December 2017. Such increase was primarily due to the increases in the number of surgeries performed as a result of our organic growth and expansion of our operations under this business segment across all the regions we operate.

##### *Rental of ophthalmic equipment and operating spaces*

Revenue generated from the rental of ophthalmic equipment and operating spaces remained relatively stable for the years ended 31 December 2016 and 2017, at approximately €0.4 million and €0.4 million, respectively.

##### *Sales of pharmaceutical products*

Revenue generated from the sales of pharmaceutical products decreased by approximately €10,000 or by 21.7% from approximately €46,000 for the year ended 31 December 2016 to approximately €36,000 for the year ended 31 December 2017. Such decrease was primarily due to the decreased demand from our customers. As the sales of pharmaceutical products are only made on-demand, the revenue generated under this segment will be fluctuating in nature.

##### *Others*

Other revenue decreased by approximately €18,000 or by 32.7% from approximately €55,000 for the year ended 31 December 2016 to approximately €37,000 for the year ended 31 December 2017. Such decrease was primarily due to decreased sales of optical accessories.

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### ***By geographical location***

#### *Germany*

Revenue from Germany increased by approximately €1.4 million or 6.2% from approximately €22.4 million for the year ended 31 December 2016 to approximately €23.8 million for the year ended 31 December 2017. Such increase was mainly attributable to an increase in the number of surgeries performed as a result of the organic growth of the Group's business in Germany by implementing more effective marketing strategy which lead to stronger brand recognition of EuroEyes.

#### *The PRC*

Revenue from the PRC increased by approximately €4.9 million or 130.2% from approximately €3.8 million for the year ended 31 December 2016 to approximately €8.6 million for the year ended 31 December 2017. Such increase was mainly attributable to an increase in the number of surgeries performed in the existing clinics in Shanghai and Beijing (West) and the opening of new clinics in Guangzhou and Shenzhen in expanding our customer base.

#### *Denmark*

Revenue from Denmark increased by approximately €0.3 million or 7.1% from approximately €4.2 million for the year ended 31 December 2016 to approximately €4.5 million for the year ended 31 December 2017. Such increase was mainly attributable to an increase in the proportion of customers opting for lens exchange surgery, which is relatively more expensive, to correct their refractive errors as opposed to choosing refractive laser surgery, which is relatively cheaper.

### ***By service type***

#### *Refractive laser surgery*

Revenue generated from providing refractive laser surgeries increased by approximately €2.6 million or 21.4%, from approximately €12.3 million for the year ended 31 December 2016 to approximately €15.0 million for the year ended 31 December 2017. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of our refractive laser surgery options as ideal treatment options for myopia, which led to the substantial increase in the number of refractive laser surgeries performed in the PRC in the same periods.

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### *Phakic lens (ICL) surgery*

Revenue generated from providing phakic lens (ICL) surgery increased by approximately €1.2 million or 38.9%, from approximately €3.2 million for the year ended 31 December 2016 to approximately €4.5 million for the year ended 31 December 2017. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of phakic lens (ICL) surgery as an ideal treatment option for high myopia, which led to the substantial increase in number of phakic lens (ICL) surgery performed in the PRC in the same periods.

### *Lens exchange surgery*

Revenue generated from providing lens exchange surgeries increased by approximately €2.7 million or 19.5%, from approximately €14.0 million for the year ended 31 December 2016 to approximately €16.8 million for the year ended 31 December 2017. Such increase was mainly attributable to (i) the organic growth and expansion of our Group's business; (ii) increased promotion and marketing of the lens exchange surgery as an ideal treatment option for presbyopia, which led to the increased number of lens exchanges performed in all of our operation regions in the same periods.

### *Others*

For the years ended 31 December 2016 and 2017, revenue generated from providing others services remained relatively stable at approximately €0.3 million and €0.3 million, respectively.

### **Cost of sales**

Our cost of sales increased by approximately €3.4 million or 16.4% from approximately €20.5 million for the year ended 31 December 2016 to approximately €23.8 million for the year ended 31 December 2017, which was generally in line with the increase of our revenue.

### ***By nature***

Our cost of sales increased by approximately €3.4 million or 16.4% from approximately €20.5 million for the year ended 31 December 2016 to approximately €23.8 million for the year ended 31 December 2017, which was primarily attributable to (i) the increase in employee benefit expenses of approximately €0.9 million as a result of the increased number of employees due to our expansion in the PRC and the general increment of our employees' benefit; (ii) the increase in raw materials and consumables used of approximately €1.1 million as a result of the increased number of surgeries performed; and (iii) the increase of depreciation of property, plant and equipment of approximately €0.5 million as a result of addition of property, plant and equipment to cope with business growth.

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### *By geographical location*

#### *Germany*

Our cost of sales in Germany increased by approximately €0.8 million or 5.7% from approximately €13.8 million for the year ended 31 December 2016 to approximately €14.6 million for the year ended 31 December 2017. Such increase was mainly attributable to (i) an increase in the usage of inventories in order to handle the increased number of surgeries performed; and (ii) an increase in the overall wages of our German staff.

#### *The PRC*

Our cost of sales in the PRC increased by approximately €2.4 million or 64.7% from approximately €3.7 million for the year ended 31 December 2016 to approximately €6.0 million for the year ended 31 December 2017. Such increase was mainly attributable to increased use of supplies and consumable goods, which was largely in line with the revenue growth and the increased demand for vision correction services in the PRC.

#### *Denmark*

Our cost of sales in Denmark increased by approximately €0.2 million or 6.6% from approximately €3.0 million for the year ended 31 December 2016 to approximately €3.2 million for the year ended 31 December 2017. This was mainly attributable to a shift of customers' preference from refractive laser surgery to lens exchange surgery and the total number of surgeries performed in Denmark decreased. As a result, there was a disproportionate increase in cost of sales on the usage of inventories for lenses. In addition, there was a wage increase for our staff in Denmark.

### **Gross profit and gross profit margin**

Our gross profit increased by approximately €3.2 million or 32.4% from approximately €9.9 million for the year ended 31 December 2016 to approximately €13.1 million for the year ended 31 December 2017, which was mainly in line with the revenue growth of our Group during the same periods. Our gross profit margin increased from 32.6% to 35.5% for the same periods, primarily due to the benefits derived from economies of scale.

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### *By geographical location*

#### *Germany*

Our gross profit in Germany increased by approximately €0.6 million or 6.9% from approximately €8.6 million for the year ended 31 December 2016 to approximately €9.2 million for the year ended 31 December 2017. Such increase was generally inline with the increase in revenue from providing vision correction services in Germany during the same periods as a result of our organic growth. Our gross profit margin in Germany increased slightly from 38.5% for the year ended 31 December 2016 to 38.8% for the year ended 31 December 2018 mainly due to the improving economies of scale. And, to a lesser extent, the decrease of unit price of the raw materials and consumables used was due to the increased purchase amount as a result of expansion of our overall operation.

#### *The PRC*

Our gross profit in the PRC increased by approximately €2.5 million or 28.3 times from approximately €89,000 for the year ended 31 December 2016 to approximately €2.6 million for the year ended 31 December 2017. Such increase was primarily due to the breaking even and further organic growth of our PRC operations. Our gross profit margin in the PRC increased from 2.4% for the year ended 31 December 2016 to 30.2% for the year ended 31 December 2017, which was primarily due to the substantial increase in the number of surgeries performed especially in our newly established Shenzhen and Guangzhou clinics that greatly diluted the fixed costs as a result of improving economies of scale.

#### *Denmark*

Our gross profit in Denmark remained relatively stable from approximately €1.2 million for the year ended 31 December 2016 to approximately €1.3 million for the year ended 31 December 2017, which was mainly inline with the increase in revenue from Denmark. Our gross profit margin in Denmark increased slightly from 28.1% for the year ended 31 December 2016 to 28.4% for the year ended 31 December 2017.

### **Selling expenses**

Our selling expenses increased by approximately €1.1 million or 24.3% from approximately €4.6 million for the year ended 31 December 2016 to approximately €5.7 million for the year ended 31 December 2017. Such increase was primarily due to (i) the increase of advertising and marketing expenditure by approximately €0.9 million or 22.9% for marketing efforts mainly in Denmark; and (ii) the increase of employee benefit expenses by approximately €0.2 million or 69.7% as a result of the increased promotion efforts in the PRC. Such increase was partly offset by the decrease of other selling expenses.



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### **Administrative expenses**

Our administrative expenses increased by approximately €0.2 million or 11.2% from approximately €1.6 million for the year ended 31 December 2016 to approximately €1.7 million for the year ended 31 December 2017. Such increase was primarily due to the increase of employee benefit expenses by approximately €0.1 million or 122.3% as a result of our expansion efforts in PRC by establishing centres in Guangzhou and Shenzhen.

### **Other gains, net**

Our other gains increased from approximately €0.2 million for the year ended 31 December 2016 to approximately €8.3 million for the year ended 31 December 2017. Such increase was primarily due to compensation of a one-off early termination of a rental agreement of approximately €9.0 million in relation to our former premises in Hamburg in 2017.

### **Finance expenses**

Our finance expenses increased by approximately €0.5 million or 61.0% from approximately €0.8 million for the year ended 31 December 2016 to approximately €1.3 million for the year ended 31 December 2017. Such increase was primarily due to increases in foreign exchange loss due to the currency exchange fluctuation between Euro and RMB and interest expenses on leases which was primarily as a result of the increased number of leased premises in the PRC.

### **Income tax expense**

Our income tax expense increased from approximately €1.2 million for the year ended 31 December 2016 to approximately €4.2 million for the year ended 31 December 2017. Such increase was primarily due to the increase in profit before tax by 300.5% from €3.2 million for the year ended 31 December 2016 to €12.7 million for the year ended 31 December 2017.

### **Profit for the year**

As a result of the factors described above, our profit for the year increased from approximately €1.9 million for the year ended 31 December 2016 to approximately €8.6 million for the year ended 31 December 2017.

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## FINANCIAL INFORMATION

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### SENSITIVITY ANALYSIS

We set forth below a sensitivity analysis on the fluctuations in the (i) employee benefit expenses and (ii) raw materials and consumables used, which illustrates the hypothetical impact on our profit before tax with 10%, 15% and 20% increase or decrease in the respective items. Due to a number of assumptions applied, the sensitivity analysis is for illustrative purpose only and the actual results may differ from the illustration below:

	<b>Change in profit before tax for changes in the amount of employee benefit expenses</b>		
	<b>+/-10%</b>	<b>+/-15%</b>	<b>+/-20%</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Year ended 31 December 2016	741	1,112	1,482
Year ended 31 December 2017	859	1,289	1,719
Year ended 31 December 2018	954	1,431	1,908
Three months ended 31 March 2019	247	370	493

	<b>Change in profit before tax for changes in the amount of raw materials and consumables used</b>		
	<b>+/-10%</b>	<b>+/-15%</b>	<b>+/-20%</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Year ended 31 December 2016	536	804	1,071
Year ended 31 December 2017	645	967	1,289
Year ended 31 December 2018	741	1,111	1,481
Three months ended 31 March 2019	183	274	365

Our Directors confirm that the hypothetical fluctuations of the above variables generally commensurate with the historical fluctuations during the Track Record Period.

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### LIQUIDITY AND CAPITAL RESOURCES

Our working capital and growth have primarily been financed by cash generated from our operations.

#### Cash flows

As at 31 December 2016, 2017 and 2018 and 31 March 2019, we had cash and cash equivalents of €5.4 million, €6.6 million, €16.5 million and €18.5 million, respectively. The following table sets out our cash flows for the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Cash flows from operating activities before changes in working capital	8,711	11,822	13,960	4,110	2,975
Net cash (used in)/ generated from operating activities	(342)	8,850	17,495	11,018	3,858
Net cash used in investing activities	(2,362)	(3,959)	(2,130)	(1,196)	(874)
Net cash used in financing activities	(1,426)	(3,645)	(5,380)	(3,321)	(1,059)
Net (decrease)/increase in cash and cash equivalents	(4,130)	1,246	9,985	6,501	1,925
Cash and cash equivalents at beginning of year/period	9,497	5,354	6,556	6,556	16,546
Effect of exchange rate changes on cash and cash equivalents	(13)	(44)	5	(1)	(1)
<b>Cash and cash equivalents at end of year/period</b>	<b>5,354</b>	<b>6,556</b>	<b>16,546</b>	<b>13,056</b>	<b>18,470</b>

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## FINANCIAL INFORMATION

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### *Cash flow used in/generated from operating activities*

We derive our cash inflow from operating activities principally from the receipt of payments for the provision of vision correction services. Our cash outflow from operating activities is principally for our increase in inventories and other payables.

For the year ended 31 December 2016, we had net cash used in operating activities of approximately €0.3 million, which was primarily contributed by (i) income tax paid of approximately €2.2 million; (ii) increase of inventories of approximately €0.4 million as a result of the growth of our PRC operations; and (iii) decrease in other payables of approximately €6.4 million which primarily consisted of payments of doctors' fees and bonus. Such cash outflow was partially offset by (i) profit before tax of approximately €3.2 million which was mainly derived from our provision of vision correction services; and (ii) adjustment of depreciation of property, plant and equipment of approximately €4.9 million, which was in relation to the depreciation of right-of-use assets, surgery equipment and leasehold improvement. For the year ended 31 December 2016, we generated approximately €8.7 million operating cash flows before changes in working capital.

For the year ended 31 December 2017, we had net cash inflow generated from operating activities of approximately €8.9 million, which was primarily contributed by (i) profit before income tax of approximately €12.7 million; and (ii) adjustment of depreciation of property, plant and equipment of approximately €5.6 million. Such cash inflow was partially offset by (i) income tax of approximately €3.1 million; and (ii) adjustment of compensation from landlord for removal during the tenancy period of approximately €9.0 million as a result of the early termination compensation paid by our former landlord in Hamburg. For the year ended 31 December 2017, we generated approximately €11.8 million operating cash flows before changes in working capital.

For the year ended 31 December 2018, we had net cash inflow generated from operating activities of approximately €17.5 million, which was primarily contributed by (i) profit before income tax of approximately €7.3 million; (ii) adjustment of depreciation of property, plant and equipment of approximately €6.0 million; and (iii) decrease in deposits, other receivables and prepayments of approximately €5.8 million as a combined result of increased deposits made for the construction of new clinics in the PRC and the decrease of other receivables in relation to the compensation from landlord for removal during the tenancy period in 2017. Such cash inflow was partially offset by (i) income tax payment of approximately €2.0 million; (ii) increase of inventories of approximately €1.8 million as a result of the growth of our PRC operations; and (iii) increase in trade receivable of approximately €0.9 million. For the year ended 31 December 2018, we generated approximately €14.0 million operating cash flows before changes in working capital.

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## FINANCIAL INFORMATION

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For the three months ended 31 March 2019, we had net cash inflow generated from operating activities of approximately €3.9 million, which was primarily contributed by (i) profit before income tax of approximately €1.2 million; (ii) adjustment of depreciation of property, plant and equipment of approximately €1.7 million; and (iii) decrease in deposits, other receivables and prepayments of approximately €1.4 million mainly due to the capitalisation of approximately €540,000 deposits relating to Hangzhou clinic and the settlement of the receivable of approximately €315,000 from one of our customers. Such cash inflow was partially offset by (i) increase of inventories of approximately €0.8 million as a result of the growth of our PRC business; and (ii) income tax paid of approximately €0.5 million. For the three months ended 31 March 2019, we generated approximately €3.0 million operating cash flows before changes in working capital.

### *Cash flow used in investing activities*

Our cash outflow used in investing activities principally consisted of payment for purchase of property, plant and equipment, payments for acquisition of a subsidiary. Purchase of property, plant and equipment mainly consisted of the purchase of laser surgical equipment, leasehold improvement and construction that is in progress.

For the year ended 31 December 2016, we had net cash used in investing activities of approximately €2.4 million, which was primarily contributed by (i) purchases of property, plant and equipment of approximately €1.5 million in relation to construction work involved in relation to the expansion of the PRC operations; and (ii) the payment of approximately €1.1 million for the acquisition of 70% equity interests in Shenzhen Hero.

For the year ended 31 December 2017, we had net cash used in investing activities of approximately €4.0 million, which was primarily contributed by purchase of property, plant and equipment in relation to construction work involved in relation to the expansion of the PRC operations.

For the year ended 31 December 2018, we had net cash used in investing activities of approximately €2.1 million, which was primarily contributed by purchase of property, plant and equipment in relation to the relocation of our Hamburg clinic to a new premise.

For the three months ended 31 March 2019, we had net cash used in investing activities of approximately €0.9 million, which was contributed by the purchase of property, plant and equipment in relation to the expansion of our PRC operation.

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### *Cash flow used in financing activities*

We derive our cash inflow from financing activities principally from capital contribution from shareholders and borrowings from a non-controlling shareholder. Our cash outflow used in financing activities principally consisted of lease payments, dividends paid to non-controlling shareholder, repayments of bank borrowings and interests.

For the year ended 31 December 2016, we had net cash used in financing activities of approximately €1.4 million, which primarily consisted of lease payment of approximately €3.9 million. This was partially offset by (i) proceeds from bank borrowings of approximately €1.9 million; and (ii) capital contributions received from non-controlling equity holders of approximately €0.6 million.

For the year ended 31 December 2017, we had net cash used in financing activities of approximately €3.6 million, which primarily consisted of lease payment of approximately €4.3 million. This was partially offset by (i) proceeds from bank borrowings of approximately €0.3 million; and (ii) borrowings from non-controlling interests of approximately €0.3 million.

For the year ended 31 December 2018, we had net cash used in financing activities of approximately €5.4 million, which primarily consisted of (i) lease payment of approximately €4.5 million; and (ii) repayments of bank borrowings of approximately €2.3 million. This was partially offset by proceeds from capital contributions from equity holders of approximately €1.4 million from our Pre-IPO investors.

For the three months ended 31 March 2019, we had net cash used in financing activities of approximately €1.1 million, which primarily consisted of lease payments of approximately €1.2 million in relation to our new leasing arrangements for our Hangzhou clinic, Beijing (East) clinic and our Hong Kong premise.

## FINANCIAL INFORMATION

### Net current assets

The following table sets out details of our current assets and liabilities and net current assets as at the dates indicated:

	As at 31 December			As at 31 March	As at 31 July
	2016	2017	2018	2019	2019
	€'000	€'000	€'000	€'000	€'000
					<i>(unaudited)</i>
<b>Current assets</b>					
Trade receivables	411	327	517	361	495
Inventories	1,236	1,692	3,458	4,273	4,002
Prepayments	558	144	1,760	1,129	1,227
Income tax recoverables	17	8	31	35	56
Other receivables	844	9,844	1,585	1,408	1,452
Cash and cash equivalents	5,396	6,556	16,558	18,472	14,742
<b>Total current assets</b>	<b>8,462</b>	<b>18,571</b>	<b>23,909</b>	<b>25,678</b>	<b>21,974</b>
<b>Current liabilities</b>					
Trade payables	2,379	2,508	1,865	2,235	2,025
Lease liabilities – current	4,167	4,207	4,867	4,958	4,963
Contract liabilities	577	528	675	820	746
Income tax liabilities	1,832	3,247	4,493	4,984	1,628
Accruals and other payables	2,482	3,036	4,919	5,503	3,164
Borrowings – current	1,975	2,243	43	125	115
<b>Total current liabilities</b>	<b>13,412</b>	<b>15,769</b>	<b>16,862</b>	<b>18,625</b>	<b>12,641</b>
<b>Net current (liabilities)/assets</b>	<b>(4,950)</b>	<b>2,802</b>	<b>7,047</b>	<b>7,053</b>	<b>9,333</b>

Our net current assets increased from net current liabilities of approximately €5.0 million for the year ended 31 December 2016 to net current assets of approximately €2.8 million for the year ended 31 December 2017. This was primarily due to (i) the increase of other receivables of approximately €9.0 million due to the early termination compensation paid to us by the landlord of our former premises in Hamburg; and (ii) the increase of inventories of approximately €0.5 million which was mainly inline with the increase of surgeries performed. Such increase of current assets was partially offset by the increase of income tax liabilities of approximately €1.4 million.

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Our net current assets increased from approximately €2.8 million for the year ended 31 December 2017 to approximately €7.0 million for the year ended 31 December 2018. This was primarily due to (i) an increase in cash and cash equivalents of approximately €10.0 million primarily as a result of the early termination compensation paid to us by the landlord of our former Hamburg premise; (ii) an increase in inventories of approximately €1.8 million which was mainly in line with the increase of surgeries performed especially in relation to our operation in the PRC; (iii) an increase in prepayments of approximately €1.6 million which was also in line with the increase number of surgeries performed which led to the increase of inventories used; and (iv) a decrease in total bank borrowings of €2.2 million as a result of our repayment of a major bank loan. Such increase of net current assets was partially offset by (i) the decrease of other receivables of €8.3 million as a result of the receipt of the one-off early termination compensation paid to us by the landlord of our former Hamburg premise.

Our net current assets slightly increased from approximately €7.0 million to approximately €7.1 million as at 31 March 2019. This was primarily due to (i) an increase in inventories of approximately €0.8 million which was mainly in line with the increase of surgeries performed; (ii) an increase in cash and cash equivalents of approximately €1.9 million. Such increase of current assets was partially offset by (i) the increase of income tax liabilities of approximately €0.5 million; (ii) an increase of accruals and other payables of approximately €0.6 million which was mainly as a result of the increase of accrued listing expenses; and (iii) an increase in the trade payables of approximately €0.4 million as a result of our business growth in the PRC.

### Working capital sufficiency statement

Taking into consideration the financial resources available to us, including cash flows from our operations, available banking facilities, the Special Dividend of €7.4 million which was declared on 23 September 2019 and estimated net proceeds from the Global Offering, our Directors believe that we have sufficient working capital for our present requirement for the next 12 months from the date of this prospectus.

### CERTAIN ITEMS OF STATEMENTS OF FINANCIAL POSITION

#### Inventories

Our inventories primarily consisted of LASIK components, lenses, glasses, medication and others.

The following table sets out the breakdown of our inventories as at the dates indicated:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
LASIK <sup>(Note)</sup>	850	1,143	1,427	1,675
Lens	216	414	1,889	2,441
Glasses	54	23	31	46
Medication	11	13	32	39
Others	105	99	79	72
<b>Total</b>	<b>1,236</b>	<b>1,692</b>	<b>3,458</b>	<b>4,273</b>

*Note:*

LASIK components primarily consisted of the single-use licences purchased from the FemtoLASIK or ReLex SMILE equipment suppliers. This licence expires after each FemtoLASIK or ReLex SMILE surgery is finished. Whenever we perform a FemtoLASIK or ReLex SMILE surgery, we have to use such a single-use license.



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Our inventory increased from approximately €1.2 million as at 31 December 2016 to approximately €1.7 million as at 31 December 2017. It further increased to approximately €3.5 million as at 31 December 2018. Such increases were primarily due to (i) an increase of inventory for LASIK components and lenses to make use of favourable business opportunities; and (ii) the increase of all other inventories as a result of the organic growth and expansion of our business. Our inventory further increased to approximately €4.3 million as at 31 March 2019. Such increase was primarily due to our growth of business in the PRC.

The cost of inventories which was recognised as an expense and was included in “cost of sales” amounted to approximately €5.4 million for the year ended 31 December 2016, €6.4 million for the year ended 31 December 2017, €7.4 million for the year ended 31 December 2018 and €1.8 million for the three months ended 31 March 2019. As at 31 December 2016, 2017 and 2018 and 31 March 2019, the carrying amount of the Group’s inventories did not exceed the net realisable value, and no provision for decline of the value of inventories was made.

As at 31 July 2019, approximately €1.6 million or 36.5% of our inventories as of 31 March 2019, had been sold or utilised.

The following table sets out our average inventory turnover days for the periods indicated:

	<b>Year ended 31 December</b>			<b>Three months ended 31 March</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
Average inventory turnover days <sup>(Note)</sup>	70	83	127	190

*Note:*

Average inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of raw materials and consumables used of the relevant period and multiplied by 365 days for the years ended 31 December 2016, 2017 and 2018 or 90 days for the three months ended 31 March 2019.

Our average inventory turnover days increased from approximately 70 days for the year ended 31 December 2016 to approximately 83 days for the year ended 31 December 2017, which further increased to 127 days and 190 days for the year ended 31 December 2018 and for the three months ended 31 March 2019. We had longer inventory turnover days for the year ended 31 December 2017 due to increased inventories of lenses in anticipation of the increasing demand of lens exchange surgeries. We had longer inventory turnover days for the year ended 31 December 2018 and for the three months ended 31 March 2019 due to our large procurement amount in 2018 and in the first quarter of 2019 to enjoy the special discount from one of our suppliers and to support our expansion of operations in the PRC.

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## FINANCIAL INFORMATION

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### Goodwill

Our goodwill represents goodwill arising from acquisition of our subsidiary. As at 31 December 2016, 2017 and 2018 and 31 March 2019, we recorded goodwill of €759,000, €759,000, €759,000 and €759,000, respectively, which was generated from acquisition of 70% interest in Shenzhen Hero on 1 November 2016. It was viewed as one cash-generating unit (“CGU”) within the PRC segment.

During the Track Record Period, we performed impairment reviews for the goodwill annually. For impairment purposes, the carrying value of CGU is compared to the recoverable amount. The recoverable amount of CGU is determined based on value-in-use calculations for the Track Record Period.

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period as at 31 December 2016, 2017 and 2018 when optimum market share is expected to be reached.

The key assumptions used for value-in-use calculations in 2016, 2017 and 2018 are as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual revenue growth rate	15%-65%	15%-65%	15%-55%
Long-term growth rate	3%	3%	3%
Gross profit margin	48%-55%	48%-56%	48%-56%
Pre-tax discount rate	21.6%	21.6%	21.6%

Based on the result of the above impairment testing, the estimated recoverable amount exceed its carrying amount of the CGU (“**Headroom**”) by approximately €1.6 million, €7.1 million and €14.1 million as of 31 December 2016, 2017 and 2018, respectively.

We performed sensitivity analysis on the key assumptions used in the impairment test for goodwill and based on the analysis, the goodwill arising from acquisition of Shenzhen Hero will not suffer impairment loss upon happening of any one of the changes of key assumptions. We believe that any reasonably possible change in the key assumptions on which the CGU’s recoverable amount is based would not cause the CGU’s carrying amount to exceed its recoverable amount.

For further details of impairment testing of goodwill and sensitivity to changes in assumptions, please see note 16 to the accountant’s report set forth in Appendix I to this prospectus.

## FINANCIAL INFORMATION

### Trade receivables

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Trade receivables due from third parties	440	342	475	370
Trade receivables due from related parties	–	–	138	8
<b>Total trade receivables</b>	440	342	613	378
Less: provision for impairment	(29)	(15)	(96)	(17)
<b>Trade receivables, net</b>	<b>411</b>	<b>327</b>	<b>517</b>	<b>361</b>

Our trade receivables, which consisted of (i) trade receivables due from third parties which primarily included rental payments due from freelance doctors using our facilities and equipment when performing surgery on their own patients; and (ii) trade receivables due from related parties of approximately €138,000 as at 31 December 2018 and approximately €8,000 as at 31 March 2019 was due from Dr Jørgensen und Kollegen GbR from using our facilities and equipment when performing surgery on his own patients in 2018 and 2019. Such payments shall be settled in accordance with the terms of the individual agreements made with EuroEyes. Payments are mainly settled by cash, credit cards or bank transfers.

The balance of our trade receivables remained relatively low and stable at approximately €0.4 million as at 31 December 2016, approximately €0.3 million as at 31 December 2017, approximately €0.5 million as at 31 December 2018, and approximately €0.4 million as at 31 March 2019. The slight fluctuation was mainly due to the settlement arrangements with freelance doctors in relation to their rental payments.

The following table sets out the average turnover days of our trade receivables for the periods indicated:

	Year ended 31 December			Three months ended 31 March
	2016	2017	2018	2019
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
Average turnover days of our trade receivables <sup>(Note)</sup>	7	4	4	3

*Note:*

Average turnover days of our trade receivables equal to the average of the opening and closing balances of total trade receivables of the relevant period divided by total revenue of the relevant period and multiplied by 365 days for the years ended 31 December 2016, 2017 and 2018 or 90 days for the three months ended 31 March 2019.

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The average turnover days of our trade receivables decreased from approximately 7 days for the year ended 31 December 2016 to approximately 4 days for the year ended 31 December 2017, and remained stable at approximately 4 days for the year ended 31 December 2018, primarily due to normal business fluctuations and various settlement terms. The average turnover days of our trade receivables remained relatively stable at 3 days for the three months ended 31 March 2019.

The following is an ageing analysis of trade receivables as of the dates indicated, based on the invoice date:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Within 6 months	421	332	605	378
Over 6 months but within 1 year	–	–	–	–
Over 1 year but within 2 years	19	1	–	–
Over 2 years	–	9	8	–
<b>Total</b>	<b>440</b>	<b>342</b>	<b>613</b>	<b>378</b>

As at 31 July 2019, approximately €0.3 million or 90.0% of our trade receivables as of 31 March 2019 had been settled.

### Deposits and other receivables

The following table sets forth a breakdown of our other deposits and receivables as of the dates indicated:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Amounts due from third parties	415	9,368	786	527
Amounts due from related parties	–	–	–	18
Deposits	423	406	2,133	1,642
Prepaid value-added tax	30	87	90	92
Others	6	21	20	33
<b>Subtotal</b>	<b>874</b>	<b>9,882</b>	<b>3,029</b>	<b>2,312</b>
Less: Non-current portion	(30)	(38)	(1,444)	(904)
Current portion	844	9,844	1,585	1,408

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Our deposits and other receivables increased from approximately €0.8 million as at 31 December 2016 to approximately €9.8 million as at 31 December 2017. Such increase was primarily due to the early termination compensation of approximately €9.0 million to be paid to us by the landlord of our former premises in Hamburg and recorded under other gains in our consolidated statement of comprehensive income in 2017.

Our deposits and other receivables decreased from approximately €9.8 million as at 31 December 2017 to approximately €1.6 million as at 31 December 2018. Such decrease was primarily due to the one-off nature of the early termination compensation paid to us during the year by the landlord of one of our former premises in Hamburg in 2017.

Our deposits and other receivables decreased to approximately €1.4 million as at 31 March 2019. Such decrease was primarily due to the decrease of other receivable of approximately €0.3 million due to the settlement of the payment from one of our customers.

### Trade payables

Our trade payables primarily consisted of payables to our suppliers for medication, glasses, lens, LASIK components, etc., as well as suppliers providing advertising and marketing services.

Our trade payables increased slightly from approximately €2.4 million as at 31 December 2016 to approximately €2.5 million as at 31 December 2017. Such increase was primarily due to increased purchase of surgery suppliers from our suppliers. Our trade payables decreased from approximately €2.5 million as at 31 December 2017 to approximately €1.9 million as at 31 December 2018. Such decrease was primarily due to the settlement of payment to one of our suppliers. Our trade payables increased to approximately €2.2 million as at 31 March 2019. Such increase was primarily due to the increased purchase of surgery supplies from our suppliers as a result of our business growth in the PRC.

