



Clarity
Medical Group
清晰醫療集團

CLARITY MEDICAL GROUP HOLDING LIMITED 清晰醫療集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1406

GLOBAL
OFFERING

Sole Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



光大證券 | 國際
EVERBRIGHT SECURITIES | INTERNATIONAL

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

CMBI 招銀國際

中泰國際
ZHONGTAI INTERNATIONAL

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

農銀國際
ABC INTERNATIONAL

交銀國際
BOCOM International

源盛證券
BRADBURY SECURITIES

民銀資本
CIBC CAPITAL HOLDINGS LIMITED

第一上海
FIRST SHANGHAI GROUP

富途證券

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

申萬宏源香港
SHENWAN HONGYUAN

IMPORTANT

IMPORTANT: If you are in any doubt about this prospectus, you should obtain independent professional advice.



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GLOBAL OFFERING

Number of Offer Shares	: 136,000,000 Shares (comprising 125,000,000 new Shares and 11,000,000 Sale Shares, subject to the Over-allotment Option)
Number of International Offer Shares	: 122,400,000 Shares (comprising 111,400,000 new Shares and 11,000,000 Sale Shares, subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 13,600,000 Shares (subject to adjustment)
Maximum Offer Price	: HK\$3.0 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 1406

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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 whatsoever 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 Appendix V — "Documents Delivered to the Registrar of Companies and Documents on Display" to this prospectus, has been registered by 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.

See "Risk Factors" for a discussion of certain risks that you should consider before investing in the Shares. The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves on behalf of the Underwriters) and the Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 10 February 2022 and, in any event, not later than Thursday, 17 February 2022. The Offer Price will be not more than HK\$3.0 for each Offer Share and is currently expected to be not less than HK\$1.6 for each Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 17 February 2022 between the Joint Representatives (for themselves on behalf of the Underwriters) and the Company (for ourselves and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$3.0 for each Offer Share, together with a 1% brokerage fee, 0.0027% SFC transaction levy, 0.005% Hong Kong Stock Exchange trading fee and 0.00015% Financial Reporting Council transaction levy, subject to refund if the Offer Price should be lower than HK\$3.0 as finally determined.

The Joint Representatives (on behalf of the Underwriters) may, where considered appropriate and with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus (which is HK\$1.6 to HK\$3.0) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicated Offer Price range will be published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.claritymedic.com. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applications for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (for themselves and 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 forth in "Underwriting". 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 any state securities law in the United States and may not be offered, sold, pledged or transferred 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 and applicable U.S. securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.claritymedic.com). If you require a printed copy of this document, you may download and print from the website addresses above.

31 January 2022

IMPORTANT

Your application through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC must be for a minimum of 1,250 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Clarity Medical Group Holding Limited
(HK\$3.0 per Offer Share)

NUMBER OF SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

<u>No. of Hong Kong Offer Shares applied for</u>	<u>Amount payable on application</u>	<u>No. of Hong Kong Offer Shares applied for</u>	<u>Amount payable on application</u>	<u>No. of Hong Kong Offer Shares applied for</u>	<u>Amount payable on application</u>	<u>No. of Hong Kong Offer Shares applied for</u>	<u>Amount payable on application</u>
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
1,250	3,787.80	30,000	90,907.07	300,000	909,070.65	2,000,000	6,060,471.00
2,500	7,575.59	40,000	121,209.42	400,000	1,212,094.20	2,500,000	7,575,588.75
3,750	11,363.38	50,000	151,511.78	500,000	1,515,117.75	3,000,000	9,090,706.50
5,000	15,151.18	60,000	181,814.13	600,000	1,818,141.30	3,500,000	10,605,824.25
6,250	18,938.98	70,000	212,116.49	700,000	2,121,164.85	4,000,000	12,120,942.00
7,500	22,726.77	80,000	242,418.84	800,000	2,424,188.40	4,500,000	13,636,059.75
8,750	26,514.56	90,000	272,721.20	900,000	2,727,211.95	5,000,000	15,151,177.50
10,000	30,302.36	100,000	303,023.55	1,000,000	3,030,235.50	6,000,000	18,181,413.00
20,000	60,604.71	200,000	606,047.10	1,500,000	4,545,353.25	6,800,000*	20,605,601.40

* Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.claritymedic.com.