The following table sets out the average turnover days of our trade payables for the periods indicated:

	<b>Year ended 31 December</b>			<b>Three months ended 31 March</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
Average turnover days of our trade payables <sup>(Note)</sup>	93	78	66	64

*Note:*

Average turnover days of our trade payables equal to the average of the opening and closing balances of trade payables of the relevant period divided by sum of the cost of raw materials and consumables used, and the advertising and marketing expenditure of the relevant period and multiplied by 365 days for the years ended 31 December 2016, 2017 and 2018 or 90 days for the three months ended 31 March 2019.

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The average turnover days of our trade payables decreased from approximately 93 days for the year ended 31 December 2016 to approximately 78 days for the year ended 31 December 2017, which further decreased to approximately 66 days for the year ended 31 December 2018, primarily due to (i) more efficient management of the purchase-to-pay process; and (ii) earlier payment of invoices. The average turnover days of our trade payables remained stable at approximately 64 days for the three months ended 31 March 2019.

In terms of purchase of LASIK components and lenses, our suppliers generally provide us with a credit period of 30 to 60 days. Our slightly longer turnover days of trade payables were mainly due to payables to suppliers other than LASIK components or lenses suppliers who generally grant us a longer credit period.

As at 31 July 2019, approximately €1.7 million or 76.4% of our trade payables as of 31 March 2019 had been settled.

The following is an ageing analysis of trade payables as of the dates indicated, based on the invoice date:

	<b>As at 31 December</b>			<b>As at</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>31 March</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Within 3 months	2,010	1,740	1,588	1,734
Over 3 months but within 6 months	133	181	277	233
Over 6 months but within 1 year	163	185	–	268
Over 1 year but within 2 years	73	334	–	–
Over 2 years	–	68	–	–
<b>Total</b>	<b>2,379</b>	<b>2,508</b>	<b>1,865</b>	<b>2,235</b>

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### Accruals and other payables

Accruals and other payables mainly consisted of salary and welfare payables, payables for value added tax and other taxes, other payables and amounts due from shareholders. The following table sets out a breakdown of our accruals and other payables as at the dates indicated:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Salary and welfare payables	322	472	795	706
Payables for value added tax and other taxes	142	81	144	110
Professional service fee payable	518	495	845	219
Loans from a non-controlling interest <sup>(1)</sup>	931	1,201	1,226	1,281
Amounts due to ultimate shareholder <sup>(2)</sup>	61	61	65	4
Lease improvements fee payable	27	121	73	464
Accrued listing expenses	–	–	247	1,794
Audit fee payable	161	310	103	27
Payments made by a non-controlling shareholder on behalf of the Group <sup>(2)</sup>	–	–	652	689
Others <sup>(3)</sup>	320	295	769	209
<b>Total</b>	<b>2,482</b>	<b>3,036</b>	<b>4,919</b>	<b>5,503</b>

*Notes:*

- (1) Our Directors confirm that such amounts will be fully settled within twelve months after Listing with our internal financial resources.
- (2) Our Directors confirm that such amounts were fully settled before Listing.
- (3) Others mainly included asset retirement obligations.

Our accruals and other payables increased from approximately €2.5 million as at 31 December 2016 to approximately €3.0 million as at 31 December 2017, and it further increased to approximately €4.9 million for the year ended 31 December 2018. Such increases were due to (i) increases in the loans from a non-controlling shareholder from approximately €0.9 million as at 31 December 2016 to approximately €1.2 million as at 31 December 2017 and 2018, respectively; and (ii) increases in salary and welfare payables from approximately €0.3 million as at 31 December 2016 to approximately €0.5 million as at 31 December 2017 and to approximately €0.8 million as at 31 December 2018, which were mainly in line with the increased in staff numbers as a result of our expansion efforts. Our accruals and payables further increased to approximately €5.5 million as at 31 March 2019. Such increase was primarily due to the increase of accrued listing expenses of approximately €1.5 million and it was partially offset by the decrease of professional service fee payable of approximately €0.6 million and others of approximately €0.6 million.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURES

#### Historical capital expenditures

The following table sets out our historical capital expenditures during the periods indicated:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Purchase of property, plant and equipment	1,505	4,057	2,220	1,196	874
Purchase of intangible assets	2	–	–	–	–

The capital expenditures incurred for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 primarily related to the purchase of equipment used to perform vision correction surgeries and leasehold improvement.

#### Planned capital expenditures

Save for the planned capital expenditure as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus and the working capital necessary for our business operations, we had no material planned capital expenditures as at the Latest Practicable Date.

### FINANCIAL RATIOS

	Year ended 31 December			Three months ended 31 March
	2016	2017	2018	2019
	%	%	%	%
Net profit margin <sup>(1)</sup>	6.4	23.2	10.0	2.9
Return on equity <sup>(2)</sup>	18.5	52.3	18.0	1.2
Return on assets <sup>(3)</sup>	4.8	19.5	7.5	0.5

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	Times	Times	Times	Times
Current ratio <sup>(4)</sup>	0.6	1.2	1.4	1.4
Quick ratio <sup>(5)</sup>	0.5	1.1	1.2	1.1
Debt to equity ratio <sup>(6)</sup>	1.7	0.8	1.0	1.0



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## FINANCIAL INFORMATION

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*Notes:*

- (1) Net profit margin represents profit for the year/period divided by revenue for the same financial year/period.
- (2) Return on equity represents profit for the year/period divided by the average of the beginning and ending total equity for the financial year/period.
- (3) Return on assets represents profit for the year/period divided by the average of the beginning and ending total assets for the financial year/period.
- (4) Current ratio represents total current assets divided by total current liabilities as at the end of the financial year/period.
- (5) Quick ratio represents total current assets less inventories divided by total current liabilities as at the end of the financial year/period.
- (6) Debt to equity ratio represents total borrowings and lease liabilities divided by total equity as at the end of the financial year/period.

Investors should note that the above financial ratios are derived from the financial positions and results of the Group following the adoption of IFRS 16. For details of the impact of the adoption of IFRS 16 on our consolidated financial statements, please refer to the paragraph headed “– Impacts of new IFRS – Adoption of IFRS 16” in this section.

### **Net profit margin**

We recorded net profit margin of approximately 6.4%, 23.2%, 10.0% and 2.9% for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our net profit margin increased from approximately 6.4% for the year ended 31 December 2016 to approximately 23.2% for the year ended 31 December 2017, and decreased from approximately 23.2% for the year ended 31 December 2017 to approximately 10.0% for the year ended 31 December 2018. The high net profit margin for the year ended 31 December 2017 was primarily due to one-off item impact from the compensation from our landlord due to early termination of a lease contract in Hamburg. The increase of the net profit margin for the year ended 31 December 2018 was primarily due to the breaking even of our financial results for our operation in the PRC. Our net profit margin decreased from approximately 10.0% for the year ended 31 December 2018 to approximately 2.9% for the three months ended 31 March 2019, primarily because of the recognition of listing expenses of approximately €1.4 million.

### **Return on equity**

We had return on equity of approximately 18.5%, 52.3%, 18.0% and 1.2% for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our return on equity increased from approximately 18.5% for the year ended 31 December 2016 to approximately 52.3% for the year ended 31 December 2017, and decreased from approximately 52.3% for the year ended 31 December 2017 to approximately 18.0% for the year ended 31 December 2018. The high return on equity for the year ended 31 December 2017 was primarily due to one-off item impact. Our return on equity decreased from approximately 18.0% for year ended 31 December 2018 to approximately 1.2% for the three months ended 31 March 2019 primarily due to the recognition of listing expenses of approximately €1.4 million.

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## FINANCIAL INFORMATION

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### Return on assets

We had return on assets of approximately 4.8%, 19.5%, 7.5% and 0.5% for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019, respectively. Our return on assets increased from approximately 4.8% for the year ended 31 December 2016 to approximately 19.5% for the year ended 31 December 2017, and decreased from approximately 19.5% for the year ended 31 December 2017 to approximately 7.5% for the year ended 31 December 2018. The high return on assets for the year ended 31 December 2017 primarily due to one-off item impact. Our return on assets decreased from approximately 7.5% for the year ended 31 December 2018 to approximately 0.5% for the three months ended 31 March 2019, primarily due to the recognition of the listing expenses of approximately €1.4 million.

### Current ratio

We had current ratio of approximately 0.6 times, 1.2 times, 1.4 times and 1.4 times as at 31 December 2016, 2017 and 2018 and 31 March 2019, respectively. Our current ratio increased from 0.6 times as of 31 December 2016 to 1.2 times as of 31 December 2017, primarily due to the increase in our other receivables by 1,066.4% from €0.8 million as of 31 December 2016 to €9.8 million as of 31 December 2017. Our current ratio increased from 1.2 times as of 31 December 2017 to 1.4 times as of 31 December 2018, primarily due to the increase in our cash at bank and in hand by 152.6% from €6.6 million as of 31 December 2017 to €16.6 million as of 31 December 2018. Our current ratio remained the same as at 31 March 2019.

### Quick ratio

Similar to the changes of our current ratio, our quick ratio increased from 0.5 times as of 31 December 2016 to 1.1 times as of 31 December 2017 and further to 1.2 times as at 31 December 2018 due to the increase in the other receivables as of 31 December 2017 and the increase in the cash at bank and in hand as of 31 December 2018, respectively. Our quick ratio remained relatively stable at 1.1 times as of 31 March 2019.

### Debt to equity ratio

We had debt to equity ratio of approximately 1.7 times, 0.8 times, 1.0 times and 1.0 times as at 31 December 2016, 2017 and 2018 and 31 March 2019, respectively. Our debt to equity ratio decreased from 1.7 times as of 31 December 2016 to 0.8 times as of 31 December 2017, primarily due to the increase in our total equity by 76.7% from €11.8 million as of 31 December 2016 to €20.9 million as of 31 December 2017. Our debt to equity ratio increased from 0.8 times as of 31 December 2017 to 1.0 times as of 31 December 2018, primarily due to the increase in our lease liabilities by 79.3% from €14.6 million as of 31 December 2017 to €26.1 million as of 31 December 2018. Our debt to equity ratio remained stable at 1.0 times as of 31 December 2018 and 31 March 2019.

### COMMITMENTS

The Group had no capital commitments as at 31 December 2016, 2017 and 2018. As at 31 March 2019, the Group has capital commitment for leasehold improvement amounting to €278,000.

## FINANCIAL INFORMATION

### CONTINGENT LIABILITIES

We had no contingent material liabilities as at 31 December 2016, 2017 and 2018 and 31 March 2019. If we were involved in material legal proceedings, we would rescind any loss contingencies when, based on information then available, it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. As at the Latest Practicable Date, we had no material contingent liabilities. We are not currently involved in any significant litigation and we are not aware of any outstanding or threatened significant litigation.

### INDEBTEDNESS

#### Bank loans and other borrowings

Our bank loans and other borrowings primarily consisted of our interest-bearing bank loans and borrowings from a finance lease company for purchase of medical equipments. Our bank loans as at 31 December 2016, 2017 and 2018 and 31 March 2019 were either repayable within one year, or between one and two years, and were mainly denominated in € and/or DKK. Our borrowings from a finance lease company were repayable within five years and were denominated in €. Our bank loans and borrowings from a finance lease company as at 31 December 2016, 2017 and 2018 and 31 March 2019 for the purpose of calculating our indebtedness, were as follows:

	As at 31 December			As at 31 March	As at 31 July
	2016	2017	2018	2019	2019
	€'000	€'000	€'000	€'000	€'000
<b>Non-current</b>					
Long-term					
borrowings	161	92	5	408	379
<b>Current</b>					
Current portion of					
long-term					
borrowings	–	–	31	123	115
Short-term borrowing					
from a bank	1,933	2,243	–	–	–
Bank overdraft	42	–	12	2	–
<b>Total borrowings</b>	<b><u>2,136</u></b>	<b><u>2,335</u></b>	<b><u>48</u></b>	<b><u>533</u></b>	<b><u>494</u></b>

During the Track Record Period, our long-term borrowing from a bank and borrowings from a finance lease company were secured by property, plant and equipment, while the short-term borrowing and bank overdraft are unsecured but guaranteed by a Director and such guarantee was subsequently released in 2018. As at 31 December 2016, 2017 and 2018, 31 March 2019 and 31 July 2019, our total borrowings amounted to approximately €2.1 million, €2.3 million, €48,000, €533,000 and €494,000 respectively, which were primarily used for our general working capital purposes.

As at 31 July 2019, we had total unutilised banking facilities of €1.0 million.

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## FINANCIAL INFORMATION

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### Lease liabilities

Our lease liabilities primarily consisted of leases of properties and medical equipment. As at 31 December 2016, 2017 and 2018 and 31 March 2019, our lease liabilities were mainly denominated in €, RMB and/or DKK. Our lease liabilities as at 31 December 2016, 2017 and 2018 and 31 March 2019 for the purpose of calculating our indebtedness, were as follows:

	As at 31 December			As at 31 March	As at 31 July
	2016	2017	2018	2019	2019
	€'000	€'000	€'000	€'000	€'000
Current	4,167	4,207	4,867	4,958	4,963
Non-current	13,269	10,360	21,245	20,511	19,726
	17,436	14,567	26,112	25,469	24,689

### Statement of indebtedness

As at 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement, we had total outstanding indebtedness of €25.9 million, including borrowings of €0.5 million, loans from a non-controlling interest of €0.7 million and lease liabilities of €24.7 million. The borrowings are non-guaranteed but secured by property, plant and equipment with net book value of €0.6 million. The loans from a non-controlling interest and lease liabilities were non-guaranteed and unsecured.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material default on debt covenants of our indebtedness.

Except as disclosed above, as at 31 July 2019, being the latest practicable date for determining our indebtedness, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. There are no material covenants relating to our outstanding debt that would prevent us from raising additional bank or other external financing. Our Directors also confirmed that there has not been any material change in our indebtedness since 31 July 2019 and that we do not foresee or expect any difficulties in meeting our future financial obligations.

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## FINANCIAL INFORMATION

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### RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into transactions with our related parties from time to time. It is the view of our Directors that each of the related party transactions, which were trade in nature, as set out in note 32 of the accountant's report in Appendix I to this prospectus were conducted in the Group's ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties.

In particular, we have entered into certain related party transactions with JJ Eyes Specialist and Consulting Limited ("**JJ Eyes**"), which is a company incorporated in Hong Kong and is wholly-owned by Dr Jørgensen for his personal use. JJ Eyes was principally engaged in (i) provision of consultancy services to our PRC clinics; (ii) trading of ophthalmic instruments and products by acting as the agent of EuroEyes Deutschland to import ophthalmology products to our PRC subsidiaries via importing agents; and (iii) trading of lens and treatment packs by acting as the distributor and importing the products to our PRC subsidiaries via importing agents. JJ Eyes and Carl Zeiss entered into a distribution agreement (the "**Distribution Agreement**") in October 2017, pursuant to which JJ Eyes was appointed by Carl Zeiss to be its distributor to supply trifocal lens and treatment packs to the PRC subsidiaries of our Group. For this reason, prior to entering into a long-term supply agreement with Carl Zeiss, our Group had been purchasing surgical products from JJ Eyes. For the three years ended 31 December 2016, 2017 and 2018, we purchased surgical products from JJ Eyes for use at our clinics in the PRC, and the amount increased from €99,000 in 2016 to €160,000 in 2017, and to €841,000 in 2018. The significant increase in the purchase of surgical products from JJ Eyes in 2018 was due to the increased purchase of lens from JJ Eyes by the Group in anticipation of (i) a higher purchase price of the lens at a later date; (ii) the increasing demand for lens exchange surgeries; and (iii) the expansion of our PRC operations. The Distribution Agreement was subsequently amended in August 2018, in which EuroEyes Hong Kong Co. Limited (a wholly-owned subsidiary of the Company) joined JJ Eyes as distributors of Carl Zeiss on substantially the same terms and conditions to supply trifocal lens and treatment packs to the PRC subsidiaries of our Group. The last transaction between our Group and JJ Eyes took place in June 2018 for the supply of treatment packs. Thereafter, our Group directly purchased surgical products for the Group's PRC operations through EuroEyes Hong Kong Co. Limited. On 11 December 2018, JJ Eyes withdrew as a distributor of Carl Zeiss under the Distributor Agreement.

As of 31 March 2019, all outstanding balances in relation to the related party transactions with JJ Eyes have been settled. Furthermore, we have discontinued all related party transactions prior to Listing (trade and non-trade), except as in compliance with the Listing Rules and as disclosed in this prospectus.

### Amounts due from Related Parties

As at 31 December 2016, 2017 and 2018 and 31 March 2019, our amounts due from related parties were nil, nil, €138,000 and €26,000, respectively.

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## FINANCIAL INFORMATION

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### **Amounts due to Related Parties**

As at 31 December 2016, 2017 and 2018 and 31 March 2019, our amounts due to related parties were €144,000, €320,000, €109,000 and €99,000, respectively. The amounts due to related parties during the Track Record Period primarily consisted of payables of a loan due to Dr Jørgensen. The outstanding balance of amounts due to our related parties were unsecured, non-interest bearing and repayable on demand, which were settled before the Listing Date.

### **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving another entity under which the Company has made guarantees or any obligation arising out of a material variable interest in another entity that provides financing, liquidity, market risk or credit risk support to the Company, or that engages in leasing, hedging, or research and development arrangements with the Company. As of the Latest Practicable Date, we did not have any off-balance sheet arrangements.

### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

We are exposed to various types of market risks in the ordinary course of our business, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our exposure to these market risks are described below.

#### **Cash flow interest rate risk**

Our Group's borrowings obtained at variable rates expose us to cash flow interest rate risk which was partially offset by cash held at variable rates. During the Track Record Period, our Group's borrowings at variable rates were all denominated in EUR(€). As at 31 December 2016, 2017 and 2018 and 31 March 2019, if interest rates had been 5% higher/lower with all other variables held constant, post-tax profit for the year/period would have been €68,000, €76,000 and €1,000 and nil lower/higher, respectively.

#### **Credit risk**

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

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

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## FINANCIAL INFORMATION

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Our financial assets that are subject to the expected credit loss model are trade receivables. We apply 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 period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. Our management believes that there is no material credit risk inherent in our outstanding trade receivables balances.

### **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.

Our subsidiaries mainly operate in Germany, Denmark and the PRC with most of the transactions settled in EUR, DKK and RMB, respectively. Foreign exchange rate 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 2016, 2017 and 2018 and as at 31 March 2019, the financial assets and liabilities of our subsidiaries in Germany, Denmark and the PRC are primarily denominated in EUR, DKK and RMB, respectively, which are their respective functional currencies.

We 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.

### **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, our treasury function allows flexibility in funding by maintaining adequate cash and cash equivalents. Our management monitors rolling forecasts of our liquidity position based on the expected cash flows.

### **DIVIDENDS**

Declaration of dividends is subject to the discretion of our Directors, depending on our results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of dividend will be subject to the constitutional documents of the Company and the Cayman Companies Law.



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## FINANCIAL INFORMATION

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During the Track Record Period, our Company did not declare any dividend. EuroEyes ALZ Bremen, one of our subsidiaries, declared dividends for the years ended 31 December 2016 and 2017, of which €104,000 and €123,000 were declared and distributed to its non-controlling shareholders (i.e. shareholders other than EuroEyes Deutschland) respectively. We declared a special dividend of €7.4 million on 23 September 2019. Please see the section headed “Summary – Recent development – Special Dividend prior to the Listing ” in this prospectus for details. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of our Directors. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

We currently intend to adopt, after the Listing, a general annual dividend policy of declaring and paying dividends on an annual basis of not more than 20% of our distributable net profit attributable to our equity shareholders in the future. Dividends declared will be subject to German withholding tax and solidarity surcharge but no German capital gains tax will be chargeable on the dividends received by the shareholders.

### **DISTRIBUTABLE RESERVES**

As of 31 March 2019, we had retained earnings of €14.2 million.

### **LISTING EXPENSES**

Assuming that the Over-allotment Option is not exercised, the listing expenses (including underwriting commission) are estimated to be €7.9 million (based on the mid-point of the indicative price range for the Global Offering), of which an amount of approximately €1.2 million and €1.4 million has been charged to the consolidated statements of comprehensive income for the year ended 31 December 2018 and for the three months ended 31 March 2019, respectively. We expect that an additional amount of approximately €2.0 million will be charged to the consolidated statements of comprehensive income for the year ending 31 December 2019 and €3.3 million will be accounted for as a deduction from equity upon Listing. This amount of listing expenses could have an impact on our profitability for the year ending 31 December 2019.

Our Directors would like to emphasise that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing to be recognised in our consolidated statements of comprehensive income for the year ending 31 December 2019 will be subject to adjustment based on the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2019 is expected to be affected by non-recurring listing expenses, and may or may not be comparable to the financial performance of our Group in the past.



## FINANCIAL INFORMATION

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, and except as otherwise disclosed in the paragraph headed “Summary – Recent development” in this prospectus, there had been no material adverse change in our financial or trading position since 31 March 2019 and there is no event since 31 March 2019 which would materially affect the information shown in the accountant’s report in Appendix I to this prospectus.

### DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following pro forma statement of adjusted net tangible assets, which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group as at 31 March 2019 as if it had taken place on that date. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as at 31 March 2019 or any future dates.

	Consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2019 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company as at 31 March 2019	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)(6)</sup>	
	€'000	€'000	€'000	€	HK\$
<i>Based on the minimum indicative Offer Price of HK\$6.20 per Share</i>	23,972	52,271	76,243	0.24	2.07
<i>Based on the maximum indicative Offer Price of HK\$8.80 per Share</i>	23,972	75,526	99,498	0.31	2.70

*Notes:*

- (1) The consolidated net tangible assets attributable to owners of the Company as at 31 March 2019 is arrived at after deducting the intangible assets of €672,000 and goodwill of €759,000 from the audited consolidated net assets attributable to owners of the Company of €25,403,000 as at 31 March 2019, as extracted from the accountant’s report set forth in Appendix I to this prospectus.

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## FINANCIAL INFORMATION

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- (2) The estimate net proceeds from the Global Offering are based on the indicative Offer Price of HK\$6.20 (equivalent to €0.72) and HK\$8.80 (equivalent to €1.02), respectively, after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately €2,659,000 which have been accounted for prior to 31 March 2019) payable by the Company and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by our Company pursuant to the general mandate to issue shares and the general mandate to repurchase shares.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis of 317,334,000 Shares (assuming the Capitalisation Issue and the Global Offering have been completed on 31 March 2019) in issue, and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be granted and issued or repurchased by our Company pursuant to the general mandate to issue shares and the general mandate to repurchase shares.
- (4) No adjustment has been made to reflect the Special Dividend of €7.4 million or any trading results or other transactions of our Group entered into subsequent to 31 March 2019.
- (5) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the Special Dividend of €7.4 million declared by the Company. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$1.87 (equivalent to €0.22) and HK\$2.50 (equivalent to €0.29) per Share based on the Offer Price of HK\$6.20 (equivalent to €0.72) and HK\$8.80 (equivalent to €1.02), respectively, after taking into consideration the declaration and payment of the Special Dividend.
- (6) For the purpose of this unaudited pro forma adjusted net tangible assets, the translation of Euro to Hong Kong dollars has been made at a rate of €1.00 to HK\$8.6032.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business – Future strategies” in this prospectus for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering but for the avoidance of doubt excluding any discretionary incentive fees, if applicable), and assuming an Offer Price of HK\$7.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$6.20 to HK\$8.80 per Offer Share) will be approximately HK\$526.7 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- (i) approximately HK\$210.7 million, representing approximately 40.0% of the net proceeds from the Global Offering, is expected to be used primarily for establishing clinics in major cities in the PRC, including Chengdu and Chongqing;
- (ii) approximately HK\$173.8 million, representing approximately 33.0% of the net proceeds from the Global Offering, is expected to be used primarily for potential acquisition of clinic groups in Europe;
- (iii) approximately HK\$89.5 million, representing approximately 17.0% of the net proceeds from the Global Offering, is expected to be used primarily for the expansion of our marketing efforts; and
- (iv) the remaining approximately HK\$52.7 million, representing approximately 10.0% of the net proceeds from the Global Offering, is expected to be used to fund our working capital and for general corporate purposes.

Details of the intended use of proceeds as stated are further explained below:

#### **Establishing new clinics and consultation centres in the PRC**

As at the Latest Practicable Date, there are a total of six clinics operating under the EuroEyes brand in the PRC (including Beijing (West), Shanghai, Guangzhou, Shenzhen, Hangzhou and Beijing (East)). Emulating the success of our current operations in the PRC, we intend to open clinics in metropolitan areas in first-tier or second-tier cities, for instance, Chengdu and Chongqing to capture market opportunities as discussed in the section headed “Business – Increasing opportunities in the PRC market” in this prospectus. As the number of customers that can reach our clinics will be limited to those in the proximity or the general local area, our Directors are of the view that by opening more clinics in different cities in the PRC will allow us to reach a larger customer base. Taking this into consideration, with the proportion of the net proceeds allocated, we plan to open ten to 15 clinics in total providing the full range of vision correction services in selected first-tier cities or second-tier cities in the PRC for the coming five to six years, by opening one to three clinics each year. Possible locations for such future clinics may include but is not limited to Wuhan, Nanjing, Shanghai (Puxi), Tianjin, Xi’an, Harbin, Shenyang, Ningbo or Xiamen.

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## FUTURE PLANS AND USE OF PROCEEDS

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Our Directors confirm that we have conducted feasibility studies prior to opening each of our clinics in the PRC. Such feasibility studies include (i) projections of revenue and operating costs; (ii) analyses on the demographical information of the proposed locations of the clinics/eye hospital to be established; (iii) analyses on the source of customers; and (iv) estimations on the amount of capital expenditure that may be incurred.

Our Directors further confirm that the above feasibility studies and business and financial projections have also been prepared for the proposed establishment of clinics in Chengdu and Chongqing. In addition to the feasibility studies conducted, when selecting the locations to open new clinics, we also take into consideration a set of criteria which includes the following:

- (i) **Location:** The clinics must either be located in a first-tier or second-tier city in the PRC.
- (ii) **Demographic:** It would be favourable for our clinics to be located in cities in the PRC where there is a projected growth in the population with mid-to-high income level.
- (iii) **Payback period:** The projected investment payback period is expected to be not more than four years from the date of commencement of business operation.

### *Further information on our intended operations in the PRC*

We have chosen to expand our operations in the PRC for the following reasons:

- (i) There is emerging active market for the existing hospitals/medical institutions in the PRC and there has been increasing investment by and cooperation with foreign investors (including Hong Kong listed companies) as part of the reform and development of the healthcare industry in the PRC. Our Directors are of the view that such trend will continue with the increasing demand for high-quality medical services in the PRC.
- (ii) According to Frost & Sullivan, public healthcare institutions still dominate the PRC ophthalmic services market with a market share of more than 80.0% in terms of revenue in 2018. However, private healthcare institutions will play a more and more important role in the PRC ophthalmic services market due to favourable government policies, as well as advanced management skills. It is expected that, by 2023, private healthcare institutions will reach a market share of 24.7% in the PRC ophthalmic market in terms of revenue. In addition, according to Frost & Sullivan, the outpatient volume seeking ophthalmic services at specialised hospitals has grown from 3.5 million in 2013 to 7.3 million in 2017 with a CAGR of 19.8%, and the number is expected to grow to 14.6 million by 2022 with a CAGR of 14.8%. Such increasing demand is expected to provide huge business opportunities for private healthcare service providers to expand their business operations and market share in the respective markets.

## FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth brief information on our plans in establishing clinics in the PRC:

Clinic	Gross floor area	Facilities	Personnel	Expected timeframe	Estimated investment
Clinic in Chengdu	450 sq.m.	2 consultation rooms, 2 surgery rooms, 1 waiting room of 100 sq.m.	2 conservative ophthalmologists, 2 eye surgeons, 3 refractive coordinators, 1 optician, 2 nurses and 2 administrative staff	Expected to commence business operation in 2020	€1.6 million
Clinic in Chongqing	450 sq.m.	2 consultation rooms, 2 surgery rooms, 1 waiting room of 100 sq.m.	2 conservative ophthalmologists, 2 eye surgeons, 3 refractive coordinators, 1 optician, 2 nurses, 2 administrative staff	Expected to commence business operation in 2020	€1.6 million
<b>Total</b>					<b>€3.2 million</b>

The clinics in Chengdu and Chongqing will be providing the full range of vision correction services as provided by our clinics in Shanghai, Beijing, Guangzhou, Shenzhen and Hangzhou.

Based on our experience in establishing the six clinics in the PRC, it would take approximately 12 months from planning stage to the commencement of business operations of the new clinics in Chongqing and Chengdu. In particular, we estimate the timeframe in reaching our key milestones in establishing a new clinic in the PRC to be as follows:

<b>Research on new location in the PRC to establish a clinic:</b>	One to two months
<b>Feasibility studies on the appropriateness of the proposed location:</b>	Around one month
<b>Time to complete the design of the clinics:</b>	Around one and a half months
<b>Time to complete construction and refurbishment of the clinics:</b>	Three to five months

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## FUTURE PLANS AND USE OF PROCEEDS

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**Time to hire staff and doctors:** Two months (but this will work in parallel with the construction and refurbishment of clinics)

**Time to obtain all necessary regulatory approvals:** Around three months

We currently estimate that the investment set forth above includes the amount incurred by us for renovation of premises, purchase of medical equipment, furniture and fixtures, information technology system, licence applications, recruitment and general working capital required for the operation of each of these clinics.

The following table shows the estimated capital expenditure and upfront cash payment for each clinic to be established in the PRC in the coming five to six years:

Item	<b>Estimated amount to be spent per newly established clinic</b>
	<b>(€'000)</b>
Leasehold improvement	769
Design fee	43
Upfront rental before operation (approx. six months)	105
Upfront property management fee	24
Medical equipment <sup>(Note)</sup>	773
Furniture and other equipment	32
<b>Total</b>	<b>1,746</b>

*Note:*

The surgical equipment used in our PRC clinics so far has been leased from our suppliers under a rental agreement which involves an installment fee paid for the use of such equipment. Moving forward, our Company will be purchasing such equipment based on the view that such purchases would bring down our long term costs as opposed to those under a rental arrangement. Such plans to purchase equipment shall be put in place for the clinics to be opened after Listing.

In relation to the establishment of each new clinic, we expect the breakeven period and payback period to be not more than three years and four years, respectively, from the commencement of each clinic's business operations.

## FUTURE PLANS AND USE OF PROCEEDS

### *Actual and expected investment payback and breakeven periods of our clinics in the PRC*

The following table sets forth a summary of the actual and expected investment payback and breakeven periods for our clinics in the PRC.