Time and date⁽¹⁾

Hong Kong Public Offering commences 9:00 a.m. on Monday, 31 January 2022

Latest time for completing electronic applications
under **HK eIPO White Form** service through
one of the below ways⁽²⁾⁽³⁾:

- (1) the designated website at www.hkeipo.hk
- (2) the **IPO App**, which can be downloaded by
searching "**IPO App**" in App Store or Google
Play or downloaded at www.hkeipo.hk/IPOApp
or www.tricorglobal.com/IPOApp 11:30 a.m. on Thursday,
10 February 2022

Application lists open⁽³⁾ 11:45 a.m. on Thursday,
10 February 2022

Latest time for (a) giving **electronic application instructions**
to HKSCC and (b) completing payment of **HK eIPO**
White Form applications by effecting internet banking
transfer(s) or PPS payment transfer(s)⁽²⁾⁽³⁾⁽⁴⁾ 12:00 noon on Thursday,
10 February 2022

If you are instructing 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 are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on Thursday,
10 February 2022

Expected Price Determination Date⁽⁵⁾ Thursday, 10 February 2022

- (1) Announcement of the final Offer Price, the level of
indications of interest in the International Offering,
the level of applications in the Hong Kong Public
Offering and basis of allocation of the Hong Kong
Offer Shares under the Hong Kong Public Offering
will be published on the website of the
Stock Exchange at www.hkexnews.hk and
our website at www.claritymedic.com on or before. Thursday, 17 February 2022

EXPECTED TIMETABLE⁽¹⁾

Time and date⁽¹⁾

- (2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — D. Publication of Results" of this prospectus from Thursday, 17 February 2022
- (3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.claritymedic.com Thursday, 17 February 2022

Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result and www.hkeipo.hk/IPOResult or the "Allotment Result" in the IPO App with a "search by ID" function from Thursday, 17 February 2022

e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful application to be posted on or before Thursday, 17 February 2022

Dispatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁶⁾⁽⁸⁾ Thursday, 17 February 2022

Dispatch/collection of refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price initially paid on application (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁷⁾⁽⁸⁾ Thursday, 17 February 2022

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence. 9:00 a.m. on Friday, 18 February 2022

The application for the Hong Kong Offer Shares will commence on Monday, 31 January 2022 through Thursday, 10 February 2022. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, 17 February 2022. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, 18 February 2022.

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.hkeipo.hk or the **IPO App** after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained a payment reference number from the designated website or **IPO App** 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 of lodging applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or an Extreme Condition in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 10 February 2022, the application lists will not open on that day. Please refer to the section headed “How to Apply for Hong Kong Offer Shares — C. Effect of Bad Weather on the Opening of the Application Lists” of this prospectus.
- (4) Applicants who apply for the 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 — A. How to Apply for Hong Kong Offer Shares — 6. Applying through CCASS EIPO Service” of this prospectus.
- (5) The Price Determination Date is expected to be on or about Thursday, 10 February 2022 and, in any event, not later than Thursday, 17 February 2022. If, for any reason, the Offer Price is not agreed by Thursday, 17 February 2022 between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Representatives (for themselves on behalf of the Underwriters), the Global Offering will not proceed and will lapse.
- (6) Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, 17 February 2022 but will only become valid evidence of title provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date, which is expected to be on or around Friday, 18 February 2022. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the final Offer Price is less than the initial price per Offer Share payable on application.
- (8) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect refund cheques (where applicable) and/or share certificates (where applicable) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong between 9:00 a.m. to 1:00 p.m. on Thursday, 17 February 2022. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicant who applied for Hong Kong Offer Shares through CCASS EIPO service should refer to the section headed “How to apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates and Refund Monies — (b) If you apply through the CCASS EIPO Service” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of e-Auto Refund payments instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques by ordinary posts at own risk.

EXPECTED TIMETABLE⁽¹⁾

Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections "How to Apply for Hong Kong Offer Shares — F. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates and Refund Monies".

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

CONTENTS

This prospectus is issued by our Company 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 buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit 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 information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering. Information contained on our website, located at www.claritymedic.com, does not form part of this prospectus.