Facility	Clinic in Shanghai	Clinic in Beijing (West)	Clinic in Guangzhou	Clinic in Shenzhen	Clinic in Beijing (East)	Clinic in Hangzhou	Planned to be established for business operations	
							Clinic in Chengdu	Clinic in Chongqing
Year of opening	2013	2015	2016	2017	2019	2019	2020	2020
Investment Payback								
• Already paid back	No	No	No	No	No	No	N/A	N/A
• Actual (number of years)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
• Expected (number of years)	Within 6 years	Within 5 years	Within 6 years	Within 4 years	Within 4 years	Within 4 years	Within 4 years	Within 4 years
Breakeven								
• Already breakeven	Yes	Yes	No	No	No	No	N/A	N/A
• Actual (number of years)	5	3	N/A	N/A	N/A	N/A	N/A	N/A
• Expected (number of years)	N/A	N/A	Within 4 years	Within 3 years	Within 3 years	Within 3 years	Within 3 years	Within 3 years

### ***Bases of estimation***

The above estimates are based primarily on our experience gained from operating our existing clinics, and the pricing strategies and anticipated market positioning of the clinics to be established. The above estimated breakeven periods and the investment payback periods may be affected by the size, initial investment costs, scope of services offered and competitive landscape of specific hospitals and clinics. The successful implementation of the above plans to establish new clinics, however, require effective management system to manage the large scale of our business operations and achieve profitability from such expansion. We may not be able to achieve the historical investment payback period and our investment decisions and projections are subject to a number of inherent risks. Examples of these risks are set forth in the section headed “Risk Factors – Risks relating to our business and industry” in this prospectus. In any of these events, our business and financial conditions, our operating results and business prospects could be adversely affected.

### **Expanding operations in Europe**

In addition to establishing new clinics in the PRC, we also plan to expand our operations by acquiring operating eye clinics groups in Europe which are fitting to our brand and operations. We plan to acquire operating eye clinic groups in Europe if suitable conditions and opportunities arise.

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## FUTURE PLANS AND USE OF PROCEEDS

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In order to select possible targets for the acquisition, we will take into consideration the following set of factors when conducting a feasibility study:

<b>Geographical location:</b>	Germany or certain Scandinavian countries such as Sweden, Denmark or Norway
<b>Scale of operations:</b>	With at least five eye clinics in operation
<b>Scope of services:</b>	Similar surgery types for target clinic groups in Sweden and Norway; and supplementary surgery types (such as treatment for eye diseases, or affordable refractive laser treatment options to capture the opportunities of the mass market) for target clinic groups in Germany and Denmark
<b>Financial performance:</b>	Not specified, dependent on factors such as growth potential, competitiveness in the market and competence of key staff
<b>Acquisition cost:</b>	The Company would likely cap the spending cost at a maximum of €10.0 million per acquisition target
<b>Estimated investment payback period:</b>	Generally less than three years

According to Frost & Sullivan, there are over 400 eye centres and clinics, as well as around 20 private eye clinic groups in Germany and Scandinavian countries. The market is comparatively fragmented in European countries, with a number of market participants of different sizes. Meanwhile, acquisition is an ongoing commercial activity in European countries, with several acquisitions having been completed since 2016.

As at the Latest Practicable Date, we have not identified any specific acquisition targets, formed any specific acquisition plans or entered into any agreements with potential targets.



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## FUTURE PLANS AND USE OF PROCEEDS

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### Expanding our marketing efforts

As described in the section headed “Business – Sales and marketing” in this prospectus, there are several avenues in which we will be expanding our marketing efforts, namely the following:

<u>Marketing Effort</u>	<u>Estimated amount to be spent in 3 years after Listing</u>	<u>Estimated amount to be funded by the net proceeds of the Global Offering</u>
Enhance and diversify our advertising medium	€7.6 million	€7.6 million
Sponsoring sports teams and public events	€0.9 million	€0.9 million
Education and awareness sessions	€1.1 million	€1.1 million
Promotion of our new services to be offered	€0.8 million	€0.8 million
	<b>Total</b>	<b>€10.4 million</b>

- (i) ***Enhance and diversify our advertising medium:*** As explained in the section headed “Business – Our services” in this prospectus, we have two target customer groups: (a) those between the ages of 18 and 45; and (b) those above the age of 45. We believe that the ideal media to capture the engagement of those in the former group would be social media platforms and the ideal media to capture engagement of those in the latter group would be more traditional platforms such as television advertisements. As of now we have engaged advertising agencies or platforms on social media in Germany, Denmark and the PRC, however, we are not engaged in any television advertisement arrangements. Moving forward, we will aim to increase our online presence with more ad-buys and engagement via social media campaigns, and we will also engage agencies to produce and engage in television advertising campaigns.
- (ii) ***Sponsoring sports teams and public events:*** We have hosted and sponsored sporting events such as the EuroEyes Cyclassics Competition, where our staff would also carry out consultations for participating cyclists as a means to attract new potential customers. To maximise our exposure in sports, we will continue to sponsor various sporting events in the future.
- (iii) ***Education and awareness sessions:*** In order to raise awareness and to showcase the services and treatment options offered by us, we regularly hold information events in our premises in Germany, Denmark and the PRC. We believe that these education events enhanced our brand’s public profile and improved our brand recognition and customer referrals via word-of-mouth. Moving forward, we shall continue to regularly host such events, possibly at other public locations as well.

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## FUTURE PLANS AND USE OF PROCEEDS

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- (iv) **Promotion of our new services to be offered:** We will expand our operations to offer surgery options to treat age related refractive errors or conditions such as macular degeneration and retina dislocation (which we have not started to offer in any of our centres) and cataract. We will be including our offerings of new services in all of our marketing efforts to ensure that potential customers will know that our range of services has been significantly widened to suit the needs across all age groups.

If the Offer Price is set at the high end of the indicative Offer Price range, being HK\$8.80 per Offer Share, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase by approximately HK\$100.0 million. If the Offer Price is set at the low end of the indicative Offer Price range, being HK\$6.20 per Share, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will decrease by approximately HK\$100.0 million. We will adjust the allocation of the net proceeds for the above purposes (other than the net proceeds to be used to expand our marketing efforts) on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering will increase to approximately HK\$613.2 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high end of the indicative Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase by approximately HK\$115.0 million. If the Offer Price is set at the low end of the indicative Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will decrease by approximately HK\$115.0 million. We intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes (other than the net proceeds to be used to expand our marketing efforts) on a pro-rata basis.

Should our Directors decide to reallocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong for so long as it is in our best interests. We will also disclose the same in the relevant annual report.

As advised by our PRC Legal Adviser, subject to the relevant PRC governmental approval, registrations and/or filings, the net proceeds of the Global Offering can be applied in the PRC according to the above intended use of the net proceeds under the relevant existing laws and regulations in the PRC by: (i) increasing the registered capital of our subsidiary in the PRC; (ii) establishing a new subsidiary in the PRC; (iii) acquiring equity interests in other companies in the PRC; and/or (iv) providing shareholder's loans to our subsidiary in the PRC in an amount not exceeding, the difference between the investment amount and the registered capital of such subsidiary deducting the existing shareholder's loan. Our Directors are of the view that there will be no material impact on our Group's liquidity requirements if the net proceeds of the Global Offering cannot be applied in the PRC.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

BOCI Asia Limited

China Securities (International) Corporate Finance Company Limited

Fosun Hani Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator, for itself and on behalf of the Underwriters, and our Company agreeing to the final Offer Price), the Hong Kong Underwriters has agreed to subscribe or procure subscribers for the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional.

##### *Grounds for termination*

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination with immediate effect by the Sole Global Coordinator, in its sole and absolute discretion (for itself and on behalf of the Hong Kong Underwriters) by notice orally or in writing to our Company prior to 8:00 a.m. on the Listing Date if:

- (a) there develops, occurs, exists or comes into effect:
  - (i) any event, or series of events (either natural or intentional), in the nature of force majeure (including, without limitation, epidemics, pandemics, outbreaks of diseases (including, without limitation, Severe Acute Respiratory Syndrome (“SARS”), Influenza A (“H5N1”) or swine or avian influenza (“H7N9”) or such related/mutated forms), fire, explosion, flooding, tsunami, earthquake, volcano eruption, ice-storm, calamity, crisis, civil commotion, strikes, lock-outs, riot, public disorder, economic sanction, acts of government, declaration of a national or international emergency or war, outbreak or escalation of hostilities (whether or not war is declared), acts of war, acts of terrorism (whether or not responsibility has been claimed) or acts of God), severe or

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## UNDERWRITING

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extended interruption in transportation, in or directly or indirectly affecting Hong Kong, the PRC, Germany, Denmark, the United States, the European Union (or any member thereof) or any other jurisdiction in which any member of our Group conducts business (each a “**Relevant Jurisdiction**”); or

- (ii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
- (iii) any change or development involving a prospective change, or any event or series of events likely to result in or representing any change, or development, or a prospective change or development, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets and credit markets) in or affecting any Relevant Jurisdiction; or
- (iv) any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Markets, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or a devaluation of the HK\$, RMB or € against any foreign currencies; or
- (v) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of our Company or of any other members of our Group listed or quoted on a stock exchange or an over-the-counter market; or
- (vi) any general moratorium on commercial banking activities in any Relevant Jurisdiction imposed by any competent governmental authority or any disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in those places; or
- (vii) any new law or any change or development involving a prospective change in existing laws, or any event or circumstance likely to result in a change or development involving a prospective change in the existing laws, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

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## UNDERWRITING

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- (viii) (A) a change or development involving a prospective change in taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the HK\$, RMB or € against any foreign currencies, a change in the system under which the value of the HK\$ is linked to that of the US\$, RMB or € is linked to any foreign currency or currencies), or (B) the implementation of any exchange control or taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (ix) the issue or requirement to issue by our Company of a supplemental or amendment to, among other documents, this prospectus, the Application Forms or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC, in circumstances where the matter to be disclosed could, in the opinion of the Sole Global Coordinator, adversely affect the marketing for or implementation of the Global Offering; or
- (x) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (xi) an event or situation which would have a material adverse effect on, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, management, prospects, shareholders’ equity, profits, losses, results of operations, positions or condition (financial, operational or otherwise), or performance of our Group taken as a whole; or
- (xii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of our Group which is not disclosed or referred to in this prospectus under the section headed “Business – Legal proceedings and compliance matters”; or
- (xiii) any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xiv) the chairman or chief executive officer of our Company vacating his office; or
- (xv) a prohibition on our Company for whatever reason from allotting, issuing or selling, as the case may be, any of the Offer Shares (including the Over-Allotment Shares) pursuant to the terms of the Global Offering; or
- (xvi) a non-compliance of any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

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## UNDERWRITING

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- (xvii) any demand by creditors for repayment of indebtedness or an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xviii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (1) is or will or is likely to be materially adverse to, or materially and prejudicially affects, the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition (financial, operational or otherwise), or performance of our Group as a whole or to any present or prospective shareholders of our Company in its capacity as such, or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, or (3) makes it or will make it or is likely to make it inadvisable or inexpedient or incapable or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by, among other documents, this prospectus and the Application Forms, or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable, inadvisable or impracticable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Sole Global Coordinator after the date of the Hong Kong Underwriting Agreement:
  - (i) that any statement contained in, among other documents, this prospectus and/or the Application Forms and/or any announcement or advertisement issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, in the sole and absolute opinion of the Sole Global Coordinator, when it was issued, or has become, untrue, incorrect, incomplete or misleading, or that any forecast, expression of opinion, intention or expectation expressed in, among other documents, this prospectus and/or the Application Forms and/or any announcements or advertisements, communications or other documents issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was made, not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, in any material respect; or

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## UNDERWRITING

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- (ii) any contravention by any member of our Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company Law of the PRC or the Listing Rules; or
- (iii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (iv) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in any of the offering documents or constitute an omission therefrom; or
- (v) any breach of any of the obligations of our Company or the Controlling Shareholder or any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (vi) any event, act or omission which gives or is likely to give rise to any liability of our Company or the Controlling Shareholder or any of them pursuant to the Hong Kong Underwriting Agreement; or
- (vii) an event or situation which would have a material adverse effect on, or any development involving a prospective adverse change in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition (financial, operational or otherwise), or performance of our Group taken as a whole; or
- (viii) any breach or alleged breach of any of the warranties or undertakings of the Hong Kong Underwriting Agreement, or any of (or any event rendering any of) the warranties or undertakings of the Hong Kong Underwriting Agreement is (or would when repeated be) untrue, incorrect, incomplete or misleading; or
- (ix) any litigation or dispute or potential litigation or dispute, which would materially affect the operation, financial condition, reputation or composition of the board of our Company and our Group as a whole; or
- (x) that a significant portion of the orders in the book-building process at the time when the International Underwriting Agreement is entered into have been withdrawn, terminated, cancelled or otherwise not fulfilled; or



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## UNDERWRITING

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- (xi) that the grant or agreement to grant by the Listing Committee of the Listing on the Main Board of, and permission to deal on the Main Board in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-Allotment Option and Shares issuable upon exercise of options which may be granted under the Share Option Scheme) (the “**Admission**”) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (xii) that our Company withdraws this prospectus (or any other documents used in connection with the contemplated offer of the Shares) or the Global Offering; or
- (xiii) that any expert whose consent is required for the issue of this prospectus with inclusion of its reports and/or letters (as the case may be) and references to its name in the form and context in which they appear has withdrawn its consent to the issue of this prospectus.

### **Undertakings to the Stock Exchange under the Listing Rules**

#### ***By us***

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme as described and contained in this prospectus, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rules 10.08(1) to (5) of the Listing Rules.

#### ***By our Controlling Shareholder***

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholder has undertaken to the Stock Exchange and our Company respectively that, except pursuant to the Stock Borrowing Agreement, the Global Offering and the Over-allotment Option as described and contained in this prospectus, he shall not and shall procure that the relevant registered shareholder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which he is shown by this prospectus to be the beneficial owners; or



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## UNDERWRITING

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- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he would cease to be a controlling shareholder (as defined in the Listing Rules).

Our Controlling Shareholder has also undertaken to the Stock Exchange and our Company respectively that, within the period commencing on the date by reference to which disclosure of his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he will:

- (a) when he pledges or charges any Shares beneficially owned by him in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when he receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall also inform the Stock Exchange in writing as soon as it has been informed of the above matters (if any) by our Controlling Shareholder and disclose such matters by way of a public announcement to be published in accordance with the Listing Rules as soon as possible.

### **Undertakings pursuant to the Hong Kong Underwriting Agreement**

#### *By us*

Our Company has undertaken to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date (the “**First Six-Month Period**”), our Company will not, and will procure that the subsidiaries of our Company will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or

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## UNDERWRITING

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dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable) or deposit any share capital or other securities of our Company, as applicable, with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) and (b) above; or
- (d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not such issue of the Shares or securities will be completed within such period), provided that the foregoing restrictions shall not apply to (i) the issue of Shares by our Company pursuant to the Reorganisation, the Capitalisation Issue and the Global Offering or (ii) the grant by our Company of any options, and the issue by our Company of Shares pursuant to the exercise of any options to be granted under the Share Option Scheme. In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company. Our Controlling Shareholder undertake to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings set out above.

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## UNDERWRITING

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### *By our Controlling Shareholder*

Our Controlling Shareholder has undertaken to each of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save as pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) he will not and, will procure that none of his affiliates will, during the First Six-Month Period: (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) provided that the restriction shall not apply to the lending of Shares pursuant to the Stock Borrowing Agreement or any pledge or charge of Shares by him or it in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan; or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);
  
- (b) he will not and, will procure that none of his affiliates will, during the Second Six-Month Period, enter into any of the transactions specified in paragraph (i), (ii) or (iii) in paragraph (a) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he will cease to be a Controlling Shareholder of our Company; and

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## UNDERWRITING

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- (c) until the expiry of the Second Six-Month Period, in the event that he enters into any of the transactions specified in paragraph (i), (ii) or (iii) in paragraph (a) above or offers to or agrees to or announces any intention to effect any such transaction, he will take all reasonable steps to ensure that such transaction, agreement or announcement, as the case may be, will not create a disorderly or false market in the securities of our Company.

### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, the International Offer Shares being offered pursuant to the International Offering. In the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

### **Underwriting Commission and Expenses**

The Underwriters are expected to receive a commission of 3.0% of the Offer Price of all the Offer Shares (including any Shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commission. Such commission payable to the Underwriters, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering but without taking into account any discretionary incentive fees, if applicable, is currently estimated to be approximately HK\$68.35 million in aggregate (based on an Offer Price of HK\$7.50 per Share, being the mid-point of the indicative Offer Price range of HK\$6.20 to HK\$8.80 per Share, and on the assumption that the Over-allotment Option is not exercised), which is to be borne by our Company.

In addition, our Company may, at our sole discretion, pay an incentive fee of up to 1.0% of the Offer Price of all the Offer Shares under the Global Offering to the Sole Global Coordinator in recognition of its services.

### **INDEMNITY**

Each of our Company and the Controlling Shareholder has agreed to indemnify the Hong Kong Underwriters against certain losses which the Hong Kong Underwriters may suffer, including losses arising from its performance of its obligations under the Hong Kong Underwriting Agreement and any breach by our Company and each of our Company and the Controlling Shareholder of the Hong Kong Underwriting Agreement.

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## **UNDERWRITING**

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### **INDEPENDENCE OF THE SOLE SPONSOR**

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

### **UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save for their obligations under the relevant Underwriting Agreements, none of the Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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### **OFFER PRICE AND PRICE PAYABLE ON APPLICATION**

The Offer Price will not be more than HK\$8.80 per Offer Share and is expected to be not less than HK\$6.20 per Offer Share. Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK\$8.80 per Offer Share plus 1.0% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$8,888.68 for one board lot of 1,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$8.80, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

### **DETERMINING THE OFFER PRICE**

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Tuesday, 8 October 2019 and in any event, no later than Friday, 11 October 2019.

The Offer Price will not be more than HK\$8.80 per Offer Share and is expected to be not less than HK\$6.20 per Offer Share. The Offer Price will be determined within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and other investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in The Standard (in English) and Sing Tao Daily (in Chinese) notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with us, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics as currently set out in the section headed “Summary” in this prospectus and any other financial information which may change materially as a result of such reduction.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any notice being published in The Standard (in English) and Sing Tao Daily (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the number of Offer Shares and/or the Offer Price, if agreed by us, will under no circumstances be fewer than the number of Offer Shares or be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator.

**If we are unable to reach agreement with the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Offer Price on or before Tuesday, 8 October 2019, being the Price Determination Date, and, in any event, if we are unable to reach agreement with the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Offer Price by Friday, 11 October 2019, the Global Offering will not become unconditional and will lapse immediately.**

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the results of application and basis of allotment of the Hong Kong Offer Shares, on Monday, 14 October 2019.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering and the International Offering. We intend to make available initially up to 79,334,000 Shares under the Global Offering (assuming the Over-allotment Option is not exercised), of which 71,400,000 Shares will initially be conditionally placed pursuant to the International Offering and the remaining 7,934,000 Shares will initially be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described below under “Structure and Conditions of the Global Offering – The Hong Kong Public Offering”). We will conditionally place our Shares in the International Offering with professional, institutional, corporate and other investors whom we anticipate to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S.

Investors may apply for our Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our Shares to professional, institutional, corporate and other investors anticipated to have a sizeable demand for such Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional, corporate and other investors will be required to specify the number of our Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of our Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares, after the Listing. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, although the allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.



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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Underwriter(s) pursuant to the International Underwriting Agreement, exercisable by the Sole Global Coordinator on behalf of the International Underwriter(s). The Over-allotment Option gives the Sole Global Coordinator the right exercisable at any time from the date of the International Underwriting Agreement up to the thirtieth day from the last day for the lodging of applications under the Hong Kong Public Offering to require us to sell up to an aggregate of 11,900,000 existing Shares, representing approximately 15% of the initial size of the Global Offering at the Offer Price solely to cover over-allocations in the International Offering if any. The Sole Global Coordinator may also cover such over-allocations by purchasing the Offer Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. In the event that the Over-allotment Option is exercised, a press announcement will be made. For further details, please refer to the paragraph headed “– The Over-allotment Option” in this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriter(s) in each case on a several basis, each being subject to the conditions set out under “Structure and Conditions of the Global Offering – Conditions of the Hong Kong Public Offering”. We entered into the Hong Kong Underwriting Agreement and, subject to an agreement on the Offer Price between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), we expect to enter into the International Underwriting Agreement on or around Tuesday, 8 October 2019. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are expected to be conditional upon each other.

### **THE HONG KONG PUBLIC OFFERING**

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement) for the subscription in Hong Kong of initially 7,934,000 Shares at the Offer Price (representing approximately 10% of the total number of Shares initially available under the Global Offering). Subject to the reallocation of Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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The total number of our Offer Shares available under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B. Applicants should be aware that applications in pool A and in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of the Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 3,967,000 Offer Shares (being 50% of the 7,934,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the sole discretion of the Sole Global Coordinator.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,802,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 31,734,000 Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering. If the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 39,668,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering. In each such case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate.

In addition to the reallocation above, the Sole Global Coordinator reserve its rights to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and Pool B under the Hong Kong Public Offering. However, according to Guidance Letter HKEX-GL91-18 issued by the Stock Exchange if (a) the International Offering is undersubscribed and the Hong Kong Public Offering are fully subscribed or oversubscribed irrespective of the number of times or (b) when the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is oversubscribed by less than 15 times the total number of Offer Shares initially available under the Hong Kong Public Offering, then in any of these circumstances, the Sole Global Coordinator may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules on the following conditions (the “Allocation Cap”):

- (i) the total number of Offer Shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall be not more than the number of Offer Shares initially allocated to the Hong Kong Public Offering i.e. 7,934,000 Offer Shares, representing 10% of the number of the Offer Shares being offered under the Global Offering, so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 15,868,000 Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and approximately 20% of the number of Offer Shares initially available under the Global Offering; and
- (ii) the final Offer Price must be fixed at the bottom end of the indicative offer price range stated in this prospectus (i.e. HK\$6.20 per Offer Share).

In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 15,868,000 Shares) and the final offer price range shall be fixed at the bottom end of the indicative price range (i.e. HK\$6.20 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such proportion and amounts as they deem appropriate. Conversely, the Sole Global Coordinator may at its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalisation Issue and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in our Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters);
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements,

in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of the Hong Kong Public Offering is conditional upon, among other things, the International Offering and the Hong Kong Public Offering becoming unconditional and not having been terminated in accordance with their respective terms.

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and we will notify the Stock Exchange immediately. We will publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in The Standard (in English) and Sing Tao Daily (in Chinese) on the next day following such lapse.

In case the Hong Kong Public Offering lapses, we will return all application monies to the applicants, without interest and on the terms set out under “How to Apply for Hong Kong Offer Shares.” In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other bank(s) licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

### **THE INTERNATIONAL OFFERING**

The number of Offer Shares to be initially offered for subscription or purchase under the International Offering will be 71,400,000 Offer Shares to be offered by us representing approximately 90% of the Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Pursuant to the International Offering, the International Offer Shares will be conditionally placed by the International Underwriter(s), or through selling agents appointed by them, with professional, institutional, corporate and other investors anticipated to have a sizeable demand for Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of the Offer Shares under the Hong Kong Public Offering.

### **THE OVER-ALLOTMENT OPTION**

In connection with the Global Offering, we intend to grant the Over-allotment Option to the Sole Global Coordinator on behalf of the International Underwriter(s). The Over-allotment Option gives the Sole Global Coordinator the right exercisable at any time from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to sell up to an aggregate of 11,900,000 existing Shares, representing approximately in aggregate 15% of the initial size of the Global Offering at the Offer Price solely to cover over-allocations in the International Offering, if any. The Sole Global Coordinator may also cover such over-allocations by purchasing Shares in the secondary market or by a combination of purchase in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Sole Global Coordinator exercises the Over-allotment Option in full, the additional existing Shares will represent approximately 3.75% of our enlarged share capital following the completion of the Global Offering. In the event that the Over-allotment Option is exercised, a press announcement will be made.

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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### **STOCK BORROWING ARRANGEMENT**

In order to facilitate settlement of over-allocations in connection with the International Offering, Dr Jørgensen and the Stabilising Manager will enter into the Stock Borrowing Agreement. Under the Stock Borrowing Agreement, Dr Jørgensen, will agree with the Stabilising Manager that, if requested by the Stabilising Manager, it will, subject to the terms of the Stock Borrowing Agreement, make available to the Stabilising Manager up to 11,900,000 Shares held by Dr Jørgensen by way of stock lending, in order to cover over-allocations in connection with the International Offering.

The Stock Borrowing Agreement, in compliance with Rule 10.07(3) of the Listing Rules, provides that such stock borrowing arrangement will only be effected by the Stabilising Manager for the purpose of settling over-allocations of Shares in connection with the International Offering and covering any short position prior to the exercise of the Over-allotment Option. The maximum number of shares to be borrowed from Dr Jørgensen under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option. The same number of Shares so borrowed is to be returned to Dr Jørgensen or its nominees, as the case may be, not later than the third business day following the earlier of (i) the day on which the Over-allotment Option is exercised in full, or (ii) the last day on which the Over-allotment Option may be exercised by the Stabilising Manager. The stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefits will be made to Dr Jørgensen by the Stabilising Manager or any of the International Underwriter(s) in relation to such stock borrowing arrangement.

### **STABILISING ACTION**

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws, rules and regulations of Hong Kong, over-allocate or any effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing after the last day of the lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any stabilising activity. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 11,900,000 existing Shares, which is approximately 15% of the Shares initially available under the Global Offering.

The Stabilising Manager or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

- (i) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and/or
- (ii) in connection with any action described in paragraph (i) above:
  - (A) (1) over-allocate our Shares; or
  - (2) sell or agree to sell our Shares so as to establish a short position in them, for the sole purpose of preventing or minimising any reduction in the market price of our Shares;
  - (B) stock borrowing;
  - (C) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (A) above;
  - (D) sell or agree to sell any of our Shares acquired by it in the course of the stabilising action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; and/or
  - (E) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B), (ii)(C) or (ii)(D) above.

The Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may include a decline in the market price of our Shares.



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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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Stabilisation cannot be used to support the price of our Shares for longer than the stabilisation period, which begins on the day on which dealings in our Shares commence on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilisation period is expected to expire on 7 November 2019. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore their market price, could fall. A public announcement will be made within seven days after the end of the stabilising period in accordance with the Securities and Futures (Price Stabilising) Rules of the SFO.

Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilising action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

### **DEALING**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 15 October 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 15 October 2019. The Shares will be traded on the Main Board in board lots size of 1,000 Shares each.

### **UNDERWRITING ARRANGEMENTS**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date and subject to the other conditions set out in the paragraph headed “– Conditions of the Hong Kong Public Offering” above.

We expect, shortly after determination of the Offer Price on the Price Determination Date, to enter into the International Underwriting Agreement relating to the International Offering.

**UNDERWRITING ARRANGEMENTS, THE HONG KONG UNDERWRITING AGREEMENT AND THE INTERNATIONAL UNDERWRITING AGREEMENT ARE SUMMARISED IN THE SECTION HEADED “UNDERWRITING” IN THIS PROSPECTUS.**



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the US Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate or a close associate (as defined in the Listing Rules) of any of the above;
- a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the designated website of the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Monday, 30 September 2019 until 12:00 noon on Tuesday, 8 October 2019 from:

- (a) The following address of the Hong Kong Underwriters:

BOCI Asia Limited	26th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
China Securities (International) Corporate Finance Company Limited	18/F Two Exchange Square, 8 Connaught Place, Central, Hong Kong
Fosun Hani Securities Limited	Suite 2101-2105 21/F Champion Tower 3 Garden Road, Central, Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(b) any of the following branches of Bank of China (Hong Kong) Limited:

<b>District</b>	<b>Branch Name</b>	<b>Address</b>
Hong Kong Island	Gilman Street Branch	136 Des Voeux Road Central, Hong Kong
Kowloon	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon
	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza, No. 33 Wai Yip Street, Kowloon Bay, Kowloon
New Territories	East Point City Branch	Shop Nos. 217 D-E, Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O, New Territories
	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin, New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, 30 September 2019 until 12:00 noon on Tuesday, 8 October 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker, who may have such **YELLOW** Application Forms and Prospectus available.

### **Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – EUROEYES PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

<b>Monday, 30 September 2019</b>	<b>– 9:00 a.m. to 5:00 p.m.</b>
<b>Wednesday, 2 October 2019</b>	<b>– 9:00 a.m. to 5:00 p.m.</b>
<b>Thursday, 3 October 2019</b>	<b>– 9:00 a.m. to 5:00 p.m.</b>
<b>Friday, 4 October 2019</b>	<b>– 9:00 a.m. to 5:00 p.m.</b>
<b>Saturday, 5 October 2019</b>	<b>– 9:00 a.m. to 1:00 p.m.</b>
<b>Tuesday, 8 October 2019</b>	<b>– 9:00 a.m. to 12:00 noon</b>

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 8 October 2019, the last application day or such later time as described in "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- (b) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles;
- (c) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (f) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (h) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (o) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by anyone as your agent or by any other person: and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as his agent.

### **Additional Instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE**

### **General**

Individuals who meet the criteria in “2. Who can apply” section, may apply through the **HK eIPO White Form** Service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

### **Time for Submitting Applications under the HK eIPO White Form**

You may submit your application to the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 30 September 2019 until 11:30 a.m. on Tuesday, 8 October 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 8 October 2019 or such later time under the “10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**

Customer service centre  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

and complete an input request form. You can also collect a copy of this prospectus from this address. If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

#### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as his agent;
- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set forth in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set forth in any supplement to this prospectus;
- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions<sup>(1)</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

<b>Monday, 30 September 2019</b>	<b>– 9:00 a.m. to 8:30 p.m.</b>
<b>Wednesday, 2 October 2019</b>	<b>– 8:00 a.m. to 8:30 p.m.</b>
<b>Thursday, 3 October 2019</b>	<b>– 8:00 a.m. to 8:30 p.m.</b>
<b>Friday, 4 October 2019</b>	<b>– 8:00 a.m. to 8:30 p.m.</b>
<b>Saturday, 5 October 2019</b>	<b>– 8:00 a.m. to 1:00 p.m.</b>
<b>Tuesday, 8 October 2019</b>	<b>– 8:00 a.m. to 12:00 noon</b>

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 30 September 2019 until 12:00 noon on Tuesday, 8 October 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 8 October 2019 the last application day or such later time as described in “10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

### **Personal Data**

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving banker, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 8 October 2019.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company.

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** Service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the paragraph headed “– Determining the Offer Price” in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

### 10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- an announcement of “extreme conditions” by the Hong Kong Government in accordance with the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Hong Kong Labour Department in June 2019; and/or
- a “black” rainstorm warning.

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 8 October 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 8 October 2019 or if there is a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 14 October 2019 in The Standard (in English) and Sing Tao Daily (in Chinese) on our website at [www.euroeyes.hk](http://www.euroeyes.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our website at [www.euroeyes.hk](http://www.euroeyes.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, 14 October 2019;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) (alternatively: [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult)) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 14 October 2019 to 12:00 midnight on Sunday, 20 October 2019;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 14 October 2019 to Thursday, 17 October 2019;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 14 October 2019 to Wednesday, 16 October 2019 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

**(a) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(b) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(c) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(d) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$8.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Monday, 14 October 2019.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Monday, 14 October 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 15 October 2019 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Personal Collection

#### *(i) If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 14 October 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Monday, 14 October 2019 by ordinary post and at your own risk.

#### *(ii) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Monday, 14 October 2019 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 14 October 2019 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Monday, 14 October 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

*(iii) If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 14 October 2019, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on **HK eIPO White Form** Service Provider on or before Monday, 14 October 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

*(iv) If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 14 October 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 14 October 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 14 October 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 14 October 2019.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

## ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EUROEYES INTERNATIONAL EYE CLINIC LIMITED AND BOCI ASIA LIMITED

### Introduction

We report on the historical financial information of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-82, which comprises the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 31 March 2019, the company statements of financial position as at 31 December 2018 and 31 March 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 September 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 31 March 2019 and the consolidated financial position of the Group as at 31 December 2016, 2017 and 2018 and 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three months ended 31 March 2018 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “LISTING RULES”) AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE****Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

**Dividends**

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

**No statutory financial statements for the Company**

No statutory financial statements have been prepared for the Company since its date of incorporation.

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong  
30 September 2019



## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

## Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB (the "Underlying Financial Statements").

The Historical Financial Information is presented in Euro and all values are rounded to the nearest thousand (€'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December			For the three months ended 31 March	
		2016	2017	2018	2018	2019
		€'000	€'000	€'000	€'000	€'000
					<i>(Unaudited)</i>	
Revenue	6	30,402	36,977	42,961	10,294	11,492
Cost of sales	7	(20,485)	(23,848)	(25,545)	(6,045)	(6,307)
<b>Gross profit</b>		9,917	13,129	17,416	4,249	5,185
Selling expenses	7	(4,567)	(5,676)	(5,529)	(1,146)	(1,272)
Administrative expenses						
– Listing expenses	7	–	–	(1,210)	–	(1,449)
– Other administrative expenses	7	(1,569)	(1,745)	(2,673)	(461)	(1,252)
Net (impairment losses)/reversal gains on financial assets		(10)	5	(86)	(67)	7
Other gains, net	9	194	8,283	238	1	27
<b>Operating profit</b>		3,965	13,996	8,156	2,576	1,246
Finance income	10	17	–	22	3	1
Finance expenses	10	(804)	(1,267)	(847)	(171)	(75)
Finance expenses, net	10	(787)	(1,267)	(825)	(168)	(74)
<b>Profit before tax</b>		3,178	12,729	7,331	2,408	1,172
Income tax expense	11	(1,239)	(4,158)	(3,040)	(1,046)	(841)
<b>Profit for the year/period</b>		1,939	8,571	4,291	1,362	331

	For the year ended 31 December			For the three months ended 31 March	
	2016	2017	2018	2018	2019
Note	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
<b>Other comprehensive income</b>					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Currency translation differences	60	(99)	25	30	(3)
<b>Total comprehensive income for the year/period</b>	<u>1,999</u>	<u>8,472</u>	<u>4,316</u>	<u>1,392</u>	<u>328</u>
<b>Profit/(loss) attributable to:</b>					
– Owners of the Company	2,376	8,707	3,833	1,326	125
– Non-controlling interests	(437)	(136)	458	36	206
	<u>1,939</u>	<u>8,571</u>	<u>4,291</u>	<u>1,362</u>	<u>331</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
– Owners of the Company	2,428	8,625	3,857	1,344	115
– Non-controlling interests	(429)	(153)	459	48	213
	<u>1,999</u>	<u>8,472</u>	<u>4,316</u>	<u>1,392</u>	<u>328</u>
<b>Earnings per share attributable to owners of the Company for the year/period</b>					
– Earnings per share (basic and diluted) (Euro per share)	12	72.87	265.53	115.15	40.17
		<u>3.68</u>			

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December			As at
		2016	2017	2018	31 March
		€'000	€'000	€'000	2019
					€'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	28,110	26,254	36,772	37,557
Intangible assets	15	864	778	693	672
Goodwill	16	759	759	759	759
Deferred tax assets	28	1,614	1,877	2,119	2,200
Prepayments	17	–	–	247	55
Deposits and other receivables	18	30	38	1,444	904
<b>Total non-current assets</b>		<b>31,377</b>	<b>29,706</b>	<b>42,034</b>	<b>42,147</b>
<b>Current assets</b>					
Trade receivables	19	411	327	517	361
Inventories	20	1,236	1,692	3,458	4,273
Prepayments	17	558	144	1,760	1,129
Income tax recoverables		17	8	31	35
Other receivables	18	844	9,844	1,585	1,408
Cash and cash equivalents	21	5,396	6,556	16,558	18,472
<b>Total current assets</b>		<b>8,462</b>	<b>18,571</b>	<b>23,909</b>	<b>25,678</b>
<b>Total assets</b>		<b>39,839</b>	<b>48,277</b>	<b>65,943</b>	<b>67,825</b>
<b>Equity</b>					
<b>Equity attributable to owners of the Company</b>					
Combined capital/Share capital	22	33	33	30	30
Other reserves	23	9,371	9,736	11,201	11,191
Retained earnings		1,517	10,224	14,057	14,182
<b>Total equity attributable to owners of the Company</b>		<b>10,921</b>	<b>19,993</b>	<b>25,288</b>	<b>25,403</b>
Non-controlling interests		918	928	1,387	1,798
<b>Total equity</b>		<b>11,839</b>	<b>20,921</b>	<b>26,675</b>	<b>27,201</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities – non-current	27	13,269	10,360	21,245	20,511
Borrowings – non-current	26	161	92	5	408
Put options		118	118	118	118
Deferred tax liabilities	28	1,040	1,017	1,038	962
<b>Total non-current liabilities</b>		<b>14,588</b>	<b>11,587</b>	<b>22,406</b>	<b>21,999</b>
<b>Current liabilities</b>					
Trade payables	24	2,379	2,508	1,865	2,235
Lease liabilities – current	27	4,167	4,207	4,867	4,958
Contract liabilities	6	577	528	675	820
Income tax liabilities		1,832	3,247	4,493	4,984
Accruals and other payables	25	2,482	3,036	4,919	5,503
Borrowings – current	26	1,975	2,243	43	125
<b>Total current liabilities</b>		<b>13,412</b>	<b>15,769</b>	<b>16,862</b>	<b>18,625</b>
<b>Total liabilities</b>		<b>28,000</b>	<b>27,356</b>	<b>39,268</b>	<b>40,624</b>
<b>Total equity and liabilities</b>		<b>39,839</b>	<b>48,277</b>	<b>65,943</b>	<b>67,825</b>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	<b>As at 31 December 2018 €'000</b>	<b>As at 31 March 2019 €'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	33(a)	182	158
Investment in subsidiaries	33(b)	49,438	49,463
<b>Total non-current assets</b>		<u>49,620</u>	<u>49,621</u>
<b>Current assets</b>			
Prepayments	17	325	903
Other receivables	18	67	68
Cash and cash equivalents	21	366	127
<b>Total current assets</b>		<u>758</u>	<u>1,098</u>
<b>Total assets</b>		<u><u>50,378</u></u>	<u><u>50,719</u></u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	30	30
Other reserves	33(c)	49,407	49,407
Accumulated losses	33(c)	(1,322)	(2,861)
<b>Total equity</b>		<u><u>48,115</u></u>	<u><u>46,576</u></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities – non-current	27	91	67
<b>Total non-current liabilities</b>		<u>91</u>	<u>67</u>
<b>Current liabilities</b>			
Lease liabilities – current	27	100	102
Accruals and other payables	25	2,072	3,974
<b>Total current liabilities</b>		<u>2,172</u>	<u>4,076</u>
<b>Total liabilities</b>		<u><u>2,263</u></u>	<u><u>4,143</u></u>
<b>Total equity and liabilities</b>		<u><u>50,378</u></u>	<u><u>50,719</u></u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital (Note 22)	Combined capital (Note 22)	Other reserves (Note 23)	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total equity
				€'000			
<b>Balance at 1 January 2016</b>	-	33	9,418	(859)	8,592	497	9,089
Profit/(loss) for the year	-	-	-	2,376	2,376	(437)	1,939
Currency translation differences	-	-	52	-	52	8	60
<b>Total comprehensive income for the year</b>	-	-	52	2,376	2,428	(429)	1,999
<b>Transactions with owners in their capacity as owners:</b>							
Put option granted to a non-controlling interest	-	-	(118)	-	(118)	-	(118)
Share-based payment to employee	-	-	19	-	19	-	19
Capital contribution	-	-	-	-	-	605	605
Acquisition of a subsidiary	-	-	-	-	-	349	349
Dividends paid	-	-	-	-	-	(104)	(104)
	-	-	(99)	-	(99)	850	751
<b>Balance at 31 December 2016</b>	-	33	9,371	1,517	10,921	918	11,839
<b>Balance at 1 January 2017</b>	-	33	9,371	1,517	10,921	918	11,839
Profit/(loss) for the year	-	-	-	8,707	8,707	(136)	8,571
Currency translation differences	-	-	(82)	-	(82)	(17)	(99)
<b>Total comprehensive income for the year</b>	-	-	(82)	8,707	8,625	(153)	8,472
<b>Transactions with owners in their capacity as owners:</b>							
Capital contribution	-	-	-	-	-	286	286
Share-based payment to employee	-	-	447	-	447	-	447
Dividends paid	-	-	-	-	-	(123)	(123)
	-	-	447	-	447	163	610
<b>Balance at 31 December 2017</b>	-	33	9,736	10,224	19,993	928	20,921

	Attributable to owners of the Company						
	Share capital (Note 22)	Combined capital (Note 22)	Other reserves (Note 23)	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance at 1 January 2018</b>	–	33	9,736	10,224	19,993	928	20,921
Profit for the year	–	–	–	3,833	3,833	458	4,291
Currency translation differences	–	–	24	–	24	1	25
<b>Total comprehensive income for the year</b>	–	–	24	3,833	3,857	459	4,316
<b>Transactions with owners in their capacity as owners:</b>							
Issue of shares before reorganisation, net of transaction costs and tax	–	1	1,437	–	1,438	–	1,438
Issue of shares upon preparation for the Listing	30	(34)	4	–	–	–	–
	30	(33)	1,441	–	1,438	–	1,438
<b>Balance at 31 December 2018</b>	<u>30</u>	<u>–</u>	<u>11,201</u>	<u>14,057</u>	<u>25,288</u>	<u>1,387</u>	<u>26,675</u>
<b>Balance at 1 January 2019</b>	30	–	11,201	14,057	25,288	1,387	26,675
Profit for the period	–	–	–	125	125	206	331
Currency translation differences	–	–	(10)	–	(10)	7	(3)
<b>Total comprehensive income for the period</b>	–	–	(10)	125	115	213	328
<b>Transactions with owners in their capacity as owners:</b>							
Capital contribution from a non-controlling interest	–	–	–	–	–	198	198
	–	–	–	–	–	198	198
<b>Balance at 31 March 2019</b>	<u>30</u>	<u>–</u>	<u>11,191</u>	<u>14,182</u>	<u>25,403</u>	<u>1,798</u>	<u>27,201</u>
<b>(Unaudited) Balance at 1 January 2018</b>	–	33	9,736	10,224	19,993	928	20,921
Profit for the period	–	–	–	1,326	1,326	36	1,362
Currency translation differences	–	–	18	–	18	12	30
<b>Total comprehensive income for the period</b>	–	–	18	1,326	1,344	48	1,392
<b>Balance at 31 March 2018</b>	<u>–</u>	<u>33</u>	<u>9,754</u>	<u>11,550</u>	<u>21,337</u>	<u>976</u>	<u>22,313</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the year ended 31 December			For the three months ended 31 March	
		2016 €'000	2017 €'000	2018 €'000	2018 €'000 (Unaudited)	2019 €'000
<b>Cash flows from operating activities</b>						
Cash generated from operations	30(a)	1,849	11,975	19,464	11,826	4,325
Interest received		17	–	22	3	1
Income tax paid		(2,208)	(3,125)	(1,991)	(811)	(468)
<b>Net cash (used in)/generated from operating activities</b>		<b>(342)</b>	<b>8,850</b>	<b>17,495</b>	<b>11,018</b>	<b>3,858</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment		(1,505)	(4,057)	(2,220)	(1,196)	(874)
Purchase of intangible assets		(2)	–	–	–	–
Payments for acquisition of a subsidiary, net of cash acquired	34(b)	(1,064)	–	–	–	–
Proceeds from disposal of property, plant and equipment		209	98	90	–	–
<b>Net cash used in investing activities</b>		<b>(2,362)</b>	<b>(3,959)</b>	<b>(2,130)</b>	<b>(1,196)</b>	<b>(874)</b>
<b>Cash flows from financing activities</b>						
Capital contributions from owners of the company		–	–	1,438	–	–
Capital contributions from non-controlling interests		605	286	–	–	198
Borrowings from non-controlling interests		146	309	–	–	–
Lease payments	27	(3,896)	(4,318)	(4,505)	(1,060)	(1,218)
Dividends paid to non-controlling interests	13	(104)	(123)	–	–	–
Proceeds from borrowings		1,933	310	–	–	–
Repayments of borrowings		(110)	(109)	(2,313)	(2,261)	(39)
<b>Net cash used in financing activities</b>		<b>(1,426)</b>	<b>(3,645)</b>	<b>(5,380)</b>	<b>(3,321)</b>	<b>(1,059)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,130)</b>	<b>1,246</b>	<b>9,985</b>	<b>6,501</b>	<b>1,925</b>
Cash and cash equivalents at beginning of year/period		9,497	5,354	6,556	6,556	16,546
Effects of exchange rate changes on cash and cash equivalents		(13)	(44)	5	(1)	(1)
<b>Cash and cash equivalents at end of year/period</b>		<b>5,354</b>	<b>6,556</b>	<b>16,546</b>	<b>13,056</b>	<b>18,470</b>
<b>Represented by:</b>						
Cash at bank and in hand	21	5,396	6,556	16,558	13,058	18,472
Bank overdraft	26	(42)	–	(12)	(2)	(2)
		<b>5,354</b>	<b>6,556</b>	<b>16,546</b>	<b>13,056</b>	<b>18,470</b>

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

#### 1.1 General information

The Company was incorporated in the Cayman Islands on 13 August 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of vision correction services in Germany, Denmark and the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate controlling party of the Group is Dr Jørn Slot Jørgensen.

#### 1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation on 27 February 2019 as described below (the "Reorganisation"), the Listing Business was carried out by companies comprising the Group, including EuroEyes Deutschland GmbH ("EuroEyes Deutschland") and its subsidiaries (the "Operating Subsidiaries"). Dr Jørn Slot Jørgensen is the controlling party of the Operating Subsidiaries.

In preparation for the Listing, the Reorganisation, which principally involved the following steps, were undergone:

- (i) On 13 August 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. On the same day, one share was allotted and issued at USD1, credited as fully paid, to an initial subscriber and further transferred to JJ Beteiligungs-GmbH ("JJB"), a company wholly-owned by Dr Jørn Slot Jørgensen.
- (ii) On 17 August 2018, EuroEyes Holdings Limited ("EuroEyes Holdings") was incorporated in the Cayman Islands as an exempted company with limited liability. On the same day, one share in EuroEyes Holdings was allotted and issued at USD1, credited as fully paid, to an initial subscriber and further transferred to the Company. As a result, EuroEyes Holdings became a wholly-owned subsidiary of the Company.
- (iii) On 20 September 2018, EuroEyes Deutschland Beteiligungs GmbH was incorporated in Germany with limited liability. On the same day, 25,000 shares in EuroEyes Deutschland Beteiligungs GmbH were allotted and issued at €25,000, credited as fully paid, to EuroEyes Deutschland. Accordingly, EuroEyes Deutschland Beteiligungs GmbH was wholly-owned by EuroEyes Deutschland.
- (iv) On 21 September 2018, the pre-IPO investors, namely Mr Shu Pai Li, Dr Hans-Göran Gustaf Helgason, Ms Yan Wang, Mr Marcus Huascar Bracklo, Mr Keith Nicholas McKay, Dr Mathias Fleischer, Dr Frank Schreyger and Mr Lars Meier, subscribed for a total of 544 shares in EuroEyes Deutschland for a total consideration of €790,976. The shares were allotted and issued to these investors, credited as fully paid, on 18 October 2018.
- (v) On 21 September 2018, four of the shareholders of EuroEyes Deutschland, namely Dr Jørn Slot Jørgensen, Dr Ralf-Christian Lerche, Prof Dr Michael Christian Knorz and Mr Jannik Jonas Slot Jørgensen subscribed for a total of 445 shares in EuroEyes Deutschland for a total consideration of €647,030. The shares were allotted and issued to them, credited as fully paid, on 18 October 2018.
- (vi) On 19 October 2018, Dr Jörg Fischer transferred all his shares in EuroEyes Deutschland to EuroEyes Holding AG ("EEH AG"), a stock company incorporated in Switzerland and wholly-owned by Dr Jørn Slot Jørgensen, and seven of the other shareholders of EuroEyes Deutschland, namely Dr Jørn Slot Jørgensen, Øjenkrogen ApS, Ms Antonie Neuhann, Mr Jörg Matthias Hassel, Dr Ralf-Christian Lerche, Mr Jannik Jonas Slot Jørgensen, and Prof Dr Michael Christian Knorz, for a total cash consideration of €500,000 in proportion substantially corresponding to their respective shareholding in EuroEyes Deutschland.



- (vii) On 26 October 2018, Dr Jørn Slot Jørgensen sold a total of 34 shares in EuroEyes Deutschland to Dr Mathias Fleischer for a total cash consideration of €49,436. On 12 November 2018, Dr Jørn Slot Jørgensen sold a total of 68 shares in EuroEyes Deutschland to Dr Markus Braun and Ms Lam Na Linda Li for a total cash consideration of €98,872. On 16 November 2018, Dr Jørn Slot Jørgensen sold a total of 476 shares in EuroEyes Deutschland to Mr Thomas Gottschalk, Ms Thea Gottschalk and Ms Xia Huang for a total cash consideration of €692,104.
- (viii) On 30 November 2018, EuroEyes Deutschland transferred the entire equity interest in EuroEyes Deutschland Beteiligungs GmbH to EuroEyes Holdings for a cash consideration of €35,000. Accordingly, EuroEyes Holdings became the sole shareholder of EuroEyes Deutschland Beteiligungs GmbH.
- (ix) On 14 December 2018, JJB transferred the entire issued share capital of the Company to Dr Jørn Slot Jørgensen for a consideration of €1. Upon completion of the share transfer, Dr Jørn Slot Jørgensen became the sole shareholder of the Company.
- (x) On 19 December 2018, 22,993 shares of the Company was allotted and issued to Dr Jørn Slot Jørgensen for a cash consideration of approximately €33,433,219. On the same day, EEH AG transferred all its 22,994 shares in EuroEyes Deutschland, representing approximately 67.63% of the total registered share capital of EuroEyes Deutschland, to the Company for a cash consideration of approximately €33,434,673. The shareholders of EuroEyes Deutschland (other than EEH AG), which together own a total of 11,006 shares of EuroEyes Deutschland representing approximately 32.37% of its total registered share capital, transferred all of the 11,006 shares in EuroEyes Deutschland to the Company, in consideration of the subscription by such shareholders (other than EEH AG) for 11,006 shares of the Company. As a result, EuroEyes Deutschland became a wholly-owned subsidiary of the Company, and the Company was in turn beneficially owned by the then shareholders of EuroEyes Deutschland except for EEH AG (which was replaced by Dr Jørn Slot Jørgensen).
- (xi) On 19 December 2018, the Company transferred the entire registered share capital of EuroEyes Deutschland to EuroEyes Holdings, in consideration of the issuance by EuroEyes Holdings of one share to the Company. On the same day, EuroEyes Holdings transferred the entire registered share capital of EuroEyes Deutschland to EuroEyes Deutschland Beteiligungs GmbH. As a result, EuroEyes Deutschland became a direct wholly-owned subsidiary of EuroEyes Deutschland Beteiligungs GmbH.
- (xii) On 6 February 2019, EuroEyes Deutschland transferred its entire equity interest in each of (i) LASIK Germany GmbH and (ii) EuroEyes AugenLaser Zentrum Bremen GmbH to EuroEyes Deutschland Beteiligungs GmbH for a cash consideration in an amount of €3,620,000.
- (xiii) On 25 February 2019, EuroEyes Deutschland Verwaltungs GmbH was incorporated in Germany as a wholly-owned subsidiary of the Company. On 27 February 2019, EuroEyes Deutschland Beteiligungs GmbH was converted from a company with limited liability into a limited partnership under the name of EuroEyes Deutschland Holding GmbH & Co. KG. The sole limited partner and the sole general partner of EuroEyes Deutschland Holding GmbH & Co. KG are EuroEyes Holdings and EuroEyes Deutschland Verwaltungs GmbH, respectively.

Upon the completion of the Reorganisation and as at the date of this report, the Company had direct and indirect interests in the following subsidiaries:

Entity name	Place/date of incorporation/ type of legal entities	Issued/paid-in capital				Effective interest held					Principal activities
		As at 31 December			As at 31 March	As at 31 December			As at 31 March	As at the date of this report	
		2016	2017	2018	2019	2016	2017	2018	2019		
<i>Directly held by the Company:</i>											
EuroEyes Holdings Limited	Cayman Islands/ 17 August 2018/ Limited liability company	-	-	USD2	USD2	-	-	100%	100%	100%	Investment holding
EuroEyes Deutschland Verwaltungs GmbH	Germany/25 February 2019/ Limited liability company	-	-	-	€25,000	-	-	-	100%	100%	Investment holding
<i>Indirectly held by the Company:</i>											
EuroEyes Deutschland Holding GmbH & Co. KG (formerly known as EuroEyes Deutschland Beteiligungs GmbH)	Germany/20 September 2018/ Limited partnership (formerly a limited liability company)	-	-	€25,000	€25,000	-	-	100%	100%	100%	Investment holding
EuroEyes Deutschland GmbH	Germany/5 December 2002/ GmbH	€34,000	€34,000	€34,000	€34,000	100%	100%	100%	100%	100%	Investment holding and group-wide administrative activities
EuroEyes AugenLaserZentrum Berlin GmbH	Germany/6 July 2000/ GmbH	€25,000	€25,000	€25,000	€25,000	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments
EuroEyes AugenLaserZentrum Betriebs GmbH	Germany/20 June 2006/ GmbH	€50,000	€50,000	€50,000	€50,000	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments
EuroEyes AugenLaserZentrum Stuttgart GmbH	Germany/12 February 2003/ GmbH	€25,000	€25,000	€25,000	€25,000	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments
EuroEyes AugenLaserZentrum Hannover GmbH	Germany/1 July 2004/ GmbH	€200,000	€200,000	€200,000	€200,000	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments
EuroEyes AugenLaserZentrum City Hamburg GmbH	Germany/14 January 2009/ GmbH	€25,000	€25,000	€25,000	€25,000	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments
EuroEyes alz Augenklinik München GmbH	Germany/2 April 1996/ GmbH	€51,129	€51,129	€51,129	€51,129	100%	100%	100%	100%	100%	Operation of consultation centres and/or clinics for eye treatments

Entity name	Place/date of incorporation/ type of legal entities	Issued/paid-in capital				Effective interest held					Principal activities
		As at 31 December			As at 31 March	As at 31 December			As at 31 March	As at the date of this report	
		2016	2017	2018	2019	2016	2017	2018	2019		
LASIK Germany GmbH	Germany/9 April 2009/GmbH	€25,000	€25,000	€25,000	€25,000	100%	100%	100%	100%	100%	Operation of LASIK centres
EuroEyes AugenLaserZentrum Bremen GmbH	Germany/20 October 1999/GmbH	€25,000	€25,000	€25,000	€25,000	74%	74%	74%	74%	74%	Operation of consultation centres and/or clinics for eye treatments
EUROEYES ApS	Denmark/23 September 1997/ApS.	DKK135,000	DKK135,000	DKK135,000	DKK135,000	100%	100%	100%	100%	100%	Operation of consultation centres and clinics for eye treatments
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司)	PRC/18 July 2012/ Limited liability company (joint venture)	RMB20,000,000	RMB20,000,000	RMB20,000,000	RMB20,000,000	70%	70%	70%	70%	70%	Operation of a clinic for eye treatments
Hangzhou Deshijia Eye Clinic Co., Ltd.* (杭州德視佳眼科門診部有限公司)	PRC/20 November 2018/ Limited liability company (joint venture)	-	-	RMB10,000,000	RMB10,000,000	-	-	70%	70%	70%	Operation of a clinic for eye treatments
Beijing Deshijia Eye Clinic Co., Ltd.* (北京德視佳眼科診所有限公司)	PRC/28 May 2015/ Limited liability company (joint venture)	RMB20,000,000	RMB20,000,000	RMB20,000,000	RMB20,000,000	60%	60%	60%	60%	60%	Operation of a clinic for eye treatments
Beijing Deshijia Dongbu Eye Clinic Co., Ltd.* (北京德視佳東部眼科診所有限公司)	PRC/3 September 2018/ Limited liability company (joint venture)	-	-	RMB10,000,000	RMB10,000,000	-	-	60%	60%	60%	Operation of a clinic for eye treatments
Guangzhou Deshijia Eye Clinic Co., Ltd.* (廣州德視佳眼科門診部有限公司)	PRC/26 August 2016/ Limited liability company (joint venture)	RMB20,000,000	RMB20,000,000	RMB20,000,000	RMB20,000,000	70%	70%	70%	70%	70%	Operation of a clinic for eye treatments
Shenzhen Hero Consulting Management Co., Ltd.* (深圳市英雄諮詢管理有限公司)	PRC/8 October 2001/ Limited liability company (joint venture)	RMB15,000,000	RMB15,000,000	RMB15,000,000	RMB15,000,000	70%	70%	70%	70%	70%	Investment holding
Shenzhen Deshijia Eye Clinic* (深圳德視佳眼科門診部)	PRC/3 November 2015/ Limited liability company (joint venture)	RMB7,000,000	RMB7,000,000	RMB7,000,000	RMB7,000,000	70%	70%	70%	70%	70%	Operation of a clinic for eye treatments
EuroEyes Hong Kong Co. Limited	Hong Kong/7 November 2012/Private company limited by shares	HKD1	HKD1	HKD1	HKD1	100%	100%	100%	100%	100%	Trading of eye clinic equipment and lenses

\* For identification purpose only

The statutory auditors of the Company and its subsidiaries throughout the Track Record Period are set out below:

Entity name	Statutory auditors		
	2016	2017	2018
EuroEyes International Eye Clinic Limited	N/A; Note (d)	N/A; Note (d)	N/A; Note (a)
EuroEyes Holdings Limited	N/A; Note (d)	N/A; Note (d)	N/A; Note (a)
EuroEyes Deutschland Verwaltungs GmbH	N/A; Note (g)	N/A; Note (g)	N/A; Note (g)
EuroEyes Deutschland Holding GmbH & Co. KG (formerly known as EuroEyes Deutschland Beteiligungs GmbH)	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes Deutschland GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum Berlin GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum Betriebs GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum Stuttgart GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum Hannover GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum City Hamburg GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes alz Augenklinik München GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
LASIK Germany GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EuroEyes AugenLaserZentrum Bremen GmbH	N/A; Note (b)	N/A; Note (b)	N/A; Note (b)
EUROEYES ApS	Martinsen Statsautoriseret Revision- spartnerselskab	Martinsen Statsautoriseret Revision- spartnerselskab	Martinsen Statsautoriseret Revision- spartnerselskab
Shanghai Deshijia Eye Medical Co., Ltd.* (上海德視佳眼科醫療有限公司)	Shanghai Guangda Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.
Hangzhou Deshijia Eye Clinic Co., Ltd.* (杭州德視佳眼科門診部有限公司)	N/A; Note (d)	N/A; Note (d)	N/A; Note (e)
Beijing Deshijia Eye Clinic Co., Ltd.* (北京德視佳眼科診所有限公司)	China Riche Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.

Entity name	Statutory auditors		
	2016	2017	2018
Beijing Deshijia Dongbu Eye Clinic Co., Ltd.* (北京德視佳東部眼科診所有限公司)	N/A; Note (d)	N/A; Note (d)	N/A; Note (e)
Guangzhou Deshijia Eye Clinic Co., Ltd.* (廣州德視佳眼科門診部有限公司)	N/A; Note (c)	Shanghai MinXin Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.
Shenzhen Hero Consulting Management Co., Ltd.* (深圳市英雄諮詢管理有限公司)	N/A; Note (f)	Shanghai MinXin Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.
Shenzhen Deshijia Eye Clinic Co., Ltd.* (深圳德視佳眼科門診部)	N/A; Note (f)	Shanghai MinXin Certified Public Accountants Co., Ltd.	Shanghai MinXin Certified Public Accountants Co., Ltd.
EuroEyes Hong Kong Co. Limited	P.S. Yuen & Co. Certified Public Accountants	P.S. Yuen & Co. Certified Public Accountants	World Smart, Certified Public Accountants

\* For identification purpose only

*Notes:*

- (a) No audited financial statements were issued for these subsidiaries now comprising the Group as there is no statutory requirement in its place of incorporation.
- (b) No audited financial statements were issued for these subsidiaries now comprising the Group as they meet certain exemption criteria in its place of incorporation.
- (c) No audited financial statements for these subsidiaries now comprising the Group were available for the year ended 31 December 2016 as they were newly incorporated in 2016.
- (d) No audited financial statements for these subsidiaries now comprising the Group were available for the years ended 31 December 2016 and 2017 as they were newly incorporated in 2018.
- (e) The statutory audits for the year ended 31 December 2018 of these subsidiaries now comprising the Group were not yet due.
- (f) No audited financial statements were issued for these subsidiaries now comprising the Group as they were newly acquired by the Group in 2016.

No audited financial statements for these subsidiaries now comprising the Group were available for the years ended 31 December 2016, 2017 and 2018 as they were newly incorporated in 2019.

### 1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is held by the Operating Subsidiaries. Pursuant to the Reorganisation, the Listing Business and Operating Subsidiaries were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owner of the Listing Business remains the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuance of the Listing Business under the Operating Subsidiaries and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuance of the consolidated financial statements of the Operating Subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amount of the Listing Business under the consolidated financial statements of the Operating Subsidiaries for all periods presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. The Historical Financial Information have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

All of the accounting standards, amendments to standards and interpretation that are mandatory effective from 1 January 2019 are consistently applied to the Group throughout the Track Record Period.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective until the financial year beginning on or after 1 January 2020 in the Historical Financial Information.

IFRS 17	Insurance contracts <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to IAS 1 and IAS 8	Definition of material <sup>1</sup>
Amendments to IFRS 3	Definition of a business <sup>1</sup>
Conceptual Framework for Financial Reporting 2020 <sup>1</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective date to be determined.

The Group’s assessment of these new standards did not identify a significant impact on the Group’s financial statements.

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. If necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### 2.2.2 *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 Historical Financial Information of the investee's net assets including goodwill.

## 2.3 **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.

## 2.4 **Foreign currency translation**

(a) *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 Historical Financial Information are presented in Euro ("EUR" or "€"), which is the Company's functional and presentation currency.

**(b) 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet item presented are translated at the closing rate at the date of that balance sheet;
- (ii) 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
- (iii) all resulting exchange differences are recognised in other comprehensive income.

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

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

**2.5 Property, plant and equipment**

Property, plant and equipment is 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 the replaced part is derecognised. All other repairs and maintenance are expensed as incurred.

Depreciation is calculated using the straight-line method to allocate their cost less accumulated impairment losses of each asset to their residual values over their estimated useful lives, as follows:

	<u>Useful lives</u>
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 period.



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 2.7).

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 statements 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.

## 2.6 Intangible assets

### 2.6.1 Goodwill

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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. 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.

### 2.6.2 Trademark and licence

Trademark is shown at historical cost. License 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 license include the renewal periods when there is evidence to support renewal by the Group without significant cost.

### 2.6.3 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.

## 2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 ("CGUs"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.8 Investments and other financial assets

### (a) 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.

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

**(b) 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.

**(c) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss 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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other 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/reversal gain on financial assets".
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive income within "other gains, net" in the period in which it arises.

*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 other

comprehensive income, 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 consolidated statements of comprehensive income as “other gains, net” when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in “other gains, net” in the consolidated statements 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.

**(d) 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.

**2.9 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.

**2.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined 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.

**2.11 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 3.1 and Note 4 for a description of the Group’s impairment policies.

**2.12 Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statements of financial position.

**2.13 Share capital**

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

**2.14 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 fair value and subsequently measured at amortised cost using the effective interest method.

### 2.15 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 the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

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 period.

### 2.16 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.

### 2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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.

#### (a) 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 period in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

##### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, the deferred income tax is not accounted for if it arises 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 period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

*(c) Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.18 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 2.21).

**2.19 Employee benefits expense**

*(a) 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 period and is measured at the amounts expected to be paid when the liabilities are settled.

*(b) 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.

*(c) 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.

**2.20 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.21 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.

### (a) *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.

### (b) *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.

### (c) *Rental of ophthalmic equipment and operating spaces*

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

### (d) *Interest income*

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

## 2.22 Lease

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 3 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 the liability 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.

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
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option

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 €4,300.

#### *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 statements of comprehensive income when the event or condition that triggers those payments occurs.

#### *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 period.

### **2.23 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### **2.24 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.

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow 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. Profit and loss information of the respective financial period 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 at 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 2016, 2017 and 2018 and 31 March 2019, the financial assets and liabilities of the subsidiaries of the Group in Germany, Denmark and PRC are primarily denominated in EUR, DKK and RMB, respectively, which are their respective functional currencies. Management believe the foreign exchange risk is insignificant.

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 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. During the Track Record Period, the Group's borrowings at variable rates were all denominated in EUR. As at 31 December 2016, 2017 and 2018 and 31 March 2019, if interest rates had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been €68,000, €76,000 and €1,000 and nil lower/higher, respectively.



(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 and the PRC, 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.

(ii) *Impairment of financial assets*

The Group's financial assets that are subject to the expected credit loss model is mainly relating to trade receivables from the provision of vision correction services. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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

Management assesses the impairment of trade and other receivables according to trade and other receivable's 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.

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

	Low credit risk			High credit risk			Total
	Within 6 months	but within 1 year	Over 1 year	Within 6 months	but within 1 year	Over 1 year	
At 31 December 2016	6 months	1 year	1 year	6 months	1 year	1 year	
Expected loss rate	2.4%	50%	100%	100%	100%	100%	
Gross carrying amount							
– trade receivables	421	–	19	–	–	–	440
Loss allowance	10	–	19	–	–	–	29
	Low credit risk			High credit risk			Total
	Within 6 months	but within 1 year	Over 1 year	Within 6 months	but within 1 year	Over 1 year	
At 31 December 2017	6 months	1 year	1 year	6 months	1 year	1 year	
Expected loss rate	1.5%	50%	100%	100%	100%	100%	
Gross carrying amount							
– trade receivables	332	–	10	–	–	–	342
Loss allowance	5	–	10	–	–	–	15
	Low credit risk			High credit risk			Total
	Within 6 months	but within 1 year	Over 1 year	Within 6 months	but within 1 year	Over 1 year	
At 31 December 2018	6 months	1 year	1 year	6 months	1 year	1 year	
Expected loss rate	3.9%	50%	100%	100%	100%	100%	
Gross carrying amount							
– trade receivables	538	–	8	67	–	–	613
Loss allowance	21	–	8	67	–	–	96
	Low credit risk			High credit risk			Total
	Within 6 months	but within 1 year	Over 1 year	Within 6 months	but within 1 year	Over 1 year	
At 31 March 2019	6 months	1 year	1 year	6 months	1 year	1 year	
Expected loss rate	4.5%	50%	100%	100%	100%	100%	
Gross carrying amount							
– trade receivables	378	–	–	–	–	–	378
Loss allowance	17	–	–	–	–	–	17

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

*(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) Maturities of financial liabilities*

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

	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Group</b>						
<b>At 31 December 2016</b>						
Borrowings	2,072	57	36	–	2,165	2,136
Trade payables	2,379	–	–	–	2,379	2,379
Accruals and other payables	2,018	–	–	–	2,018	2,018
Lease liabilities	4,295	3,722	7,083	6,644	21,744	17,436
	<u>10,764</u>	<u>3,779</u>	<u>7,119</u>	<u>6,644</u>	<u>28,306</u>	<u>23,969</u>
<b>At 31 December 2017</b>						
Borrowings	2,326	31	5	–	2,362	2,335
Trade payables	2,508	–	–	–	2,508	2,508
Accruals and other payables	2,483	–	–	–	2,483	2,483
Lease liabilities	4,523	3,473	5,276	5,443	18,715	14,567
	<u>11,840</u>	<u>3,504</u>	<u>5,281</u>	<u>5,443</u>	<u>26,068</u>	<u>21,893</u>
<b>At 31 December 2018</b>						
Borrowings	43	5	–	–	48	48
Trade payables	1,865	–	–	–	1,865	1,865
Accruals and other payables	3,980	–	–	–	3,980	3,980
Lease liabilities	5,267	4,686	9,289	15,685	34,927	26,112
	<u>11,155</u>	<u>4,691</u>	<u>9,289</u>	<u>15,685</u>	<u>40,820</u>	<u>32,005</u>
<b>At 31 March 2019</b>						
Borrowings	149	119	327	–	595	533
Trade payables	2,235	–	–	–	2,235	2,235
Accruals and other payables	4,687	–	–	–	4,687	4,687
Lease liabilities	5,503	4,688	8,779	15,080	34,050	25,469
	<u>12,574</u>	<u>4,807</u>	<u>9,106</u>	<u>15,080</u>	<u>41,567</u>	<u>32,924</u>

The Group provided no financial guarantee to any third party or related party during the Track Record Period.

### 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 during the Track Record Period.

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

The gearing ratios as at 31 December 2016, 2017 and 2018 and 31 March 2019 are as follows:

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Long-term bank borrowings ( <i>Note 26</i> )	161	92	5	–
Total equity	11,839	20,921	26,675	27,201
Total capital	12,000	21,013	26,680	27,201
<b>Gearing ratio</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

The Group's management determines the residual value, useful lives and related depreciation 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 Notes 2.5 and 2.6.

**(b) Income taxes**

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

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

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(c) Leases**

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. The assessment is revisited if a significant event or a significant change in circumstances occurs which affects this assessment. If the actual lease period or the cash flow from residual guarantee is significantly different from management's estimate, the right-of-use asset and lease liability will be both affected.

**(d) Impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.6.1. 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 statements of comprehensive income.

**(e) 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 both from a product and geographic perspective and has identified three reportable segments of its business: Germany, Denmark and China.

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

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2016 is as follows:

	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
Segment total revenue	23,079	4,205	3,755	(637)	30,402
Cost of sales	(13,881)	(3,020)	(3,732)	148	(20,485)
<b>Gross profit</b>	<u>9,198</u>	<u>1,185</u>	<u>23</u>	<u>(489)</u>	<u>9,917</u>
Adjusted EBITDA	<u>8,439</u>	<u>825</u>	<u>(374)</u>	<u>(4)</u>	8,886
<b>Unallocated</b>					
Finance income					17
Finance expenses					(804)
Depreciation and amortisation					<u>(4,921)</u>
Profit before tax					3,178
Income tax expense					<u>(1,239)</u>
<b>Profit for the year</b>					<u><u>1,939</u></u>
	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>		<b>Total</b>
	€'000	€'000	€'000		€'000
Segment total assets	<u>32,903</u>	<u>2,368</u>	<u>15,028</u>		50,299
<b>Unallocated</b>					
Deferred tax assets					1,614
Inter-segment elimination					<u>(12,074)</u>
<b>Total assets</b>					<u><u>39,839</u></u>
Segment total liabilities	<u>13,506</u>	<u>3,791</u>	<u>16,154</u>		33,451
<b>Unallocated</b>					
Deferred tax liabilities					1,040
Inter-segment elimination					<u>(6,491)</u>
<b>Total liabilities</b>					<u><u>28,000</u></u>

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2017 is as follows:

	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
Segment total revenue	25,101	4,504	8,645	(1,273)	36,977
Cost of sales	(14,765)	(3,133)	(6,132)	182	(23,848)
<b>Gross profit</b>	<u>10,336</u>	<u>1,371</u>	<u>2,513</u>	<u>(1,091)</u>	<u>13,129</u>
Adjusted EBITDA	<u>17,312</u>	<u>1,066</u>	<u>1,292</u>	<u>(12)</u>	19,658
<b>Unallocated</b>					
Finance income					–
Finance expenses					(1,267)
Depreciation and amortisation					<u>(5,662)</u>
Profit before tax					12,729
Income tax expense					<u>(4,158)</u>
<b>Profit for the year</b>					<u><u>8,571</u></u>
	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>		<b>Total</b>
	€'000	€'000	€'000		€'000
Segment total assets	<u>43,973</u>	<u>2,043</u>	<u>15,199</u>		61,215
<b>Unallocated</b>					
Deferred tax assets					1,877
Inter-segment elimination					<u>(14,815)</u>
<b>Total assets</b>					<u><u>48,277</u></u>
Segment total liabilities	<u>14,072</u>	<u>3,104</u>	<u>17,656</u>		34,832
<b>Unallocated</b>					
Deferred tax liabilities					1,017
Inter-segment elimination					<u>(8,493)</u>
<b>Total liabilities</b>					<u><u>27,356</u></u>

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2018 is as follows:

	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
Segment total revenue	27,473	3,987	12,110	(609)	42,961
Cost of sales	(15,430)	(3,055)	(7,052)	(8)	(25,545)
<b>Gross profit</b>	<u>12,043</u>	<u>932</u>	<u>5,058</u>	<u>(617)</u>	<u>17,416</u>
Adjusted EBITDA	<u>10,525</u>	<u>911</u>	<u>5,593</u>	<u>(1,522)</u>	<u>15,507</u>
<b>Unallocated</b>					
Corporate expense					(1,309)
Finance income					22
Finance expenses					(847)
Depreciation and amortisation					<u>(6,042)</u>
Profit before tax					7,331
Income tax expense					<u>(3,040)</u>
<b>Profit for the year</b>					<u><u>4,291</u></u>
	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>		<b>Total</b>
	€'000	€'000	€'000		€'000
Segment total assets	<u>58,256</u>	<u>2,204</u>	<u>19,387</u>		79,847
<b>Unallocated</b>					
Corporate assets					935
Deferred tax assets					2,119
Inter-segment elimination					<u>(16,958)</u>
<b>Total assets</b>					<u><u>65,943</u></u>
Segment total liabilities	<u>22,009</u>	<u>3,049</u>	<u>19,921</u>		44,979
<b>Unallocated</b>					
Corporate liabilities					2,299
Deferred tax liabilities					1,038
Inter-segment elimination					<u>(9,048)</u>
<b>Total liabilities</b>					<u><u>39,268</u></u>



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

	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
Segment total revenue	7,252	1,284	3,011	(55)	11,492
Cost of sales	(3,725)	(826)	(1,764)	8	(6,307)
<b>Gross profit</b>	<u>3,527</u>	<u>458</u>	<u>1,247</u>	<u>(47)</u>	<u>5,185</u>
Adjusted EBITDA	<u>2,964</u>	<u>430</u>	<u>1,110</u>	<u>-</u>	<u>4,504</u>
<b>Unallocated</b>					
Corporate expense					(1,502)
Finance income					1
Finance expenses					(75)
Depreciation and amortisation					<u>(1,756)</u>
Profit before tax					1,172
Income tax expense					<u>(841)</u>
<b>Profit for the period</b>					<u><u>331</u></u>
	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>		<b>Total</b>
	€'000	€'000	€'000		€'000
Segment total assets	<u>57,833</u>	<u>2,406</u>	<u>20,288</u>		80,527
<b>Unallocated</b>					
Corporate assets					1,270
Deferred tax assets					2,200
Inter-segment elimination					<u>(16,172)</u>
<b>Total assets</b>					<u><u>67,825</u></u>
Segment total liabilities	<u>21,895</u>	<u>3,018</u>	<u>20,423</u>		45,336
<b>Unallocated</b>					
Corporate liabilities					4,180
Deferred tax liabilities					962
Inter-segment elimination					<u>(9,854)</u>
<b>Total liabilities</b>					<u><u>40,624</u></u>

The segment information provided to the executive directors of the Company for the reportable segments for the three months ended 31 March 2018 is as follows:

	<b>Germany segment</b>	<b>Denmark segment</b>	<b>China segment</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	€'000	€'000	€'000	€'000	€'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment total revenue	6,513	983	2,824	(26)	10,294
Cost of sales	(3,559)	(780)	(1,466)	(240)	(6,045)
<b>Gross profit</b>	<u>2,954</u>	<u>203</u>	<u>1,358</u>	<u>(266)</u>	<u>4,249</u>
Adjusted EBITDA	<u>1,243</u>	<u>238</u>	<u>2,617</u>	<u>13</u>	<u>4,111</u>
<b>Unallocated</b>					
Finance income					3
Finance expenses					(171)
Depreciation and amortisation					<u>(1,535)</u>
Profit before tax					2,408
Income tax expense					<u>(1,046)</u>
<b>Profit for the period</b>					<u><u>1,362</u></u>

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:

<u>Non-current assets</u>	<u>Germany</u>	<u>Denmark</u>	<u>China</u>	<u>Total</u>
	€'000	€'000	€'000	€'000
As at 31 December 2016	<u>16,564</u>	<u>1,748</u>	<u>11,451</u>	<u>29,763</u>
As at 31 December 2017	<u>16,648</u>	<u>1,192</u>	<u>9,989</u>	<u>27,829</u>
As at 31 December 2018	<u>26,235</u>	<u>1,217</u>	<u>12,463</u>	<u>39,915</u>
As at 31 March 2019	<u>24,150</u>	<u>1,104</u>	<u>13,789</u>	<u>39,043</u>

## 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:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
<b>Revenue</b>					
Revenue from contracts with customers (a)					
Provision of vision correction services	29,852	36,464	42,386	10,199	11,382
Sales of pharmaceutical products	46	36	73	11	9
Others	55	37	98	23	47
	29,953	36,537	42,557	10,233	11,438
Rental of ophthalmic equipment and operating spaces	449	440	404	61	54
<b>Total</b>	<b>30,402</b>	<b>36,977</b>	<b>42,961</b>	<b>10,294</b>	<b>11,492</b>

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
Germany	22,442	23,828	26,864	6,487	7,197
PRC	3,755	8,645	12,110	2,824	3,011
Denmark	4,205	4,504	3,987	983	1,284
	30,402	36,977	42,961	10,294	11,492

There is no single external customer that contribute more than 10% to the Group's revenue for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

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

**(a) Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segment and geographical regions for the year ended 31 December 2016:

	Provision of vision correction services		Sales of pharmaceutical products			Others			Total
	Germany	China	Denmark	Germany	China	Denmark	Germany	China	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	21,892	3,755	4,205	46	-	-	692	-	-
Inter-segment revenue	-	-	-	-	-	-	(637)	-	-
Revenue from external customers	21,892	3,755	4,205	46	-	-	55	-	-
Timing of revenue recognition									
At a point in time	-	-	-	46	-	-	55	-	-
Over time	21,892	3,755	4,205	-	-	-	-	-	-
	21,892	3,755	4,205	46	-	-	55	-	-

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segment and geographical regions for the year ended 31 December 2017:

	Provision of vision correction services		Sales of pharmaceutical products			Others		Total	
	Germany	China	Denmark	Germany	China	Denmark	Germany		China
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	23,315	8,645	4,504	36	-	-	1,310	-	-
Inter-segment revenue	-	-	-	-	-	-	(1,273)	-	-
Revenue from external customers	<u>23,315</u>	<u>8,645</u>	<u>4,504</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>-</u>
Timing of revenue recognition									
At a point in time	-	-	-	36	-	-	37	-	-
Over time	<u>23,315</u>	<u>8,645</u>	<u>4,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,464</u>
	<u>23,315</u>	<u>8,645</u>	<u>4,504</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>36,537</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segment and geographical regions for the year ended 31 December 2018:

	Provision of vision correction services		Sales of pharmaceutical products			Others		Total		
	Germany	China	Denmark	Germany	China	Denmark	Germany		China	Denmark
	€'000	€'000	€'000	€'000	€'000	€'000	€'000		€'000	€'000
Segment revenue	26,298	12,110	3,978	64	-	9	707	-	-	43,166
Inter-segment revenue	-	-	-	-	-	-	(609)	-	-	(609)
Revenue from external customers	<u>26,298</u>	<u>12,110</u>	<u>3,978</u>	<u>64</u>	<u>-</u>	<u>9</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>42,557</u>
Timing of revenue recognition										
At a point in time	-	-	-	64	-	9	98	-	-	171
Over time	<u>26,298</u>	<u>12,110</u>	<u>3,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,386</u>
	<u>26,298</u>	<u>12,110</u>	<u>3,978</u>	<u>64</u>	<u>-</u>	<u>9</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>42,557</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segment and geographical regions for the three months ended 31 March 2018:

(Unaudited)	Provision of vision correction services		Sales of pharmaceutical products			Others		Total	
	Germany	China	Denmark	Germany	China	Denmark	Germany		China
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	6,395	2,824	980	8	-	3	49	-	-
Inter-segment revenue	-	-	-	-	-	-	(26)	-	-
Revenue from external customers	<u>6,395</u>	<u>2,824</u>	<u>980</u>	<u>8</u>	<u>-</u>	<u>3</u>	<u>23</u>	<u>-</u>	<u>-</u>
Timing of revenue recognition									
At a point in time	-	-	-	8	-	3	23	-	-
Over time	<u>6,395</u>	<u>2,824</u>	<u>980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>
	<u>6,395</u>	<u>2,824</u>	<u>980</u>	<u>8</u>	<u>-</u>	<u>3</u>	<u>23</u>	<u>-</u>	<u>10,233</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segment and geographical regions for the three months ended 31 March 2019:

	Provision of vision correction services		Sales of pharmaceutical products				Others		Total
	Germany	China	Denmark	Germany	China	Denmark	Germany	China	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	7,089	3,011	1,282	7	-	2	102	-	11,493
Inter-segment revenue	-	-	-	-	-	-	(55)	-	(55)
Revenue from external customers	<u>7,089</u>	<u>3,011</u>	<u>1,282</u>	<u>7</u>	<u>-</u>	<u>2</u>	<u>47</u>	<u>-</u>	<u>11,438</u>
Timing of revenue recognition									
At a point in time	-	-	-	7	-	2	47	-	56
Over time	<u>7,089</u>	<u>3,011</u>	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,382</u>
	<u>7,089</u>	<u>3,011</u>	<u>1,282</u>	<u>7</u>	<u>-</u>	<u>2</u>	<u>47</u>	<u>-</u>	<u>11,438</u>



**(b) Contract liabilities movement**

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Balance at beginning of the year/period	399	577	528	528	675
Advance collected from customers during the year/period	28,109	37,026	38,164	10,360	11,586
Revenue recognised from contract liabilities existed at the beginning of the year/period	(399)	(577)	(528)	(528)	(675)
Revenue recognised from contract liabilities occurred during the year/period	(27,532)	(36,498)	(37,489)	(9,697)	(10,766)
Balance at end of the year/period	577	528	675	663	820

No significant cost was incurred for obtaining revenue contract for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

**7 EXPENSES BY NATURE**

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Raw materials and consumables used	5,357	6,445	7,407	1,810	1,827
Transportation costs	638	758	755	152	174
Depreciation of property, plant and equipment <i>(Note 14)</i>	4,897	5,576	5,957	1,514	1,735
Employee benefit expenses <i>(Note 8)</i>	7,410	8,594	9,539	2,085	2,466
Advertising and marketing expenditure	4,059	4,987	4,728	960	1,050
City construction tax and education surcharge	12	2	1	–	–
Electricity and other utility expenses	746	954	1,139	284	299
Legal and other consulting services fee	514	428	712	77	370
Repair and maintenance	706	669	665	157	184
Amortisation of intangible assets <i>(Note 15)</i>	24	86	85	21	21
Auditors' remuneration					
– Audit services	49	163	143	62	–
– Non-audit services	–	6	–	–	–
Clinic, office and consumption expenses	794	736	836	178	286
Doctor's fee	932	1,349	1,182	232	296
Listing expenses	–	–	1,210	–	1,449
Others	483	516	598	120	123
Total	26,621	31,269	34,957	7,652	10,280

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Wages and salaries	6,261	7,315	8,132	1,777	2,096
Provision for employee benefits and housing scheme	353	420	492	90	129
Contributions to defined contribution pension scheme (a)	796	859	915	218	241
	<u>7,410</u>	<u>8,594</u>	<u>9,539</u>	<u>2,085</u>	<u>2,466</u>

## (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 7%-12% 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 highest paid individuals of the Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 include nil, nil and nil and nil and one directors, respectively. The directors' emoluments are reflected in the analysis presented in Note 8(d). The emoluments paid and payable to the five individuals whose emoluments were the highest in the Group during the Track Record Period are as follows:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Basic salaries and allowances	1,002	1,099	1,266	273	298
Contributions to pension scheme	9	9	9	–	–
	<u>1,011</u>	<u>1,108</u>	<u>1,275</u>	<u>273</u>	<u>298</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals				
	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
HKD1,000,001 to HKD2,000,000 (approximately €111,700 to €223,300)	4	3	2	5	4
HKD2,000,001 to HKD3,000,000 (approximately €223,301 to €335,000)	1	2	2	–	–
HKD3,000,001 to HKD4,000,000 (approximately €335,001 to €446,600)	–	–	1	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>

*(Unaudited)*

(d) **Directors' emoluments**

The remuneration of each director of the Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 is set out below:

Year ended	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to pension scheme	Total
<b>31 December 2016</b>						
<i>Executive Directors</i>						
Dr Jørn Slot Jørgensen (Chairman) (Note a)	–	–	–	–	–	–
Dr Markus Braun (Note b)	–	–	–	–	–	–
Dr Ralf-Christian Lerche (Note c)	–	–	–	–	–	–
Mr Jannik Jonas Slot Jørgensen (Note b)	–	5	–	1	–	6
Prof Dr Thomas Friedrich Wilhelm Neuhann (Note d)	–	–	–	–	–	–
<i>Non-executive Director</i>						
Mr Marcus Huascar Bracklo (Note e)	–	–	–	–	–	–
	<u>–</u>	<u>5</u>	<u>–</u>	<u>1</u>	<u>–</u>	<u>6</u>

	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to pension scheme	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Year ended 31</b>						
<b>December 2017</b>						
<i>Executive Directors</i>						
Dr Jørn Slot Jørgensen (Chairman) (Note a)	-	-	-	-	-	-
Dr Markus Braun (Note b)	-	-	-	-	-	-
Dr Ralf-Christian Lerche (Note c)	-	-	-	-	-	-
Mr Jannik Jonas Slot Jørgensen (Note b)	-	21	-	3	-	24
Prof Dr Thomas Friedrich Wilhelm Neuhann (Note d)	-	-	-	-	-	-
<i>Non-executive Director</i>						
Mr Marcus Huascar Bracklo (Note e)	-	-	-	-	-	-
	-	21	-	3	-	24
	<u>-</u>	<u>21</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>24</u>
<b>Year ended 31</b>						
<b>December 2018</b>						
<i>Executive Directors</i>						
Dr Jørn Slot Jørgensen (Chairman) (Note a)	-	-	-	-	-	-
Dr Markus Braun (Note b)	-	29	-	3	-	32
Dr Ralf-Christian Lerche (Note c)	-	-	-	-	-	-
Mr Jannik Jonas Slot Jørgensen (Note b)	-	5	-	1	-	6
Prof Dr Thomas Friedrich Wilhelm Neuhann (Note d)	-	-	-	-	-	-
<i>Non-executive Director</i>						
Mr Marcus Huascar Bracklo (Note e)	-	-	-	-	-	-
	-	34	-	4	-	38
	<u>-</u>	<u>34</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>38</u>

	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to pension scheme	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Three months ended</b>						
<b>31 March 2019</b>						
<i>Executive Directors</i>						
Dr Jørn Slot Jørgensen (Chairman) (Note a)	–	–	–	–	–	–
Dr Markus Braun (Note b)	–	45	–	4	–	49
Dr Ralf-Christian Lerche (Note c)	–	–	–	–	–	–
Mr Jannik Jonas Slot Jørgensen (Note b)	–	1	–	–	–	1
Prof Dr Thomas Friedrich Wilhelm Neuhann (Note d)	–	–	–	–	–	–
<i>Non-executive Director</i>						
Mr Marcus Huascar Bracklo (Note e)	–	–	–	–	–	–
	–	46	–	4	–	50
	–	46	–	4	–	50
<b>Three months ended</b>						
<b>31 March 2018</b>						
<b>(unaudited)</b>						
<i>Executive Directors</i>						
Dr Jørn Slot Jørgensen (Chairman) (Note a)	–	–	–	–	–	–
Dr Markus Braun (Note b)	–	–	–	–	–	–
Dr Ralf-Christian Lerche (Note c)	–	–	–	–	–	–
Mr Jannik Jonas Slot Jørgensen (Note b)	–	1	–	–	–	1
Prof Dr Thomas Friedrich Wilhelm Neuhann (Note d)	–	–	–	–	–	–
<i>Non-executive Director</i>						
Mr Marcus Huascar Bracklo (Note e)	–	–	–	–	–	–
	–	1	–	–	–	1
	–	1	–	–	–	1

*Notes:*

- a. No material remunerations were received nor receivable from the Group by Dr Jørn Slot Jørgensen in his capacity as a director of the Company since the appointment on 13 August 2018. During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, Dr Jørn Slot Jørgensen received doctors' fees of €123,000, €134,000 and €77,000 and €56,000 and €22,000 respectively.
- b. The remunerations of Dr Markus Braun and Mr Jannik Jonas Slot Jørgensen shown in the tables represent remuneration received and receivable from the Group by them in their capacities as directors of the Company and employees of the Group during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

- c. No material remunerations were received nor receivable from the Group by Dr Ralf-Christian Lerche in his capacity as a director of the Company since the appointment on 25 March 2019. During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, Dr Ralf-Christian Lerche received doctors' fees of €175,000, €186,000 and €165,000 and €39,000 and €53,000 respectively. As at 31 March 2019, doctors' fees amounting to €18,000 was receivable from the Group by Dr Ralf-Christian Lerche.
- d. No material remunerations were received nor receivable from the Group by Prof Dr Thomas Friedrich Wilhelm Neuhann in his capacity as a director of the Company since the appointment on 25 March 2019. During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, Prof Dr Thomas Friedrich Wilhelm Neuhann received doctors' fees of €305,000, €238,000 and €275,000 and €67,000 and €84,000, respectively.
- e. No material remuneration were received nor receivable from the Group by Mr Marcus Huascar Bracklo in his capacity as a director of the Company since the appointment on 25 March 2019. Pursuant to an agreement dated 15 January 2017 made between EuroEyes Deutschland, EEH AG and Baigo Capital GmbH ("Baigo"), a company wholly owned by Mr Marcus Huascar Bracklo, EuroEyes Deutschland agreed to pay Baigo an annual retainer fee of €85,000 commencing from 1 January 2017 to 31 December 2019 for the provision of advisory services and an one-off success fee of €245,000 in accordance with the terms of agreement entered by both parties. Baigo was paid a fee (including related value-added tax) of €101,150 and €101,150 and entitled of €25,000 and €25,000 for the years ended 31 December 2017 and 2018 and the three months ended 31 March 2018 and 2019, respectively, as legal and other consulting services fees. Mr Marcus Huascar Bracklo, a non-executive director of the Company, is interested in this transaction to the extent that Baigo is controlled by him.

Dr Jørn Slot Jørgensen was appointed as the Company's executive director on 13 August 2018.

Dr Markus Braun was appointed as the Company's executive director on 14 December 2018.

Dr Ralf-Christian Lerche, Mr Jannik Jonas Slot Jørgensen and Prof Dr Thomas Friedrich Wilhelm Neuhann were appointed as the Company's executive directors on 25 March 2019.

Mr Marcus Huascar Bracklo was appointed as the Company's non-executive director on 25 March 2019.

Mr Hans Helmuth Hennig, Mr Zhengzheng Hu and Mr Philip Duncan Wright were appointed as the Company's independent non-executive directors on 25 March 2019. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any directors' remuneration in the capacity of independent non-executive directors.

No remunerations are paid or receivable in respect of accepting office as director during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

No emoluments are paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

No director waived or agreed to waive any emoluments during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

During the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

There is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

Save for contracts amongst group companies and the transactions disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019.

## 9 OTHER GAINS, NET

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Gains/(losses) on disposal of property, plant and equipment	62	(778)	–	–	–
Compensation from landlord for early termination of lease contract	–	8,980	–	–	–
Social security compensation	–	–	67	19	20
Others	132	81	171	(18)	7
	<u>194</u>	<u>8,283</u>	<u>238</u>	<u>1</u>	<u>27</u>

## 10 FINANCE INCOME AND EXPENSES, NET

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
<b>Finance income</b>					
Interest income	(17)	–	(22)	(3)	(1)
<b>Finance expenses</b>					
Foreign exchange loss/(gains), net	140	462	22	(7)	(231)
Interest expenses on borrowing from a non-controlling shareholder	3	25	36	7	4
Interest expenses on bank borrowings	43	40	14	1	–
Interest expenses on leases	592	707	717	158	287
Other finance expenses	26	33	58	12	15
	<u>804</u>	<u>1,267</u>	<u>847</u>	<u>171</u>	<u>75</u>
<b>Net finance expenses</b>	<u>787</u>	<u>1,267</u>	<u>825</u>	<u>168</u>	<u>74</u>

## 11 INCOME TAX EXPENSE

The Group was subject to different tax jurisdiction mainly in Germany, Denmark, the PRC and Hong Kong with tax rates ranged from 16.5% to 32% during the Track Record Period.

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/places in which the Group operates.

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Current income tax	1,781	4,543	3,267	775	953
Deferred income tax ( <i>Note 28</i> )					
– Decrease/(Increase) in deferred tax assets	(494)	(362)	(248)	266	(36)
– Decrease/(increase) in deferred tax liabilities	(48)	(23)	21	5	(76)
	(542)	(385)	(227)	271	(112)
<b>Income tax expense</b>	<b>1,239</b>	<b>4,158</b>	<b>3,040</b>	<b>1,046</b>	<b>841</b>

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Profit before income tax	3,178	12,729	7,331	2,408	1,172
Tax calculated at the domestic tax rate applicable to profits in respective jurisdictions	1,131	4,134	2,616	1,245	542
Preferential tax rates on income of certain group entities	9	5	–	–	–
Expenses not deductible for tax purposes	113	18	525	8	337
Recognition of deferred tax assets not previously recognised	–	–	(129)	(129)	(30)
Utilisation of tax losses not previously recognised	(46)	(105)	(100)	(78)	(8)
Tax losses of certain group entities for which no deferred tax assets were recognised	32	106	128	–	–
<b>Income tax expense</b>	<b>1,239</b>	<b>4,158</b>	<b>3,040</b>	<b>1,046</b>	<b>841</b>

The effective tax rate for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 was 39.0%, 32.7% and 41.5% and 43.4% and 71.8%, respectively.

Increase of effective tax rate for the three months ended 31 March 2019 was due to the listing expenses amounting to approximately €1.4 million for the three months ended 31 March 2019 which was not deductible for tax purposes.



**12 EARNINGS PER SHARE****Basic and Diluted earnings per share**

For the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, 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 financial year.

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
				<i>(Unaudited)</i>	
Profit attributable to owners of the Company (€'000)	2,376	8,707	3,833	1,326	125
Weighted average number of ordinary shares in issue	32,605	32,791	33,287	33,011	34,000
Earnings per share (basic and diluted) (EUR per share)	<u>72.87</u>	<u>265.53</u>	<u>115.15</u>	<u>40.17</u>	<u>3.68</u>

In determining the weighted average number of ordinary shares in issue during the Track Record Period, 32,476 shares of the Company, which were allotted and issued by the Company in connection with the Reorganisation, had been treated as if these shares were in issue since 1 January 2016. The shares issued during the Track Record Period to the respective shareholders by the subsidiary which were swapped with the shares of the Company upon the Reorganisation are accounted at time portion basis.

The earnings per share presented above has not taken into account the proposed capitalisation issue as stated in Note 35(i), as it has not become effective as of the date of this report.

**13 DIVIDENDS**

No dividend has been paid or declared by the Company since its incorporation.

Dividends during the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 represented dividends declared by the companies now comprising the Group to the then owners of the companies for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019, after eliminating intra-group dividends.

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Dividend	<u>104</u>	<u>123</u>	<u>–</u>	<u>–</u>	<u>–</u>

## 14 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	Machinery	Leasehold improvement	Construction in progress	Vehicles	Others	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>As at 1 January 2016</b>							
Cost	17,047	10,703	6,662	39	271	1,031	35,753
Accumulated depreciation	(212)	(4,587)	(3,194)	–	(117)	(440)	(8,550)
<b>Net book amount</b>	<b>16,835</b>	<b>6,116</b>	<b>3,468</b>	<b>39</b>	<b>154</b>	<b>591</b>	<b>27,203</b>
<b>Year ended 31 December 2016</b>							
Opening net book amount	16,835	6,116	3,468	39	154	591	27,203
Acquisition of subsidiary (Note 34(a))	4,299	178	97	39	–	12	4,625
Additions	2,089	440	694	348	–	53	3,624
Termination of lease contract	(2,298)	–	–	–	–	–	(2,298)
Variable lease payment adjustment	176	–	–	–	–	–	176
Transfer upon completion	–	–	38	(38)	–	–	–
Depreciation charge	(3,176)	(896)	(721)	–	(34)	(70)	(4,897)
Disposals	–	(147)	–	–	–	–	(147)
Exchange differences	(139)	(13)	(23)	–	–	(1)	(176)
<b>Closing net book amount</b>	<b>17,786</b>	<b>5,678</b>	<b>3,553</b>	<b>388</b>	<b>120</b>	<b>585</b>	<b>28,110</b>
<b>As at 31 December 2016</b>							
Cost	21,176	11,137	7,452	388	271	1,093	41,517
Accumulated depreciation	(3,390)	(5,459)	(3,899)	–	(151)	(508)	(13,407)
<b>Net book amount</b>	<b>17,786</b>	<b>5,678</b>	<b>3,553</b>	<b>388</b>	<b>120</b>	<b>585</b>	<b>28,110</b>
<b>Year ended 31 December 2017</b>							
Opening net book amount	17,786	5,678	3,553	388	120	585	28,110
Additions	1,054	1,307	649	2,027	–	141	5,178
Variable lease payment adjustment	90	–	–	–	–	–	90
Transfer upon completion	–	–	315	(315)	–	–	–
Depreciation charge	(3,787)	(935)	(728)	–	(34)	(92)	(5,576)
Disposals	–	(63)	(792)	–	(9)	(12)	(876)
Exchange differences	(553)	(38)	(60)	(21)	–	–	(672)
<b>Closing net book amount</b>	<b>14,590</b>	<b>5,949</b>	<b>2,937</b>	<b>2,079</b>	<b>77</b>	<b>622</b>	<b>26,254</b>
<b>As at 31 December 2017</b>							
Cost	21,641	12,122	7,440	2,079	262	1,201	44,745
Accumulated depreciation	(7,051)	(6,173)	(4,503)	–	(185)	(579)	(18,491)
<b>Net book amount</b>	<b>14,590</b>	<b>5,949</b>	<b>2,937</b>	<b>2,079</b>	<b>77</b>	<b>622</b>	<b>26,254</b>

	Right-of-use assets	Machinery	Leasehold improvement	Construction in progress	Vehicles	Others	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Year ended 31 December 2018</b>							
Opening net book amount	14,590	5,949	2,937	2,079	77	622	26,254
Additions	13,604	969	734	615	–	42	15,964
Variable lease payment adjustment	627	–	–	–	–	–	627
Transfer upon completion	–	–	2,052	(2,052)	–	–	–
Depreciation charge	(4,128)	(1,010)	(696)	–	(25)	(98)	(5,957)
Disposals	(90)	–	–	–	–	–	(90)
Exchange differences	(18)	(3)	(6)	–	–	1	(26)
<b>Closing net book amount</b>	<b>24,585</b>	<b>5,905</b>	<b>5,021</b>	<b>642</b>	<b>52</b>	<b>567</b>	<b>36,772</b>
<b>As at 31 December 2018</b>							
Cost	35,719	13,075	10,205	642	262	1,242	61,145
Accumulated depreciation	(11,134)	(7,170)	(5,184)	–	(210)	(675)	(24,373)
<b>Net book amount</b>	<b>24,585</b>	<b>5,905</b>	<b>5,021</b>	<b>642</b>	<b>52</b>	<b>567</b>	<b>36,772</b>
<b>Three months ended 31 March 2019</b>							
Opening net book amount	24,585	5,905	5,021	642	52	567	36,772
Additions	–	133	6	1,922	–	8	2,069
Transfer upon completion	–	998	840	(1,866)	–	28	–
Depreciation charge	(1,276)	(250)	(177)	–	(9)	(23)	(1,735)
Exchange differences	357	29	41	23	–	1	451
<b>Closing net book amount</b>	<b>23,666</b>	<b>6,815</b>	<b>5,731</b>	<b>721</b>	<b>43</b>	<b>581</b>	<b>37,557</b>
<b>As at 31 March 2019</b>							
Cost	36,267	14,305	11,190	721	262	1,287	64,032
Accumulated depreciation	(12,601)	(7,490)	(5,459)	–	(219)	(706)	(26,475)
<b>Net book amount</b>	<b>23,666</b>	<b>6,815</b>	<b>5,731</b>	<b>721</b>	<b>43</b>	<b>581</b>	<b>37,557</b>
<b>(Unaudited) Three months ended 31 March 2018</b>							
Opening net book amount	14,590	5,949	2,937	2,079	77	622	26,254
Additions	5,754	125	669	–	–	15	6,563
Variable lease payment adjustment	627	–	–	–	–	–	627
Transfer upon completion	–	–	1,172	(1,172)	–	–	–
Depreciation charge	(1,044)	(250)	(189)	–	(6)	(25)	(1,514)
Exchange differences	57	8	12	–	–	2	79
<b>Closing net book amount</b>	<b>19,984</b>	<b>5,832</b>	<b>4,601</b>	<b>907</b>	<b>71</b>	<b>614</b>	<b>32,009</b>

	Right-of-use assets	Machinery	Leasehold improvement	Construction in progress	Vehicles	Others	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>As at 31 March 2018</b>							
Cost	28,106	12,265	9,311	907	262	1,219	52,070
Accumulated depreciation	(8,122)	(6,433)	(4,710)	–	(191)	(605)	(20,061)
<b>Net book amount</b>	<b>19,984</b>	<b>5,832</b>	<b>4,601</b>	<b>907</b>	<b>71</b>	<b>614</b>	<b>32,009</b>

As at 31 December 2016, 2017 and 2018 and 31 March 2019, borrowings with amount of €161,000, €92,000 and €36,000 and €531,000 were secured by property, plant and equipment with net book value of €210,000, €161,000 and €112,000 and €671,000, respectively.

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				(Unaudited)	
Cost of sales	4,524	4,983	5,295	1,359	1,462
Selling expenses	48	139	144	37	62
Administrative expenses	325	454	518	118	211
<b>Total</b>	<b>4,897</b>	<b>5,576</b>	<b>5,957</b>	<b>1,514</b>	<b>1,735</b>

## 15 INTANGIBLE ASSETS

	Trademark	Website	License	Total
	€'000	€'000	€'000	€'000
<b>At 1 January 2016</b>				
Cost	4	176	–	180
Accumulated amortisation	(1)	(43)	–	(44)
<b>Net book amount</b>	<b>3</b>	<b>133</b>	<b>–</b>	<b>136</b>
<b>Year ended 31 December 2016</b>				
Opening net book amount	3	133	–	136
Additions	–	2	–	2
Acquisition of subsidiary (Note 34(a))	–	–	750	750
Amortisation charge	–	(11)	(13)	(24)
<b>Closing net book amount</b>	<b>3</b>	<b>124</b>	<b>737</b>	<b>864</b>
<b>At 31 December 2016</b>				
Cost	4	178	750	932
Accumulated amortisation	(1)	(54)	(13)	(68)
<b>Net book amount</b>	<b>3</b>	<b>124</b>	<b>737</b>	<b>864</b>

	Trademark	Website	License	Total
	€'000	€'000	€'000	€'000
<b>Year ended 31 December 2017</b>				
Opening net book amount	3	124	737	864
Amortisation charge	–	(11)	(75)	(86)
<b>Closing net book amount</b>	<b>3</b>	<b>113</b>	<b>662</b>	<b>778</b>
<b>At 31 December 2017</b>				
Cost	4	178	750	932
Accumulated amortisation	(1)	(65)	(88)	(154)
<b>Net book amount</b>	<b>3</b>	<b>113</b>	<b>662</b>	<b>778</b>
<b>Year ended 31 December 2018</b>				
Opening net book amount	3	113	662	778
Amortisation charge	–	(10)	(75)	(85)
<b>Closing net book amount</b>	<b>3</b>	<b>103</b>	<b>587</b>	<b>693</b>
<b>At 31 December 2018</b>				
Cost	4	178	750	932
Accumulated amortisation	(1)	(75)	(163)	(239)
<b>Net book amount</b>	<b>3</b>	<b>103</b>	<b>587</b>	<b>693</b>
<b>Three months ended 31 March 2019</b>				
Opening net book amount	3	103	587	693
Amortisation charge	–	(2)	(19)	(21)
<b>Closing net book amount</b>	<b>3</b>	<b>101</b>	<b>568</b>	<b>672</b>
<b>At 31 March 2019</b>				
Cost	4	178	750	932
Accumulated amortisation	(1)	(77)	(182)	(260)
<b>Net book amount</b>	<b>3</b>	<b>101</b>	<b>568</b>	<b>672</b>
<b>(Unaudited)</b>				
<b>Three months ended 31 March 2018</b>				
Opening net book amount	3	113	662	778
Amortisation charge	–	(2)	(19)	(21)
<b>Closing net book amount</b>	<b>3</b>	<b>111</b>	<b>643</b>	<b>757</b>
<b>At 31 March 2018</b>				
Cost	4	178	750	932
Accumulated amortisation	(1)	(67)	(107)	(175)
<b>Net book amount</b>	<b>3</b>	<b>111</b>	<b>643</b>	<b>757</b>

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

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Cost of sales	13	75	75	19	19
Selling expenses	11	11	10	2	2
Total	<u>24</u>	<u>86</u>	<u>85</u>	<u>21</u>	<u>21</u>

## 16 GOODWILL

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Goodwill	<u>759</u>	<u>759</u>	<u>759</u>	<u>759</u>

As at 31 December 2016, 2017 and 2018 and 31 March 2019, the Group's goodwill of €759,000 was generated from acquisition of 70% interest in Shenzhen Hero Consulting Management Co., Ltd. ("Shenzhen Hero"), which was viewed as one CGU within China segment, on 1 November 2016 (Note 34).

### 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 2016, 2017 and 2018, 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"). As at 31 March 2019, the Group didn't perform impairment review because of no indicator of impairment since the impairment review done for the year ended 31 December 2018.

The VIU calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period as at 31 December 2016, 2017 and 2018 when optimum market share is expected to be reached.

Revenue growth rate and gross margin are based on past performance and management's expectations of market development. The long-term growth rates used are estimated with reference to industry forecasts. 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.

The key assumptions<sup>1</sup> used for value-in-use calculations in 2016, 2017 and 2018 are as follows:

	2016	2017	2018
Annual revenue growth rate	15%~65%	15%~65%	15%~55%
Long-term growth rate	3%	3%	3%
Gross profit margin	48%~55%	48%~56%	48%~56%
Pre-tax discount rate	21.6%	21.6%	21.6%

1 Shenzhen Hero's business operation and its business environment were stable throughout the Track Record Period and the Group does not expect any significant changes to Shenzhen Hero's business operation during the future periods of forecast, as such the key assumptions used in the goodwill impairment review did not change significantly throughout the Track Record Period.

Based on the result of the above impairment testing, the estimated recoverable amount exceed its carrying amount ("Headroom") by approximately €1,621,000, €7,096,000 and €14,112,000 as of 31 December 2016, 2017 and 2018 respectively.

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 2016**

<u>Items</u>	<u>Assumptions used</u>	<u>Movement of key assumptions</u>	<u>Decrease of value-in-use</u>
			(€'000)
Annual revenue growth rate	15%~65%	Decrease by 1%	86
Long-term growth rate	3%	Decrease to 2%	86
Gross profit margin	48%~55%	Decrease by 5%	1,035
Pre-tax discount rate	21.6%	Increase to 22.6%	172

**At 31 December 2017**

<u>Items</u>	<u>Assumptions used</u>	<u>Movement of key assumptions</u>	<u>Decrease of value-in-use</u>
			(€'000)
Annual revenue growth rate	15%~65%	Decrease by 1%	86
Long-term growth rate	3%	Decrease to 2%	86
Gross profit margin	48%~56%	Decrease by 5%	1,035
Pre-tax discount rate	21.6%	Increase to 22.6%	172

**At 31 December 2018**

<u>Items</u>	<u>Assumptions used</u>	<u>Movement of key assumptions</u>	<u>Decrease of value-in-use</u>
			(€'000)
Annual revenue growth rate	15%~55%	Decrease by 1%	86
Long-term growth rate	3%	Decrease to 2%	86
Gross profit margin	48%~56%	Decrease by 5%	1,380
Pre-tax discount rate	21.6%	Increase to 22.6%	259

Based on the above, the goodwill arising from acquisition of Shenzhen Hero will not suffer impairment loss upon happening of any one of the above-mentioned changes of key assumptions. The directors are of the view that there was no impairment of goodwill as at 31 December 2016, 2017 and 2018, and any reasonably possible change in the key assumptions would not cause the carrying amount to exceed its recoverable amount.

## 17 PREPAYMENTS

	The Group				The Company	
	As at 31 December			As at 31 March	As at 31 December	As at 31 March
	2016	2017	2018	2019	2018	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Prepayments made for purchase of raw materials, services and equipment	558	144	1,682	281	–	–
Prepaid listing expenses	–	–	325	903	325	903
	558	144	2,007	1,184	325	903
Less:						
Non-current portion	–	–	(247)	(55)	–	–
Current portion	558	144	1,760	1,129	325	903

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

	The Group				The Company	
	As at 31 December			As at 31 March	As at 31 December	As at 31 March
	2016	2017	2018	2019	2018	2019
	€'000	€'000	€'000	€'000	€'000	€'000
– EUR	–	–	1,332	398	114	371
– DKK	–	–	27	65	–	–
– RMB	558	144	445	206	8	17
– USD	–	–	100	353	100	353
– HKD	–	–	103	162	103	162
	558	144	2,007	1,184	325	903

## 18 DEPOSITS AND OTHER RECEIVABLES

	The Group				The Company	
	As at 31 December			As at 31 March	As at 31 December	As at 31 March
	2016	2017	2018	2019	2018	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Amounts due from third parties	415	9,368	786	527	50	47
Amount due from a subsidiary	–	–	–	–	17	21
Amount due from related parties	–	–	–	18	–	–
Deposits	423	406	2,133	1,642	–	–
Prepaid value-added tax	30	87	90	92	–	–
Others	6	21	20	33	–	–
	874	9,882	3,029	2,312	67	68
Less:						
Non-current portion	(30)	(38)	(1,444)	(904)	–	–
Current portion	844	9,844	1,585	1,408	67	68



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

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

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

	The Group				The Company	
	As at 31 December			As at 31 March	As at 31 December	As at 31 March
	2016	2017	2018	2019	2018	2019
	€'000	€'000	€'000	€'000	€'000	€'000
- EUR	458	9,412	2,244	1,417	17	21
- RMB	416	470	735	800	-	-
- HKD	-	-	50	94	50	47
- DKK	-	-	-	1	-	-
	874	9,882	3,029	2,312	67	68

## 19 TRADE RECEIVABLES

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Trade receivables due from third parties	440	342	475	370
Trade receivables due from related parties	-	-	138	8
<b>Total trade receivables</b>	440	342	613	378
Less: provision for impairment	(29)	(15)	(96)	(17)
<b>Trade receivables, net</b>	411	327	517	361

The majority of the Group's sales required advance payments from customers. The remaining amounts are mainly due from insurance companies who pays the Group on regular basis. As at 31 December 2016, 2017 and 2018 and 31 March 2019, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Within 6 months	421	332	605	378
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 2 years	19	1	-	-
Over 2 years	-	9	8	-
	440	342	613	378

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

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
– EUR	327	208	428	220
– DKK	92	101	101	94
– RMB	21	33	84	64
	<u>440</u>	<u>342</u>	<u>613</u>	<u>378</u>

(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:

	Year ended 31 December			Three months ended	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Balance at beginning of the year/period	25	29	15	15	96
Provision for impairment recognised during the year/period	10	6	88	67	–
Receivables written off during the year/period as uncollectible	(6)	(9)	(5)	–	(72)
Unused amount reversed	–	(11)	(2)	–	(7)
	<u>29</u>	<u>15</u>	<u>96</u>	<u>82</u>	<u>17</u>

The maximum exposure to credit risk as at 31 December 2016, 2017 and 2018 and 31 March 2019 were €411,000, €327,000 and €517,000 and €361,000, respectively.

## 20 INVENTORIES

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Medication	11	13	32	39
Glasses	54	23	31	46
Lens	216	414	1,889	2,441
Lasik	850	1,143	1,427	1,675
Others	105	99	79	72
	<u>1,236</u>	<u>1,692</u>	<u>3,458</u>	<u>4,273</u>

The cost of inventories which was recognised as an expense and was included in “cost of sales” for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 amounted to approximately €5,357,000, €6,445,000 and €7,407,000 and €1,810,000 and €1,827,000, respectively.

As at 31 December 2016, 2017 and 2018 and 31 March 2019, the carrying amount of the Group's inventories did not exceed the net realisable value, thus no provision was made.

## 21 CASH AND CASH EQUIVALENTS

	The Group				The Company	
	As at 31 December			As at	As at	As at
	2016	2017	2018	31 March	31 December	31 March
	€'000	€'000	€'000	€'000	€'000	€'000
Cash on hand	35	25	22	16	–	–
Cash at bank	5,361	6,531	16,536	18,456	366	127
	<u>5,396</u>	<u>6,556</u>	<u>16,558</u>	<u>18,472</u>	<u>366</u>	<u>127</u>

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

	The Group				The Company	
	As at 31 December			As at	As at	As at
	2016	2017	2018	31 March	31 December	31 March
	€'000	€'000	€'000	€'000	€'000	€'000
– EUR	3,530	2,868	13,832	15,969	363	66
– DKK	14	73	214	516	–	–
– RMB	1,841	3,600	2,473	1,892	–	–
– USD	7	4	32	36	3	3
– HKD	4	11	7	59	–	58
	<u>5,396</u>	<u>6,556</u>	<u>16,558</u>	<u>18,472</u>	<u>366</u>	<u>127</u>

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 years ended 31 December 2016, 2017 and 2018 and for the three months ended 31 March 2019.

## 22 COMBINED CAPITAL/SHARE CAPITAL

	<u>Number of ordinary shares</u>	<u>Nominal value of ordinary shares</u> €'000
<b>Share capital</b>		
Authorised:		
Upon incorporation (31 August 2018)	50,000	44
At 31 December 2018 and 31 March 2019	<u>50,000</u>	<u>44</u>
Issued and fully paid:		
Upon incorporation (31 August 2018)	1	–
Issuance of new shares (Note 1.2)	33,999	30
At 31 December 2018 and 31 March 2019	<u>34,000</u>	<u>30</u>
<b>Combined capital</b>		
At 1 January 2016	32,516	33
Share-based payment to employee (Note 23(b))	165	–
At 31 December 2016	<u>32,681</u>	<u>33</u>
Share-based payment to employee (Note 23(b))	330	–
At 31 December 2017	<u>33,011</u>	<u>33</u>

As mentioned in Note 1.2 above, the Historical Financial Information has been prepared as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation/establishment of the combining companies, or since the date when the combining companies first came under the control of EuroEyes International Eye Clinic Limited, where there is a shorter period. Combined capital as at 31 December 2016 and 2017 represent the combined share capital of the companies comprising the Group after elimination of inter-company transactions and balances.

## 23 OTHER RESERVES

	Capital reserve	Currency translation reserve	Other reserve	Total
	€'000	€'000	€'000	€'000
<b>At 1 January 2016</b>	9,591	(173)	–	9,418
Currency translation differences	–	52	–	52
Share-based payment to employee	19	–	–	19
Put option granted to a non-controlling interest	–	–	(118)	(118)
<b>At 31 December 2016</b>	<u>9,610</u>	<u>(121)</u>	<u>(118)</u>	<u>9,371</u>
<b>At 1 January 2017</b>	9,610	(121)	(118)	9,371
Currency translation differences	–	(82)	–	(82)
Share-based payment to employee	447	–	–	447
<b>At 31 December 2017</b>	<u>10,057</u>	<u>(203)</u>	<u>(118)</u>	<u>9,736</u>
<b>At 1 January 2018</b>	10,057	(203)	(118)	9,736
Currency translation differences	–	24	–	24
Issuance of new shares by a subsidiary prior to the Reorganisation	1,437	–	4	1,441
<b>At 31 December 2018</b>	<u>11,494</u>	<u>(179)</u>	<u>(114)</u>	<u>11,201</u>
<b>At 1 January 2019</b>	11,494	(179)	(114)	11,201
Currency translation differences	–	(10)	–	(10)
<b>At 31 March 2019</b>	<u>11,494</u>	<u>(189)</u>	<u>(114)</u>	<u>11,191</u>
<b>(Unaudited)</b>				
<b>At 1 January 2018</b>	10,057	(203)	(118)	9,736
Currency translation differences	–	18	–	18
<b>At 31 March 2018</b>	<u>10,057</u>	<u>(185)</u>	<u>(118)</u>	<u>9,754</u>

## (a) Nature and purpose of other reserves

## (i) Capital reserve

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

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

## (ii) Currency translation reserve

Exchange differences arising from the difference between functional and presentation currency are recognised in other comprehensive income as described in Note 2.4 and accumulated in a separate reserve within equity.

**(b) Share-based payment**

During the year ended 31 December 2016, 165 shares from the authorised capital of a subsidiary of the Company were granted to a doctor at nominal value of €1 each. There is no service condition to the shares and they were vested upon issue. The fair value of the shares was determined based on similar market transaction of the shares at €1,461 per share.

During the year ended 31 December 2017, 330 shares from the authorised capital of a subsidiary of the Company were granted to a doctor in lieu of his salary up to the fair value of the shares granted. The 330 shares were fully vested in 2017 and had a fair value of €1,364 per share, which was determined based on similar market transaction of the shares.

**24 TRADE PAYABLES**

As at 31 December 2016, 2017 and 2018 and 31 March 2019, the ageing analysis of trade payables based on invoice dates is as follows:

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Within 3 months	2,010	1,740	1,588	1,734
Over 3 months but within 6 months	133	181	277	233
Over 6 months but within 1 year	163	185	–	268
Over 1 year but within 2 years	73	334	–	–
Over 2 years	–	68	–	–
	<u>2,379</u>	<u>2,508</u>	<u>1,865</u>	<u>2,235</u>

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

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
– EUR	1,078	837	1,168	1,353
– DKK	623	354	159	217
– RMB	678	1,317	538	665
	<u>2,379</u>	<u>2,508</u>	<u>1,865</u>	<u>2,235</u>

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.

## 25 ACCRUALS AND OTHER PAYABLES

	The Group				The Company	
	As at 31 December			As at 31 March	As at 31 December	As at 31 March
	2016	2017	2018	2019	2018	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Salary payables	191	340	662	531	76	53
Welfare payables	131	132	133	175	-	-
Payables for value added tax and other taxes	142	81	144	110	-	-
Professional service fee payable	518	495	845	219	-	-
Loans from a non-controlling interest (a)	931	1,201	1,226	1,281	-	-
Amounts due to ultimate controlling party (b)	61	61	65	4	4	4
Lease improvements fee payable	27	121	73	464	-	-
Audit fee payable	161	310	103	27	-	-
Accrued listing expenses	-	-	247	1,794	247	1,794
Amounts due to subsidiaries (b)	-	-	-	-	1,745	2,092
Payments made by a non-controlling interest on behalf of the Group	-	-	652	689	-	-
Others	320	295	769	209	-	31
	<u>2,482</u>	<u>3,036</u>	<u>4,919</u>	<u>5,503</u>	<u>2,072</u>	<u>3,974</u>

- (a) A non-controlling interest provided loans to two subsidiaries of the Group in an aggregate principal amount of RMB6,711,000 (equivalent to €919,000), RMB9,071,000 (equivalent of €1,163,000) and RMB9,071,000 (equivalent to €1,156,000) and RMB9,071,000 (equivalent to €1,200,000) as at 31 December 2016, 2017 and 2018 and 31 March 2019 respectively. The interest rates of the loans ranged from 0 to 5% per annum. Accrued interests were RMB95,000 (equivalent to €13,000), RMB203,000 (equivalent to €38,000) and RMB255,000 (equivalent to €70,000) and RMB615,000 (equivalent to €81,000) as at 31 December 2016, 2017 and 2018 and 31 March 2019 respectively.
- (b) The amounts due to ultimate controlling party and subsidiaries are unsecured, interest-free and repayable on demand.

## 26 BORROWINGS

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
<b>Non-current</b>				
Long-term borrowings – secured (a)	161	92	5	408
<b>Current</b>				
Current portion of long-term borrowings – secured (a)	–	–	31	123
Short-term borrowing from a bank – guaranteed (b)	1,933	2,243	–	–
Bank overdraft	42	–	12	2
<b>Total borrowings</b>	<b>2,136</b>	<b>2,335</b>	<b>48</b>	<b>533</b>

(a) The secured borrowings carried interests range from 1.77% to 6% and were secured by property, plant and equipment with net book value of €210,000, €161,000 and €112,000 and €671,000 as at 31 December 2016, 2017 and 2018 and 31 March 2019 respectively. The repayment terms of the secured borrowings were 5 years.

(b) The guaranteed bank borrowings carried interests at EURIBOR+1.5% and were guaranteed by the ultimate controlling party of the Company as at 31 December 2016 and 2017.

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
– EUR	2,094	2,335	36	531
– DKK	42	–	12	2
	<b>2,136</b>	<b>2,335</b>	<b>48</b>	<b>533</b>

The Group has the following undrawn borrowing facilities:

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Floating rate:				
– expiring within one year	–	–	–	–
– expiring beyond one year	3,067	2,757	1,000	1,000
	<b>3,067</b>	<b>2,757</b>	<b>1,000</b>	<b>1,000</b>



The Group has the following borrowing facilities available:

	As at 31 December			As at
				31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Facilities available	5,000	5,000	1,000	1,000

As at 31 December 2016 and 2017, the facilities available were guaranteed by the ultimate controlling party of the Group. The guarantee was released in 2018.

The Group borrowings were repayable as follows:

	As at 31 December			As at
				31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Within 1 year	1,975	2,243	43	125
Over 1 year but within 5 years	161	92	5	408
<b>Total</b>	<b>2,136</b>	<b>2,335</b>	<b>48</b>	<b>533</b>

## 27 LEASES

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

The consolidated statements of financial position show the following amounts relating to leases:

	The Group				The Company	
	As at 31 December			As at	As at	As at
	2016	2017	2018	31 March	31 December	31 March
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Right-of-use assets*</b>						
Properties	15,122	11,841	22,706	21,963	182	158
Medical equipment	2,664	2,749	1,879	1,703	-	-
	17,786	14,590	24,585	23,666	182	158

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

	The Group				The Company	
	As at 31 December			As at	As at	As at
	2016	2017	2018	31 March	31 December	31 March
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Lease liabilities</b>						
Current	4,167	4,207	4,867	4,958	100	102
Non-current	13,269	10,360	21,245	20,511	91	67
	17,436	14,567	26,112	25,469	191	169

For the year ended 31 December 2016, 2017, 2018 and the three months ended 31 March 2018 and 2019, the remeasurement of lease liability to reflect the reassessment of variable lease payment based on an index rate was recorded as an increase in lease liabilities and rights-of-use assets amounting to €176,000, €90,000 and €627,000 and €627,000 and nil, respectively (Note 14).

**(b) Amounts recognised in the consolidated statements of comprehensive income**

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Depreciation charge of right-of-use-assets					
Properties	2,682	2,943	3,201	809	1,033
Medical equipment	494	844	927	235	243
	<u>3,176</u>	<u>3,787</u>	<u>4,128</u>	<u>1,044</u>	<u>1,276</u>
Interest expenses (included in finance expenses)	<u>592</u>	<u>707</u>	<u>717</u>	<u>158</u>	<u>287</u>

The total cash outflow for leases for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2018 and 2019 were €3,896,000, €4,318,000 and €4,505,000 and €1,060,000 and €1,218,000 respectively.

**(c) Commitments and present value of lease liability are shown in the table below during the Track Record Period:**

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
Commitments in relation to leases are payable as follows:				
Within one year	4,295	4,523	5,267	5,503
Later than one year but not later than two years	3,722	3,473	4,686	4,688
Later than two years but not later than five years	7,083	5,276	9,289	8,779
Later than five years	6,644	5,443	15,685	15,080
Minimum lease payments	<u>21,744</u>	<u>18,715</u>	<u>34,927</u>	<u>34,050</u>
Future finance charge	<u>4,308</u>	<u>4,148</u>	<u>8,815</u>	<u>8,581</u>
Total lease liabilities	<u>17,436</u>	<u>14,567</u>	<u>26,112</u>	<u>25,469</u>
The present value of lease liabilities is as follows:				
Within one year	4,167	4,207	4,867	4,958
Later than one year but not later than two years	3,299	2,860	4,584	3,955
Later than two years but not later than five years	5,716	4,040	9,162	7,070
Later than five years	4,254	3,460	7,499	9,486
	<u>17,436</u>	<u>14,567</u>	<u>26,112</u>	<u>25,469</u>

(d) The movement of lease liability is shown in the table below during the Track Record Period:

	Lease liability- current	Lease liability- non-current
	€'000	€'000
<b>At 1 January 2016</b>	(3,449)	(13,161)
Lease payment	3,896	–
Accrued interest	(592)	–
Acquisition of subsidiary ( <i>Note 34(a)</i> )	–	(4,299)
Addition in right-of-use assets	–	(2,265)
Termination of lease contract	–	2,298
Exchange differences	145	(9)
Reclassification between current and non-current	(4,167)	4,167
<b>At 31 December 2016</b>	<u>(4,167)</u>	<u>(13,269)</u>
Lease payment	4,318	–
Accrued interest	(707)	–
Increase in right-of-use assets	–	(1,144)
Exchange differences	556	(154)
Reclassification between current and non-current	(4,207)	4,207
<b>At 31 December 2017</b>	<u>(4,207)</u>	<u>(10,360)</u>
Lease payment	4,505	–
Accrued interest	(717)	–
Increase in right-of-use assets	–	(15,515)
Exchange differences	419	(237)
Reclassification between current and non-current	(4,867)	4,867
<b>At 31 December 2018</b>	<u>(4,867)</u>	<u>(21,245)</u>
Lease payment	1,218	–
Accrued interest	(287)	–
Exchange differences	–	(288)
Reclassification between current and non-current	(1,022)	1,022
<b>At 31 March 2019</b>	<u>(4,958)</u>	<u>(20,511)</u>
<b>(Unaudited)</b>		
<b>At 31 December 2017</b>	(4,207)	(10,360)
Lease payment	1,060	–
Accrued interest	(158)	–
Increase in right-of-use assets	–	(7,665)
Exchange differences	–	(51)
Reclassification between current and non-current	(858)	858
<b>At 31 March 2018</b>	<u>(4,163)</u>	<u>(17,218)</u>

## 28 DEFERRED INCOME TAX

(i) Deferred tax assets

	As at 31 December			As at 31 March
	2016	2017	2018	2019
	€'000	€'000	€'000	€'000
<b>The balance comprises temporary differences attributable to:</b>				
Accelerated accounting/tax depreciation	28	62	533	564
Unused tax losses	1,266	1,385	1,136	1,142
Accrued expenses	140	269	17	27
Temporary differences due to leasing	37	77	124	140
Temporary differences due to intercompany transaction	–	–	226	244
Other	143	84	83	83
<b>Total deferred tax assets</b>	<u>1,614</u>	<u>1,877</u>	<u>2,119</u>	<u>2,200</u>

Movements	Accelerated accounting/tax depreciation	Unused tax losses	Accrued expenses	Temporary differences due to leasing	Temporary differences due to intercompany transaction	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>At 1 January 2016</b>	–	848	–	–	–	187	1,035
Credited/(charged) to profit or loss	28	327	145	38	–	(44)	494
Acquisition of subsidiary (Note 34(a))	–	110	–	–	–	–	110
Exchange differences	–	(19)	(5)	(1)	–	–	(25)
<b>At 31 December 2016</b>	28	1,266	140	37	–	143	1,614
Credited/(charged) to profit or loss	34	156	174	57	–	(59)	362
Exchange differences	–	(37)	(45)	(17)	–	–	(99)
<b>At 31 December 2017</b>	62	1,385	269	77	–	84	1,877
Credited/(charged) to profit or loss	471	(244)	(251)	47	226	(1)	248
Exchange differences	–	(5)	(1)	–	–	–	(6)
<b>At 31 December 2018</b>	533	1,136	17	124	226	83	2,119
Credited/(charged) to profit or loss	31	(33)	9	11	18	–	36
Exchange differences	–	39	1	5	–	–	45
<b>At 31 March 2019</b>	564	1,142	27	140	244	83	2,200
<b>(Unaudited)</b>							
<b>At 1 January 2018</b>	62	1,385	269	77	–	84	1,877
Credited/(charged) to profit or loss	2	(5)	(279)	17	–	(1)	(266)
Exchange differences	–	–	10	1	–	–	11
<b>At 31 March 2018</b>	64	1,380	–	95	–	83	1,622

Deferred income 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 2016, 2017 and 2018 and 31 March 2019, the Group did not recognise deferred income tax assets of €360,000, €419,000 and €444,000 and €407,000 in respect of loss amounting to €1,523,000, €1,730,000 and €1,776,000 and €1,628,000 that can be carried forward against future taxable income, respectively. The expiry date of the related tax losses are as follows:

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Year of expiry of tax losses:				
Tax losses with no expiry date	683	466	–	–
Tax losses expiring in				
– 2019	253	230	230	82
– 2020	61	61	61	61
– 2021	526	526	526	526
– 2022	–	447	447	447
– 2023	–	–	512	512
	<u>1,523</u>	<u>1,730</u>	<u>1,776</u>	<u>1,628</u>

## (ii) Deferred tax liabilities

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
<b>The balance comprises temporary differences attributable to:</b>				
Accelerated accounting/tax depreciation	775	815	810	788
Fair value adjustments of intangible assets arising from acquisition	184	165	146	142
Temporary differences due to leasing	–	–	48	–
Other	81	37	34	32
<b>Total deferred tax liabilities</b>	<b>1,040</b>	<b>1,017</b>	<b>1,038</b>	<b>962</b>

Movements	Accelerated	Fair value	Temporary	Other	Total
	accounting/tax depreciation	adjustments of intangible assets arising from acquisition	differences due to leasing		
	€'000	€'000	€'000	€'000	€'000
<b>At 1 January 2016</b>	766	–	–	134	900
Acquisition of subsidiary (Note 34(a))	–	188	–	–	188
Charged/(credited) to profit or loss	9	(4)	–	(53)	(48)
<b>At 31 December 2016</b>	775	184	–	81	1,040
Charged/(credited) to profit or loss	40	(19)	–	(44)	(23)
<b>At 31 December 2017</b>	815	165	–	37	1,017
(Credited)/charged to profit or loss	(5)	(19)	48	(3)	21
<b>At 31 December 2018</b>	810	146	48	34	1,038
(Credited)/charged to profit or loss	(22)	(4)	(48)	(2)	(76)
<b>At 31 March 2019</b>	788	142	–	32	962
(Unaudited)					
At 1 January 2018	815	165	–	37	1,017
(Credited)/charged to profit or loss	6	(2)	–	1	5
<b>At 31 March 2018</b>	821	163	–	38	1,022

## 29 SUBSIDIARIES

Set out below is summarised financial information for a subsidiary that has non-controlling interests ("NCI") that are material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

**Shanghai Deshijia Eye Medical Co., Ltd.**

**Summarised statements of financial position**

	<i>As at 31 December</i>			<i>As at</i>
	2016	2017	2018	31 March
	€'000	€'000	€'000	€'000
Current assets	1,037	2,000	2,955	2,618
Current liabilities	(6,688)	(7,563)	(6,246)	(7,756)
<b>Net current liabilities</b>	<b>(5,651)</b>	<b>(5,563)</b>	<b>(3,291)</b>	<b>(5,138)</b>
Non-current assets	3,319	2,621	1,680	4,570
Non-current liabilities	(1,533)	(1,017)	(705)	(1,752)
<b>Net non-current assets</b>	<b>1,786</b>	<b>1,604</b>	<b>975</b>	<b>2,818</b>
<b>Net liabilities</b>	<b>(3,865)</b>	<b>(3,959)</b>	<b>(2,316)</b>	<b>(2,320)</b>
Non-controlling interests	(1,160)	(1,188)	(695)	(696)

**Summarised statements of comprehensive income**

	<b>Year ended 31 December</b>			<b>Three months ended 31 March</b>	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Revenue	2,472	4,078	5,476	1,270	1,237
(Loss)/profit for the year/period	(1,024)	(346)	1,631	159	308
<b>Total comprehensive income</b>	<b>(1,024)</b>	<b>(346)</b>	<b>1,631</b>	<b>159</b>	<b>308</b>
Total comprehensive income allocated to non-controlling interests	(307)	(104)	489	48	92
Dividend paid to non-controlling interests	-	-	-	-	-

## Summarised statements of cash flows

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Net cash (used in)/generated from operating activities	(100)	1,614	183	511	(87)
Net cash used in investing activities	(58)	(6)	(6)	–	(235)
Net cash used in financing activities	(98)	(370)	(386)	(129)	(28)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(256)</b>	<b>1,238</b>	<b>(209)</b>	<b>382</b>	<b>(350)</b>
Cash and cash equivalents at beginning of year/period	528	257	1,451	1,451	1,234
Effect of exchange rate changes on cash and cash equivalents	(15)	(44)	(8)	(2)	(1)
Cash and cash equivalents at end of year/period	<u>257</u>	<u>1,451</u>	<u>1,234</u>	<u>1,831</u>	<u>883</u>

## 30 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Cash generated from operations

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Profit before tax	3,178	12,729	7,331	2,408	1,172
Adjustments for:					
Depreciation of property, plant and equipment	4,897	5,576	5,957	1,514	1,735
(Gains)/losses on disposal of property, plant and equipment	(62)	778	–	–	–
Compensation from landlord for early termination of lease contract	–	(8,980)	–	–	–
Share-based payment to employee	19	447	–	–	–
Amortisation of intangible assets	24	86	85	21	21
Finance expenses, net	787	1,267	825	168	74
Other gains, net	(132)	(81)	(238)	(1)	(27)
	8,711	11,822	13,960	4,110	2,975
<b>Changes in working capital:</b>					
Increase in inventories	(367)	(482)	(1,763)	(237)	(815)
Decrease/(increase) in trade receivables	185	211	(904)	(156)	156
(Increase)/decrease in deposits, other receivables and prepayments	(374)	332	5,833	8,061	1,385
(Decrease)/increase in trade payables	(80)	179	46	(110)	370
(Decrease)/increase in other payables	(6,404)	(38)	2,145	23	109
Increase/(decrease) in contract liabilities	178	(49)	147	135	145
<b>Cash generated from operations</b>	<u>1,849</u>	<u>11,975</u>	<u>19,464</u>	<u>11,826</u>	<u>4,325</u>

## (b) Non-cash investing and financing activities

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				(Unaudited)	
Addition of right-of-use assets	2,265	1,144	15,515	7,665	–
Addition of property, plant and equipment under sales and lease back arrangement	–	–	–	–	628
Payments made by a non-controlling interest on behalf of the Group	–	–	652	–	37
	<u>2,265</u>	<u>1,144</u>	<u>16,167</u>	<u>7,665</u>	<u>665</u>

## (c) Net debt reconciliation

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				(Unaudited)	
Cash and cash equivalent	5,354	6,556	16,546	13,056	18,470
Lease liabilities due within 1 year	(4,167)	(4,207)	(4,867)	(4,163)	(4,958)
Lease liabilities due beyond 1 year	(13,269)	(10,360)	(21,245)	(17,218)	(20,511)
Borrowings – repayable within one year (exclude bank overdrafts)	(1,933)	(2,243)	(31)	(47)	(123)
Borrowings – repayable after one year	(161)	(92)	(5)	(28)	(408)
Loans from a non-controlling interest	(931)	(1,201)	(1,226)	(1,208)	(1,281)
<b>Net debt</b>	<u>(15,107)</u>	<u>(11,547)</u>	<u>(10,828)</u>	<u>(9,608)</u>	<u>(8,811)</u>
Cash and cash equivalents	5,354	6,556	16,546	13,056	18,470
Gross debt – fixed interest rates	(18,528)	(15,860)	(27,374)	(22,664)	(27,281)
Gross debt – variable interest rates	(1,933)	(2,243)	–	–	–
<b>Net debt</b>	<u>(15,107)</u>	<u>(11,547)</u>	<u>(10,828)</u>	<u>(9,608)</u>	<u>(8,811)</u>

	Cash and cash equivalents	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Loans from a non-controlling interest	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Net debt as at 1 January 2016</b>	9,497	(3,449)	(13,161)	–	(228)	(797)	(8,138)
Cash flows	(4,130)	3,896	–	(1,933)	110	(146)	(2,203)
Other non-cash movements							
– Exchange differences	(13)	145	(9)	–	–	15	138
– Accrued interest	–	(592)	–	–	(43)	(3)	(638)
– Increase in right-of-use assets	–	–	(6,564)	–	–	–	(6,564)
– Termination of right-of-use assets	–	–	2,298	–	–	–	2,298
– Reclassification between current and non-current lease liabilities	–	(4,167)	4,167	–	–	–	–
<b>Net debt as at 31 December 2016</b>	<u>5,354</u>	<u>(4,167)</u>	<u>(13,269)</u>	<u>(1,933)</u>	<u>(161)</u>	<u>(931)</u>	<u>(15,107)</u>



	Cash and cash equivalents	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Loans from a non-controlling interest	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cash flows	1,246	4,318	-	(310)	109	(309)	5,054
Other non-cash movements							
- Exchange differences	(44)	556	(154)	-	-	64	422
- Accrued interest	-	(707)	-	-	(40)	(25)	(772)
- Increase in right-of-use assets	-	-	(1,144)	-	-	-	(1,144)
- Reclassification between current and non-current lease liabilities	-	(4,207)	4,207	-	-	-	-
<b>Net debt as at 31 December 2017</b>	<b>6,556</b>	<b>(4,207)</b>	<b>(10,360)</b>	<b>(2,243)</b>	<b>(92)</b>	<b>(1,201)</b>	<b>(11,547)</b>
Cash flows	9,985	4,505	-	2,226	87	-	16,803
Other non-cash movements							
- Exchange differences	5	419	(237)	-	-	11	198
- Accrued interest	-	(717)	-	(14)	-	(36)	(767)
- Increase in right-of-use assets	-	-	(15,515)	-	-	-	(15,515)
- Reclassification between current and non-current lease liabilities	-	(4,867)	4,867	-	-	-	-
<b>Net debt as at 31 December 2018</b>	<b>16,546</b>	<b>(4,867)</b>	<b>(21,245)</b>	<b>(31)</b>	<b>(5)</b>	<b>(1,226)</b>	<b>(10,828)</b>
Net debt as at 1 January 2019	16,546	(4,867)	(21,245)	(31)	(5)	(1,226)	(10,828)
Cash flows	1,925	1,218	-	39	-	-	3,182
Other non-cash movement							
- Exchange differences	(1)	-	(288)	-	94	(51)	(246)
- Accrued interest	-	(287)	-	-	-	(4)	(291)
Addition of property, plant and equipment under sales and lease back arrangement	-	-	-	-	(628)	-	(628)
- Reclassification between current and non-current lease liabilities	-	(1,022)	1,022	(131)	131	-	-
<b>Net debt as at 31 March 2019</b>	<b>18,470</b>	<b>(4,958)</b>	<b>(20,511)</b>	<b>(123)</b>	<b>(408)</b>	<b>(1,281)</b>	<b>(8,811)</b>
<b>(Unaudited)</b>							
Net debt as at 1 January 2018	6,556	(4,207)	(10,360)	(2,243)	(92)	(1,201)	(11,547)
Cash flows	6,501	1,060	-	2,261	-	-	9,822
Other non-cash movement							
- Exchange differences	(1)	-	(51)	-	-	-	(52)
- Accrued interest	-	(158)	-	(1)	-	(7)	(166)
- Increase in right-of-use assets	-	-	(7,665)	-	-	-	(7,665)
- Reclassification between current and non-current lease liabilities	-	(858)	858	(64)	64	-	-
<b>Net debt as at 31 March 2018</b>	<b>13,056</b>	<b>(4,163)</b>	<b>(17,218)</b>	<b>(47)</b>	<b>(28)</b>	<b>(1,208)</b>	<b>(9,608)</b>

**31 COMMITMENTS AND CONTINGENT LIABILITIES****(a) Capital commitments**

The Group had no capital commitments as at 31 December 2016, 2017 and 2018. As at 31 March 2019, the Group has capital commitment for leasehold improvement amounting to €278,000.

**(b) Contingent liabilities**

The Group had no material contingent liabilities as at 31 December 2016, 2017 and 2018 and 31 March 2019.

**32 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	Common partners/shareholders and directors – Dr Jørn Slot Jørgensen and Dr Ralf-Christian Lerche
JJ Beteiligungs-GmbH	Common controlling shareholder and director – Dr Jørn Slot Jørgensen
JJ Eyes Specialist And Consulting Limited	Common controlling shareholder and director – Dr Jørn Slot Jørgensen
Baigo Capital GmbH	Common shareholder and director – Mr Marcus Huascar Bracklo

**(a) Transactions with related parties**

	Year ended 31 December			Three months ended 31 March	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				<i>(Unaudited)</i>	
Sales of goods to:					
Dr Jørgensen und Kollegen GbR	–	–	4	–	–
Rendering services to:					
Dr Jørgensen und Kollegen GbR	–	–	124	–	45
JJ Beteiligungs-GmbH	–	–	8	–	1
	<u>–</u>	<u>–</u>	<u>136</u>	<u>–</u>	<u>46</u>
Purchase goods from:					
JJ Eyes Specialist And Consulting Limited	99	160	841	568	–
Dr Jørgensen und Kollegen GbR	–	–	243	80	87
Purchase services from:					
Dr Jørgensen und Kollegen GbR	–	–	2	–	–
JJ Beteiligungs-GmbH	–	–	125	–	18
JJ Eyes Specialist And Consulting Limited	17	107	–	–	–
Baigo Capital GmbH	–	101	101	25	25
	<u>116</u>	<u>368</u>	<u>1,312</u>	<u>673</u>	<u>130</u>

**(b) Balances with related parties**

	As at 31 December			As at
	2016	2017	2018	31 March
	€'000	€'000	€'000	2019
				€'000
Trade receivables				
– Dr Jørgensen und Kollegen GbR	–	–	138	8
Trade payables				
– JJ Eyes Specialist And Consulting Limited	83	259	–	–
– Dr Jørgensen und Kollegen GbR	–	–	44	93
	83	259	44	93
Other payables				
– Dr. Jørn Slot Jørgensen	61	61	65	4
– JJ Beteiligungs-GmbH	–	–	–	2
	61	61	65	6
Other receivables				
– JJ Beteiligungs-GmbH	–	–	–	18

**(c) Key management compensation**

The compensation paid/payable to key management is shown below:

	Year ended 31 December			Three months ended	
	2016	2017	2018	2018	2019
	€'000	€'000	€'000	€'000	€'000
				(Unaudited)	
Salaries and other short-term employee benefits	603	574	546	163	223
Allowances and benefits in kind	1	3	4	–	4
	604	577	550	163	227

## 33 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

## (a) Property, plant and equipment

	<b>Right-of-use assets-property</b>
	<i>€'000</i>
At 13 August 2018 (date of incorporation)	–
Additions	194
Depreciation charge	(12)
Net book amount at 31 December 2018	<u>182</u>
<b>As at 31 December 2018</b>	
Cost	194
Accumulated depreciation	(12)
<b>Net book amount</b>	<u>182</u>
<b>Three months ended 31 March 2019</b>	
Opening net book amount	182
Depreciation charge	(24)
Closing net book amount	<u>158</u>
<b>As at 31 March 2019</b>	
Cost	194
Accumulated depreciation	(36)
<b>Net book amount</b>	<u>158</u>

## (b) Investment in subsidiaries

	<b>As at 31 December 2018</b>	<b>As at 31 March 2019</b>
	<i>€'000</i>	<i>€'000</i>
Investment in unlisted shares, at cost	<u>49,438</u>	<u>49,463</u>

## (c) Reserve movement of the Company

	<u>Other reserves</u>	<u>Accumulated losses</u>
	€'000	€'000
At 13 August 2018 (date of incorporation)	–	–
Loss for the period	–	(1,322)
Group reorganisation	49,407	–
	<u>49,407</u>	<u>(1,322)</u>
At 31 December 2018	<u>49,407</u>	<u>(1,322)</u>
Loss for the period	–	(1,539)
	<u>49,407</u>	<u>(2,861)</u>
At 31 March 2019	<u>49,407</u>	<u>(2,861)</u>

## 34 BUSINESS COMBINATION

## (a) Summary of acquisition

On 1 November 2016, the Group acquired 70% of the equity interest of Shenzhen Hero and its wholly-owned subsidiary, Shenzhen Deshijia Eye Clinic. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	€'000
Total purchase consideration	
Cash paid	<u>1,573</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<u>Fair value</u>
	€'000
Cash and cash equivalents	509
Other receivables	127
Inventories	63
Property, plant and equipment	4,625
License	750
Deferred tax assets	110
Trade payables	(70)
Accruals and other payables	(464)
Deferred tax liabilities	(188)
Lease liabilities	<u>(4,299)</u>
Net identifiable assets acquired	1,163
Less: non-controlling interests	(349)
Add: goodwill	<u>759</u>
<b>Consideration</b>	<u><u>1,573</u></u>

The goodwill is attributable to the workforce and the synergy of the acquired business with the other operations of the Group. It will not be deductible for tax purposes.

There were no acquisitions in the years ended 31 December 2017 and 2018 and the three months ended 31 March 2019.

(i) *Acquired receivables*

The fair value of acquired other receivables is €127,000, which represents the gross contractual amount for other receivables due. No receivable is expected to be uncollectible.

(ii) *Accounting policy choice for non-controlling interests*

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Shenzhen Hero, the Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

(iii) *Revenue and profit contribution*

The acquired business contributed revenue of €55,000 and net loss of €246,000 to the Group for the period from 1 November 2016 to 31 December 2016. If the acquisition had occurred on 1 January 2016, consolidated pro-forma revenue and profit of the Group for the year ended 31 December 2016 would have been €31,467,000 and €1,685,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2016, together with the consequential tax effects.

(b) **Purchase consideration – cash outflow**

	<b>From 1 November 2016 to 31 December 2016</b>
	€'000
Outflow of cash acquire subsidiary, net of cash acquired	
Cash consideration	1,573
Less: Cash balances acquired	(509)
<b>Net outflow of cash – investing activities</b>	<b>1,064</b>

**35 SUBSEQUENT EVENTS**

The events after the balance sheet date are disclosed as follows:

- (i) Pursuant to a shareholder's resolution passed on 23 September 2019, conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors are authorised to and will issue a total of 234,600,000 Shares by way of capitalisation of the sum of USD2,346,000 standing to the credit of the share premium account of the Company upon the Global Offering.
- (ii) On 19 April 2019, upon obtaining all the approvals from the relevant authorities in the PRC, the registered capital of Shanghai Deshijia Eye Medical Co., Ltd. was increased from RMB20,000,000 to RMB60,000,000, pursuant to which loans from a subsidiary of the Company of RMB17,260,000 and loans from the non-controlling interest of RMB5,911,000 to Shanghai Deshijia Eye Medical Co., Ltd. were capitalised as capital. As a result, the non-controlling interests in the consolidated statement of financial position increased by approximately EUR785,000, and the accruals and other payables in the consolidated statement of financial position decreased by approximately the same amount. The effective interest percentages held by the Company in Shanghai Deshijia Eye Medical Co., Ltd. remained the same.

- (iii) On 16 July 2019, upon obtaining the approvals from the relevant authorities in the PRC, the registered capital of Shenzhen Hero was increased from RMB15,000,000 to RMB30,000,000, pursuant to which loans from a subsidiary of the Company of RMB9,201,000 and loans from one of the non-controlling interests of RMB3,775,000 to Shenzhen Hero were capitalised as capital. As a result, the non-controlling interests in the consolidated statement of financial position increased by approximately EUR488,000, and the accruals and other payables in the consolidated statement of financial position decreased by approximately the same amount. The effective interest percentage held by the Company in Shenzhen Hero remained the same.
  
- (iv) Pursuant to a directors' resolution dated 23 September 2019, the Company declared a dividend of €7.4 million to its shareholders whose names appears in the register of members of the Company on 23 September 2019 on a pro rata basis, to be paid within 12 months from the date on which the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

### **III SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 March 2019 and up to the date of this report. Save as disclosed in this report in Note 35, no dividend or distribution has been declared or made by the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to 31 March 2019.

The information set out in this Appendix II does not form part of the Accountant's Report from the reporting accountant of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2019 as if the Global Offering had taken place on 31 March 2019.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 31 March 2019 or at any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2019 <i>(Note 1)</i>	Estimated net proceeds from the Global Offering <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 March 2019	Unaudited pro forma adjusted net tangible assets per Share	
	€'000	€'000	€'000	€ <i>(Note 3)</i>	HK\$ <i>(Note 6)</i>
Based on an Offer Price of HK\$6.20 per share	23,972	52,271	76,243	0.24	2.07
Based on an Offer Price of HK\$8.80 per share	23,972	75,526	99,498	0.31	2.70

*Notes:*

- (1) The consolidated net tangible assets attributable to owners of the Company as at 31 March 2019 is arrived at after deducting the intangible assets of €672,000 and goodwill of €759,000 from the audited consolidated net assets attributable to owners of the Company of €25,403,000 as at 31 March 2019, as extracted from the accountant's report set forth in Appendix I to this prospectus.



- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$6.20 (equivalent to €0.72) and HK\$8.80 (equivalent to €1.02), respectively, after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately €2,659,000 which have been accounted for prior to 31 March 2019) payable by the Company and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate to issue shares or the general mandate to repurchase shares.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis of 317,334,000 Shares were in issue (assuming that the Global Offering and the Capitalisation Issue have been completed on 31 March 2019), and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate to issue shares or the general mandate to repurchase shares.
- (4) No adjustment has been made to reflect the Special Dividend of €7.4 million or any trading result or other transactions of the Group entered into subsequent to 31 March 2019.
- (5) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the Special Dividend of €7.4 million declared by the Company. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$1.87 (equivalent to €0.22) and HK\$2.50 (equivalent to €0.29) per Share based on the Offer Price of HK\$6.20 (equivalent to €0.72) and HK\$8.80 (equivalent to €1.02), respectively, after taking into consideration the declaration and payment of the Special Dividend.
- (6) For the purpose of this unaudited pro forma adjusted net tangible assets, the translation of Euro to Hong Kong dollars has been made at a rate of €1.00 to HK\$8.6032.

**B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of EuroEyes International Eye Clinic Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of EuroEyes International Eye Clinic Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 March 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 30 September 2019, in connection with the proposed global offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed global offering on the Group's financial position as at 31 March 2019 as if the proposed global offering had taken place at 31 March 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated financial statements, on which an accountant's report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at 31 March 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors

in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 September 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 August 2018 under the Cayman Companies Law. Our Company's constitutional documents consist of its Memorandum and its Articles amended and restated from time to time.

## **1. MEMORANDUM OF ASSOCIATION**

1.1 The Memorandum provides, *inter alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

1.2 By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

## **2. ARTICLES OF ASSOCIATION**

The Articles were conditionally adopted on 23 September 2019. A summary of certain provisions of the Articles is set out below.

### **2.1 Shares**

#### **(a) *Classes of shares***

The share capital of our Company consists of ordinary shares.

#### **(b) *Variation of rights of existing shares or classes of shares***

Subject to the Cayman Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, provided that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a

shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

***(c) Alteration of capital***

Our Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

***(d) Transfer of shares***

Subject to the Cayman Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as our Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as our Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that our Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of our Company in respect of that share.

Our Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless our Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

Our Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which our Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

Our Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as our Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine (or such longer period as the members of our Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

***(e) Power of our Company to purchase its own shares***

Our Company may purchase its own shares subject to certain restrictions and our Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

***(f) Power of any subsidiary of our Company to own shares in our Company***

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

*(g) Calls on shares and forfeiture of shares*

Our Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as our Board shall fix from the day appointed for payment to the time of actual payment, but our Board may waive payment of such interest wholly or in part. Our Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as our Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, our Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of our Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

*(h)* A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, as at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if our Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as our Board may prescribe.



## 2.2 Directors

### (a) *Appointment, retirement and removal*

At any time or from time to time, our Board shall have the power to appoint any person as a Director either to fill a casual vacancy on our Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to our existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by our Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by our Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of our Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from our Board.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and our Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of our Board for six consecutive months, and our Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) is removed from office by the requisite majority of our Directors or otherwise pursuant to the Articles.

From time to time our Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as our Board may determine, and our Board may revoke or terminate any of such appointments. Our Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as our Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

**(b) *Power to allot and issue shares and warrants***

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as our Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of our Company or the holder of the share, it is liable to be redeemed.

Our Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless our Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and our Company has received an indemnity in such form as our Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of our Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no shares shall be issued at a discount.

Neither our Company nor our Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of our Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(c) Power to dispose of the assets of our Company or any of our subsidiaries***

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, our Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of our Board which would have been valid if such regulation had not been made.

***(d) Borrowing powers***

Our Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

*(e) Remuneration*

Our Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by our Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company, performs services which in the opinion of our Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as our Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as our Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

Our Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of our Company or companies with which our Company is associated in business, or may make contributions out of our Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

Our Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(f) Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which our Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

*(g) Loans and provision of security for loans to Directors*

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(h) Disclosure of interest in contracts with our Company or any of our subsidiaries*

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and upon such terms as our Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. Our Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of our Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to our Company.

A Director shall not vote or be counted in the quorum on any resolution of our Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where our Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of our Company or any of our subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which our Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which our Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of our Company by virtue only of his/their interest in those shares, debentures or other securities.

### **2.3 Proceedings of our Board**

Our Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

### **2.4 Alterations to the constitutional documents and our Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed, with the sanction of a special resolution of the Company.

### **2.5 Meetings of member**

#### ***(i) Special and ordinary resolutions***

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

#### ***(j) Voting rights and right to demand a poll***

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated



for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (i) at least two members;
- (ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members holding shares in our Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

***(k) Annual general meetings***

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by our Board.



*(l) Notices of meetings and business to be conducted*

An annual general meeting of our Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of our Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in our Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

*(m) Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

*(n) Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as our Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

*(o) Members' requisition for meetings*

Extraordinary general meetings shall be convened on the requisition of one or more members holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to our Board or the secretary of our Company for the purpose of requiring an extraordinary general meeting to be called by our Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, our 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 our Board shall be reimbursed to the requisitionist(s) by our Company.

## 2.6 Accounts and audit

Our Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as our Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of our Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by our Board or our Company in general meeting.

Our Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, our Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with our Board. The auditors' remuneration shall be fixed by our Company in general meeting or by our Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**2.7 Dividends and other methods of distribution**

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by our Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (c) our Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where our Board or our Company in general meeting has resolved that a dividend should be paid or declared, our Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our Board may think fit.

Upon the recommendation of our Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever our Board or our Company in general meeting has resolved that a dividend be paid or declared, our Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

Our Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as our Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by our Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by our Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

## **2.8 Inspection of corporate records**

For so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

## **2.9 Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

## **2.10 Procedures on liquidation**

A resolution that Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (a) if our Company is wound up and the assets available for distribution among the members of our Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (b) if our Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.
- (c) If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

### **2.11 Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

### **3. CAYMAN COMPANIES LAW**

Our Company was incorporated in the Cayman Islands as an exempted company on 13 August 2018 subject to the Cayman Companies Law. Certain provisions of Cayman companies law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

### **3.1 Company operations**

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

### **3.2 Share capital**

Under the Cayman Companies Law, Cayman Islands companies may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Cayman Companies Law;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.



### **3.3 Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of our company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

### **3.4 Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of our company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of our company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of our company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, our company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

Cayman Islands companies may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.



### 3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

### 3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of our company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of our Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of our company in issue, appoint an inspector to examine the affairs of our company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that our company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

### 3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

### 3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

### **3.9 Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

### **3.10 Taxation**

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet that:

- (a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to our Company or its operations; and
- (b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:
  - (i) on or in respect of the shares, debentures or other obligations of our Company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for our Company is for a period of 20 years from 27 March 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

### **3.11 Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

### **3.12 Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

### **3.13 Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

### **3.14 Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands.

### **3.15 Register of Directors and officers**

Pursuant to the Cayman Companies Law, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

### **3.16 Winding up**

Cayman Islands companies may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

### **3.17 Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

### **3.18 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

### **3.19 Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

### **3.20 Economic substance**

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Law, 2018, which became effective on 1 January 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on such relevant activities and if it is, it must satisfy an economic substance test.

**4. GENERAL**

Harney Westwood & Riegels, our Company's legal adviser on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman companies law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of our Company**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 13 August 2018. Our registered office is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Our Company has established our principal place of business in Hong Kong at Suite 3711, Tower Two, Times Square, 1 Matheson Street, Causeway Bay and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 21 March 2019, with Eversheds Sutherland appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong at 37/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution comprises the Memorandum and the Articles. For more information, please see the section headed "Summary of the Constitution of our Company and Cayman Companies Law" in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

The authorised share capital of our Company as at the date of its incorporation was US\$50,000 divided into 50,000 Shares of US\$1.00 each. The following sets out the changes in our Company's share capital since our incorporation:

- (a) On 13 August 2018, the initial member, who is an Independent Third Party, transferred one Share to JJB;
- (b) On 13 December 2018, JJB transferred one Share to Dr Jørgensen;
- (c) On 19 December 2018, the Company allotted and issued a total of 33,999 Shares to the following individuals:

<b>Member</b>	<b>Number of shares allotted and issued</b>	<b>Share Class</b>
Dr Jørgensen	23,953	Ordinary
Ling Rui International	3,301	Ordinary
Dr Lerche	441	Ordinary
Ms Antonie Neuhann	955	Ordinary
Mr Jörg Hassel	955	Ordinary
ØJENKROGEN ApS	2,115	Ordinary

<u>Member</u>	<u>Number of shares allotted and issued</u>	<u>Share Class</u>
Mr Jannik Jørgensen	737	Ordinary
Prof Knorz	420	Ordinary
Mr Shu Pai Li	34	Ordinary
Dr Hans-Göran Gustaf Helgason	170	Ordinary
Ms Yan Wang	102	Ordinary
Mr Marcus Huascar Bracklo	34	Ordinary
Mr Keith Nicholas McKay	68	Ordinary
Dr Mathias Johannes Fleischer	68	Ordinary
Dr Frank Schreyger	68	Ordinary
Mr Lars Meier	34	Ordinary
Dr Markus Braun	34	Ordinary
Ms Lam Na Linda Li	34	Ordinary
Mr Thomas Gottschalk	306	Ordinary
Ms Thea Gottschalk	136	Ordinary
Ms Xia Huang	34	Ordinary

- (d) On 23 September 2019, the authorised share capital of our Company was changed from US\$50,000 divided into 50,000 shares of US\$1.00 each to US\$10,000,000 divided into 1,000,000,000 shares of US\$0.01 each by:
- (i) subdividing the 34,000 issued ordinary shares of US\$1.00 each into 3,400,000 issued ordinary shares of US\$0.01 each;
  - (ii) subdividing the 16,000 authorised but unissued ordinary shares of US\$1.00 each into 1,600,000 shares of US\$0.01 each; and
  - (iii) creating an additional 995,000,000 authorised but unissued ordinary shares of US\$0.01 each.

Conditional on the share premium account of our Company being credited with the proceeds from the Global Offering, the amount of US\$2,346,000 standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full 234,600,000 Shares which will be allotted and issued to our Shareholders whose names appeared on the register of members of the Company as at 6:00 p.m. (Hong Kong time) on 23 September 2019 on a pro rata basis.

Immediately following the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), the issued share capital of our Company will be US\$3,173,340 divided into 317,334,000 Shares fully paid or credited as fully paid and 682,666,000 Shares will remain unissued. Other than



pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above and in the paragraph headed “– A. Further information about our Group – 4. Resolutions of our Shareholders passed on 23 September 2019” below there has been no alteration in the share capital of our Company since its incorporation.

### **3. Changes in share capital in our subsidiaries**

The following sets out the changes in the share capital of EuroEyes Deutschland within the two years immediately preceding the date of this prospectus:

- (a) On 21 August 2017, the authorised capital of EuroEyes Deutschland was increased from €32,681 divided into 32,681 shares to €33,011 divided into 33,011 shares by the creation of an additional 330 shares;
- (b) On 21 August 2017, EuroEyes Deutschland allotted and issued 330 shares to Prof Knorz; and
- (c) On 18 October 2018, the authorised capital of EuroEyes was increased from €33,011 divided into 33,011 shares to €34,000 divided into 34,000 shares by the creation of an additional 989 shares.

Save as disclosed above and in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

### **4. Resolutions of our Shareholders passed on 23 September 2019**

Pursuant to the resolutions of our Shareholders passed at an extraordinary general meeting on 23 September 2019, among other things:

- (a) our Company approved and conditionally adopted the Articles which will become effective upon the Listing Date;
- (b) the authorised share capital of our Company was changed from US\$50,000 divided into 50,000 shares of US\$1.00 each to US\$10,000,000 divided into 1,000,000,000 shares of US\$0.01 each by:
  - (i) subdividing the 34,000 issued ordinary shares of US\$1.00 each into 3,400,000 issued ordinary shares of US\$0.01 each;
  - (ii) subdividing the 16,000 authorised but unissued ordinary shares of US\$1.00 each into 1,600,000 shares of US\$0.01 each; and

- (iii) creating an additional 995,000,000 authorised but unissued ordinary shares of US\$0.01 each;
- (c) our Company adopted the rules of the Share Option Scheme, conditional on, among other things, the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue, the Global Offering and the Share Option Scheme, our Directors are authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme. For more information, see paragraph headed “– E. Share Option Scheme” in this Appendix;
- (d) conditional on, among other things, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements:
  - (i) the Global Offering was approved and our Directors were authorised to allot and issue the new Shares under to the Global Offering; and
  - (ii) the Over-allotment Option was approved;
  - (iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorised to capitalise an amount of US\$2,346,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full 234,600,000 Shares, such Shares to be allotted and issued to our Shareholders whose names appeared on the register of members of the Company as at 6:00 p.m. (Hong Kong time) on 23 September 2019 on a pro rata basis;
  - (iv) a general unconditional mandate was granted to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), other than pursuant to (1) a rights issue, (2) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, (3) the exercise of any options which may be granted pursuant to the Share Option Scheme or (4) a specific authority granted by our Shareholders in general meeting, unissued Shares of not more than 20% of the total number of Shares in issue immediately following completion of the Global Offering and Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), such

mandate to remain in effect until the earliest of (I) the conclusion of our Company's next annual general meeting; (II) the date by which our Company's next annual general meeting is required by the Articles or the Companies Law or applicable laws in the Cayman Islands to be held; or (III) such mandate being revoked or varied by ordinary resolutions of our Shareholders at a general meeting (the "**Relevant Period**");

- (v) a general unconditional mandate ("**Repurchase Mandate**") was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), such mandate to remain in effect until the expiry of the Relevant Period; and
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate.

## 5. Corporate reorganisation

We underwent the Reorganisation in preparation for the Listing. For more information, please see the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in this prospectus.

## 6. Repurchase of our Company's securities

### (a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

#### (i) *Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of its Shareholders, either by way of general mandate or by specific approval of a particular transaction.

On 23 September 2019, our Directors were granted a general unconditional mandate to repurchase up to 10% of the total number of Shares in issue immediately following the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will expire at the earliest of (1) the conclusion of our Company's next annual general meeting; (2) the date by which our Company's next annual general meeting is required by the Articles or the Companies Law or applicable laws in the Cayman Islands to be held; or (3) such mandate being revoked or varied by ordinary resolutions of our Shareholders at a general meeting (the "**Relevant Period**").

*(ii) Source of funds*

Our Company's repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Law and the applicable laws of the Cayman Islands. Our Company may not repurchase the Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under Cayman Islands law, our Company may make repurchases out of the profit, or out of our Company's share premium account, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on the purchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits of our Company or our Company's share premium account, before or at the time the Shares are repurchased, or if so authorised by the Articles and subject to the Companies Law, out of capital.

*(b) Reasons for repurchases*

Our Directors believe that it is in our Company's and our Shareholders' best interests for our Directors to have general authority to execute repurchases of the Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made where our Directors believe that the repurchases will benefit our Company and our Shareholders.

*(c) Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules, the Companies Law and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or the share premium account of our Company or, subject to the Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

*(d) Share capital*

The exercise in full of the current Repurchase Mandate, on the basis of 317,334,000 Shares in issue immediately after the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), could accordingly result in up to 31,733,400 Shares being repurchased by our Company during the Relevant Period.

*(e) General*

Neither our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles, the Companies Law and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in our Company's voting rights is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our Shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as mentioned above, our Directors are not aware of any consequences of repurchases pursuant to the Repurchase Mandate which would arise under the Takeovers Code.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified us that he, she or it has a present intention to sell his, her or its Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of our material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within two years immediately preceding the date of this prospectus which are or may be material:




- (a) Investor's Agreement dated 21 September 2018 entered into among EuroEyes Deutschland GmbH, Mr Jørn Slot Jørgensen, Mr Ralf-Christian Lerche, Mr Michael Knorz, Mr Jannik Jonas Slot Jørgensen, Mr Hans-Göran Gustaf Helgason, Mr Shu Pai Li, Ms Yan Wang, Mr Marcus Huascar Bracklo, Mr Keith Nicholas McKay, Mr Mathias Fleischer, Mr Frank Schreyger and Mr Lars Meier;
- (b) Purchase and Assignment Agreement dated 30 November 2018 entered into between EuroEyes Deutschland GmbH and EuroEyes Holdings Limited;
- (c) Share Purchase and Assignment Agreement dated 19 December 2018 entered into between EuroEyes International Eye Clinic Limited and EuroEyes Holding AG;
- (d) Share Swap Agreement dated 19 December 2018 entered into among EuroEyes International Eye Clinic Limited, Mr Marcus Huascar Bracklo, Mr Dr. Markus Braun, Mr Mathias Fleischer, Ms Thea Gottschalk, Mr Thomas Gottschalk, Mr Jörg Hassel, Mr Hans-Göran Gustaf Helgason, Ms Xia Huang, Mr Jannik Jonas Slot Jørgensen, Mr Jørn Slot Jørgensen, Mr Michael Knorz, Mr Ralf Christian Lerche, Ms Lam Na Linda Li, Mr Shu Pai Li, Ling Rui International Trading Company Limited, Mr Keith Nicholas McKay, Mr Lars Meier, Ms Antonia Neuhann, ØJENKROGEN ApS, Mr Frank Schreyger and Ms Yan Wang;
- (e) Assignment Agreement dated 19 December 2018 entered into among EuroEyes International Eye Clinic Limited, Mr Marcus Huascar Bracklo, Mr Dr. Markus Braun, Mr Mathias Fleischer, Ms Thea Gottschalk, Mr Thomas Gottschalk, Mr Jörg Hassel, Mr Hans-Göran Gustaf Helgason, Ms Xia Huang, Mr Jannik Jonas Slot Jørgensen, Mr Jørn Slot Jørgensen, Mr Michael Knorz, Mr Ralf Christian Lerche, Ms Lam Na Linda Li, Mr Shu Pai Li, Ling Rui International Trading Company Limited, Mr Keith Nicholas McKay, Mr Lars Meier, Ms Antonia Neuhann, ØJENKROGEN ApS, Mr Frank Schreyger and Ms Yan Wang;
- (f) Cash Contribution and Share Issuance Agreement dated 19 December 2018 entered into between Mr Dr. Jørn Jørgensen and EuroEyes International Eye Clinic Limited;
- (g) Assignment Agreement dated 19 December 2018 entered into between EuroEyes Holdings Limited and EuroEyes International Eye Clinic Limited;
- (h) Contribution and Share Issuance Agreement dated 19 December 2018 entered into between EuroEyes Holdings Limited and EuroEyes International Eye Clinic Limited;
- (i) Contribution and Assignment Agreement dated 19 December 2018 entered into between EuroEyes Holdings Limited and EuroEyes Deutschland Beteiligungs GmbH;

- (j) Amendment of the share purchase and assignment agreement dated 20 December 2018 entered into between EuroEyes Holding AG and EuroEyes International Eye Clinic Limited;
- (k) Confirmation dated 29 May 2019 of the Share Purchase and Assignment Agreement dated 6 February 2019 entered into between EuroEyes Deutschland GmbH and EuroEyes Deutschland Holding GmbH & Co. KG;
- (l) Share Purchase and Assignment Agreement dated 6 February 2019 entered into between EuroEyes Deutschland GmbH and EuroEyes Deutschland Beteiligungs GmbH;
- (m) the Deed of Non-competition;
- (n) the Deed of Indemnity; and
- (o) the Hong Kong Underwriting Agreement.

## 2. Our intellectual property rights

### (a) Trademarks

As at the Latest Practicable Date, we owned the following trademarks which are material to our business:

No.	Trademark	Place of registration	Registered owner	Trademark number	Class	Expiry date
1	EUROEYES	EU	EuroEyes Deutschland	010091759	5, 9, 44	1 July 2021
2		EU	EuroEyes Deutschland	010091833	5, 9, 44	1 July 2021
3	EuroEyes	EU	EuroEyes Deutschland	002857761	44	19 September 2022
4	EUROEYES	Germany	EuroEyes Deutschland	30134087	5, 10, 44	30 June 2021
5		Germany	EuroEyes Deutschland	302008000079	10, 16, 35	31 January 2028
6		Germany	EuroEyes Deutschland	302008053621	44	31 August 2028
7	EUROEYES	Russia	EuroEyes Deutschland	1087702	5, 9, 44	1 July 2021
8	德视佳	PRC	Shanghai Deshijia	12002184	44	27 June 2024



No.	Trademark	Place of registration	Registered owner	Trademark number	Class	Expiry date
9	(A)  (B) 	Hong Kong	EuroEyes Deutschland	301968742	5, 9, 44	7 July 2021
10		Hong Kong	EuroEyes Deutschland	301968481	5, 9, 44	7 July 2021
11	(A)  (B) 	Hong Kong	EuroEyes Deutschland	304611131	44	25 July 2028
12	DESHIJIA 德視佳 DESHIJIA 德視佳 Deshijia 德視佳 Deshijia 德視佳	Hong Kong	EuroEyes Deutschland	304612428	44	25 July 2028

(b) *Domain Name*

As at the Latest Practicable Date, we owned the following domain names which are material to our business:

No.	Domain name	Registrant	Place of registration	Expiry date
1	euroeyes.com	EuroEyes Deutschland	Germany	5 March 2020
2	euroeyes.de	EuroEyes Deutschland	Germany	16 July 2020
3	brilleweg.de	EuroEyes Deutschland	Germany	19 December 2019
4	lasik-germany.de	EuroEyes Deutschland	Germany	2 August 2020
5	gutsehen.de	EuroEyes Deutschland	Germany	8 January 2020
6	euroeyes.dk	EUROEYES ApS	Denmark	30 June 2020
7	bj-euroeyes.cn	Beijing Deshijia	PRC	25 April 2021
8	euroeyes.cn	Shanghai Deshijia	PRC	27 December 2022
9	euroeyeschina.com	Shanghai Deshijia	PRC	2 February 2020
10	euroeyes-sh.com	Shanghai Deshijia	PRC	2 February 2020
11	euroeyes-china.cn	Shanghai Deshijia	PRC	2 February 2020
12	laohuashou.com	Shanghai Deshijia	PRC	4 December 2019
13	老花手术.com	Shanghai Deshijia	PRC	4 December 2019
14	euroeyes-sz.com	Shenzhen Deshijia	PRC	2 February 2020
15	euroeyes-gz.com	Guangzhou Deshijia	PRC	2 February 2020
16	euroeyes.hk	EuroEyes Hong Kong Co. Limited	Hong Kong	23 May 2020



## C. DISCLOSURE OF INTERESTS

## 1. Disclosure of interests

*(a) Interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations following the completion of the Capitalisation Issue and the Global Offering*

Immediately following the completion of the Capitalisation Issue and the Global Offering and without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive of our Company in the equity or debt securities of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed will be as follows:

*Interests in the Shares*

Name of Director	Capacity/Nature of interest	Number of Shares immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(1)</sup>	Percentage of shareholding immediately following the completion of the Capitalisation Issue and the Global Offering <sup>(2)</sup>
Dr Jørgensen	Beneficial Owner	167,678,000 (L)	52.84%
Dr Markus Braun	Beneficial Owner	238,000 (L)	0.07%
Dr Lerche	Beneficial Owner	3,087,000 (L)	0.97%
Mr Jannik Jørgensen	Beneficial Owner	5,189,000 (L)	1.63%
Prof Neuhann	Interest of spouse <sup>(3)</sup>	6,685,000(L)	2.11%
Mr Marcus Huascar Bracklo	Beneficial Owner	258,000 (L)	0.07%

*Notes:*

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) This does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.
- (3) Ms Antonie Neuhann, the spouse of Prof Neuhann, is interested in 6,685,000 Shares. Accordingly, Prof Neuhann is deemed to be interested in the same number of Shares in which Ms Antonie Neuhann is interested.

Save as disclosed above, none of our Directors or chief executive of our Company has any interests and short positions in the equity or debt securities of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed.

*(b) Interests disclosable under the SFO and substantial shareholders of other members of our Group*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any other person, not being a Director or chief executive of our Company, who will have an interest or short position in our Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

**D. FURTHER INFORMATION ABOUT OUR DIRECTORS**

**1. Directors’ service contracts and letters of appointment**

*Executive Directors*

Each of our executive Directors has entered into a letter of appointment with our Company for a term of two years commencing from 25 March 2019, unless otherwise terminated in accordance with the terms of the letter of appointment.

The current basic annual remuneration of our executive Directors under the letters of appointment is as follows:

<u>Name</u>	<u>Amount</u>
	(€)
Dr Jørgensen	40,800
Dr Markus Braun	40,800
Dr Lerche	40,800
Mr Jannik Jørgensen	40,800
Prof Neuhann	40,800

In addition, Dr Jørgensen has entered into a service contract with EuroEyes KG (the “**KG Service Contract**”), in his capacity as a managing director of EuroEyes Deutschland Verwaltungs GmbH, the sole general partner of EuroEyes KG, for an initial term of three years commencing from 1 March 2019, for the management of the affairs of EuroEyes KG on behalf of EuroEyes Deutschland Verwaltungs GmbH.

The current basic annual salary of Dr Jørgensen under the KG Service Contract is €259,200.

#### *Non-executive Director*

Our non-executive Director has entered into a letter of appointment with our Company for a term of two years commencing from 25 March 2019, unless otherwise terminated in accordance with the terms of the letter of appointment.

The current basic annual remuneration of our non-executive Director under the letter of appointment is as follows:

<u>Name</u>	<u>Amount</u>
	(€)
Mr Marcus Huascar Bracklo	40,800

#### *Independent non-executive Directors*

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of two years commencing from 25 March 2019, unless otherwise terminated in accordance with the terms of the letter of appointment.

The current basic annual remuneration of our independent non-executive Directors under the letters of appointment is as follows:

<u>Name</u>	<u>Amount</u>
	(€)
Mr Hans Helmuth Hennig	40,800
Mr Zhengzheng Hu (胡錚錚)	40,800
Mr Philip Duncan Wright	40,800

Save for the directors’ fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

## 2. Directors' remuneration during the Track Record Period

The aggregate amount of remuneration our Directors received (including fees, salaries, contributions to pension schemes and discretionary bonuses) for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 was approximately €6,000, €24,000, €38,000 and €50,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable in respect of the three years ended 31 December 2018 and the three months ended 31 March 2019 by our Group to our Directors.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses and share-based compensation paid and payable to our Directors for the year ending 31 December 2019 is estimated to be approximately €0.4 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the year ended 31 December 2018.

## E. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by the resolutions of our Shareholders passed at an extraordinary general meeting on 23 September 2019 (the “**Adoption Date**”). The following summary does not form, and is not intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

### (a) Purpose, duration and administration

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

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

The Share Option Scheme shall come into immediate effect on the Listing Date, subject to:

- (i) the passing of the resolution(s) by the shareholders of our Company to approve and adopt the Share Option Scheme and to authorise our 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 our 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. Our Board may delegate any or all of its powers in relation to the Share Option Scheme to any of its committees.

**(b) Eligible Persons**

Our Board may, at its sole and absolute discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our 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 our Group (an “**Executive**”), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides advisory, consultancy, professional or other services to any member of our 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) Our 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 our Directors from time to time on the basis of his contributions to the development and growth of our Group.
- (iii) For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless our Directors otherwise determine, be construed as a grant of share options under the Share Option Scheme.
- (iv) An Eligible Person or grantee shall provide our 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, our Board shall be entitled at any time within the Term to offer the grant of any share option to any Eligible Person as our 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, our 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 our 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 our Company of HK\$10.00 (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 our 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 our 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 our 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 our 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 our 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 our Company, his share option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless our 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 our 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 our 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 our 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 our Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such service or notification. A resolution of our 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 our 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 our Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as our Board may in its sole and absolute discretion determine following the date of such cessation;
- (G) if (i) our 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 our Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (i), a resolution of our 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 or any similar provisions under the Cayman Companies Law 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 our Board is material; or (vi) commits a breach of any contract entered into between the grantee or his associate and any member of our 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 our 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 our Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as our Board may in its sole and absolute discretion determine following the date of such occurrence. A resolution of our 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 our 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 our Board otherwise determines in which event the share option (or such remaining part thereof) shall be exercisable within such period as our Board may in its sole and absolute discretion determine following the date of such occurrence. A resolution of our 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 our Company;
- (K) in the event of an effective resolution being passed for the voluntary winding-up of our 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 our 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 our 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 our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our 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 our 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. Our 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, our 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 all the provisions of our Memorandum and Articles and the Cayman Islands laws 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) Our 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 our Company from time to time or if such exercise may cause our 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 our 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 our Company;
- (iv) there is an unsatisfied judgment, order or award outstanding against the grantee or our 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 our 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 our Company may at any time as our Board may think fit seek approval from our 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 our Company) shall not exceed 10% of the Shares in issue as at the date of approval by our 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 our Company) shall not be counted for the purpose of calculating the limit as refreshed. Our 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 our Shareholders. In addition, our Company may seek separate approval from our 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 our Company before such approval is sought. Our Company shall issue a circular to our 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 our 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 our 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 our 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 HK\$5 million,

such further grant of share options must be approved by our Shareholders. Our Company shall send a circular to our 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 our 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.

**(j) Cancellation of share options**

Our Board shall be entitled for the following causes to cancel any share option in whole or in part by giving notice in writing to the grantee stating that such Share Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of paragraphs (c)(iv) or (f)(ii) above or any terms or conditions attached to the grant of the share option;
- (b) the grantee makes a written request to our Board for, or agrees to, the share option to be cancelled; or
- (c) if the grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The share option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the share option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our 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. Where our

Company cancels a share option held by a grantee and issues new share options to the same grantee, the issue of such new share options may only be made under the Share Option Scheme with available unissued share options (excluding the cancelled share option) within the limit approved by our Shareholders set out in paragraph (h) above.

**(k) Reorganisation of capital structure**

In the event of any change in the capital structure of our Company while any share option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (i) the number of Shares subject to outstanding share options;
- (ii) the subscription price of each outstanding share option; and/or
- (iii) the number of Shares subject to the Share Option Scheme.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors or the independent financial advisors (as our Board may select and determine in its sole and absolute discretion) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes, provided that:

- (i) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any share option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company for which any grantee is entitled to subscribe pursuant to the options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the supplementary guidance as amended from time to time).



For the avoidance of doubt only, the issue of securities by our Company and/or its subsidiaries as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph (k) is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

**(l) Distributions**

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividends in the ordinary course) (the “**Distribution**”), our Company may make a downward adjustment to the subscription price of any Share Option granted but not exercised as at the date of such Distribution by an amount which our Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares provided that (i) our Board’s determination of any adjustments shall be final and binding on all grantees; (ii) the amount of adjustment shall not exceed the amount of such Distribution to be made to our Shareholders; (iii) such adjustment shall take effect on or after the date of such Distribution by our Company; (iv) any adjustment provided for in this paragraph (l) shall be cumulative to any other adjustments contemplated under paragraph (k) above or approved by our Shareholders in general meeting; and (v) the adjusted subscription price shall not, in any case, be less than the nominal value of the Shares.

**(m) Share capital**

The exercise of any share option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of share options.

**(n) Disputes**

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares, the subject of a share option, the amount of the subscription price or otherwise) shall be referred to the auditors or the independent financial advisors (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.



**(o) Alteration of the Share Option Scheme**

The Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting:

- (i) any material alteration to its terms and conditions or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);
- (ii) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantees;
- (iii) any change to the authority of our Directors in relation to any alteration to the terms of the Share Option Scheme; and
- (iv) any alteration to this paragraph (o),

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

**(p) Termination**

If any of the conditions set out in paragraph (a) above is not satisfied on or before the date following 90 days after the Adoption Date, the Share Option Scheme shall terminate immediately and any share option granted or agreed to be granted pursuant to the Share Option Scheme shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

Our Shareholders by resolution in general meeting may at any time terminate the operation of the Share Option Scheme. Upon the expiry or termination of the Share Option Scheme as aforesaid, no further share options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All share options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

**F. OTHER INFORMATION****1. Tax and other indemnities**

Our Controlling Shareholder entered into the Deed of Indemnity referred to in the paragraph headed “– B. Further information about our business – 1. Summary of our material contracts” in this Appendix in favour of our Company for itself and as trustee for each member of our Group to provide indemnities in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received, as well as any penalties and claims to which any member of our Group may be subject on or before the Listing Date, including but not limited to claims or proceedings relating to liabilities for anti-competition laws and data protection laws as disclosed in the section headed “Risk Factors” in this prospectus.

**2. Litigation**

As at the Latest Practicable Date, save as disclosed in this prospectus, neither our Company nor any of our subsidiaries was involved in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.

**3. Sole Sponsor**

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor’s fees are US\$0.8 million and are payable by our Company.

**4. Compliance adviser**

In accordance with the requirements of the Listing Rules, our Company has appointed Somerley Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

**5. Preliminary expenses**

Our estimated preliminary expenses are approximately HK\$38,594.4 and are payable by our Company.

**6. Promoter**

Our Company has no promoter for the purposes of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

**7. Taxation of holders of our Shares*****(a) Hong Kong***

The sale, purchase and transfer of our Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, of the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

***(b) Cayman Islands***

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of our Shares.

***(c) Consultation with professional advisers***

Intending holders of our Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, the holders of our Shares resulting from their subscription for, purchase, holding or disposal of or dealing in our Shares or exercise of any rights attaching to them.

## 8. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

<u>Name</u>	<u>Qualification</u>
BOCI Asia Limited	A corporation licenced to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Eversheds Sutherland (Germany) LLP	German legal adviser to the Company
Seufert Rechtsanwälte Partnerschaft mbB	German legal adviser to the Company as to the reorganisation of EuroEyes ALZ Bremen and LASIK Germany particular medical law matters
Harney Westwood & Riegels	Cayman Islands legal adviser to the Company
Tian Yuan Law Firm	PRC legal adviser to the Company
PricewaterhouseCoopers	Certified public accountants
Frost & Sullivan International Limited	Industry consultant

## 9. Consents of experts

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included in this prospectus the form and context in which they are respectively included.

## 10. Share register

The principal share register of our Company will be maintained in the Cayman Islands by Harneys Fiduciary (Cayman) Limited at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 1024, Grand Cayman KY1-1002, Cayman Islands and a branch share register will be maintained in Hong Kong by Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with, and registered by, Tricor Investor Services Limited and may not be lodged in the Cayman Islands.

**11. Miscellaneous**

Save as disclosed in this prospectus:

- (a) neither our Directors nor any of the parties listed in the paragraph headed “– F. Other information – 8. Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of our Company or any of the subsidiaries, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company or any of the subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of the subsidiaries;
- (b) neither our Directors nor any of the parties listed in the paragraph headed “– F. Other information – 8. Qualification of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) save for the Hong Kong Underwriting Agreement, none of the parties listed in the paragraph headed “– F. Other Information – 8. Qualification of experts” in this Appendix:
  - (i) is interested legally or beneficially in any of the Shares or any shares in any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities;
- (d) none of the equity and debt securities of our Company or any of our subsidiaries is listed or dealt with in any other stock exchange, or being traded on any trading system, nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;
- (e) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (f) our Company has not issued or agreed to issue any founder shares, management shares or deferred shares;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (i) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group;

- (j) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring, subscription or agreeing to procure subscription of any Shares in or debentures of our Company;
- (k) there is no arrangement under which future dividends are waived or agreed to be waived;
- (l) the Global Offering does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
- (m) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong;
- (n) our Directors confirm that there has been no material adverse change in our financial or trading position since 31 March 2019; and
- (o) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this prospectus.

## **12. Binding effect**

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

## **13. Bilingual prospectus**

Pursuant to Rule 19.36(5) of the Listing Rules and section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time as each place where this prospectus is distributed by or on behalf of our Company.

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**APPENDIX V            DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES AND AVAILABLE FOR INSPECTION**

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information – F. Other Information – 9. Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of our material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Eversheds Sutherland at 37/F, One Taikoo Place, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the amended and restated Memorandum and Articles of Association;
- (b) the accountant’s report of our Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended 31 December 2016, 2017 and 2018 and the three months ended 31 March 2019;
- (e) the letter of advice from Harney Westwood & Riegels, our Cayman Islands legal adviser, summarising certain aspects of Cayman Companies Law referred to in Appendix III to this prospectus;
- (f) the legal opinion issued by Eversheds Sutherland (Germany) LLP, our German Legal Adviser, in respect of certain areas of German law;
- (g) the legal opinion issued by Seufert Rechtsanwälte Partnerschaft mbB, our German Medical Law Adviser, in respect of the reorganisation of EuroEyes ALZ Bremen and LASIK Germany particular medical law matters;
- (h) the legal opinion issued by Tian Yuan Law Firm, our PRC Legal Adviser, in respect of general matters and business operations of our Group in the PRC;

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**APPENDIX V            DOCUMENTS DELIVERED TO THE REGISTRAR OF  
                                 COMPANIES AND AVAILABLE FOR INSPECTION**

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- (i) the Frost & Sullivan Report;
- (j) the Cayman Companies Law;
- (k) the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of our material contracts” in Appendix IV to this prospectus;
- (l) service contracts and letters of appointment referred to in the section headed “Statutory and General Information – D. Further information about our Directors – 1. Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus;
- (m) the written consents referred to in the section headed “Statutory and General Information – F. Other information – 9. Consents of experts” in Appendix IV to this prospectus; and
- (n) the Share Option Scheme.





EuroEyes

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