	<i>Page</i>
Expected Timetable	ii
Contents	vi
Summary	1
Definitions	28
Glossary of Technical Terms	41
Forward-Looking Statements	44
Risk Factors	46
Information about this Prospectus and the Global Offering	72
Directors and Parties Involved in the Global Offering	76
Corporate Information	81
Industry Overview	83
History, Reorganisation and Corporate Structure	111

CONTENTS

	<i>Page</i>
Business	137
Regulatory Overview	218
Directors and Senior Management	240
Substantial Shareholders	257
Relationship with our Controlling Shareholders	259
Share Capital	262
Financial Information	265
Future Plans and Use of Proceeds	314
Underwriting	322
Structure of the Global Offering	330
How to Apply for Hong Kong Offer Shares	342
Appendices	
Appendix I — Accountant's Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies and Documents on Display	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a private healthcare institution specialising in ophthalmology and we ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. We provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services including SMILE surgeries, multifocal IOL replacements and ICL implantations. In addition, we also provide different treatments for other eye problems, such as standard cataract surgeries, laser procedures, PPV surgeries, other treatments and surgeries, medical consultation and examination services and sales of prescriptions and others to our patients. We ranked (i) the first in SMILE surgery; (ii) the second in multifocal IOL replacement; and (iii) the first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020, according to Frost & Sullivan. In 2020, we accounted for approximately 38.0% of Hong Kong’s SMILE surgery market by revenue, approximately 6.0% of Hong Kong’s multifocal IOL replacement market by revenue and approximately 46.4% of Hong Kong’s ICL implantation market by revenue, according to Frost & Sullivan.

The table below sets forth the breakdown of our revenue by types of treatments and services and their respective percentage of revenue:

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue (Unaudited)	HK\$'000	% of revenue
Refractive Treatments	154,754	74.9	166,801	76.4	161,668	72.7	48,475	74.1	49,676	63.4
SMILE surgeries	97,822	47.4	112,424	51.5	100,104	45.0	29,786	45.5	26,964	34.4
LASIK surgeries	2,735	1.3	2,808	1.3	3,654	1.6	1,067	1.6	1,119	1.4
Multifocal IOL replacements	49,227	23.8	43,343	19.8	49,064	22.1	14,962	22.9	17,833	22.8
ICL implantations	4,970	2.4	8,226	3.8	8,846	4.0	2,660	4.1	3,760	4.8
Treatments for other eye problems	36,283	17.6	36,841	16.9	44,751	20.1	12,261	18.7	22,097	28.1
Standard cataract surgeries	16,826	8.1	16,326	7.5	18,658	8.4	5,482	8.4	6,453	8.2
Laser procedures	8,151	4.0	7,364	3.4	10,302	4.6	2,801	4.3	5,424	6.9
PPV surgeries	7,246	3.5	8,795	4.0	10,369	4.7	2,619	4.0	6,799	8.7
Other treatments/surgeries	4,060	2.0	4,356	2.0	5,422	2.4	1,359	2.0	3,421	4.3
Consultation and examination services	9,244	4.5	8,510	3.9	9,100	4.1	2,688	4.1	3,803	4.9
Sales of prescriptions and others	6,320	3.0	6,224	2.8	6,862	3.1	2,024	3.1	2,822	3.6
Revenue	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0

OUR BUSINESS MODEL

We provide ophthalmic services to patients from our Central Medical Centre and Mong Kok Medical Centre, which are located at easily accessible locations on Hong Kong Island and in Kowloon, respectively, and are well equipped with advanced medical devices for the provision of our

SUMMARY

services. Our ophthalmic services consist of treatment services, which include refractive treatments and treatments for other eye problems, consultation and examination services, and sales of prescriptions and others. Refractive treatments include SMILE surgery, LASIK surgery, multifocal IOL replacements and ICL implantations. Refractive treatments were our largest source of revenue during the Track Record Period representing 74.9%, 76.4%, 72.7% and 63.4% of our revenue, respectively. In addition to refractive treatments, we also offer treatments for other eye problems, including standard cataract surgery, laser procedure, PPV surgeries and other treatments and surgeries. Furthermore, we provide medical consultation and examination services to our patients, which mainly include assessments on eye conditions such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. After completion of the consultation, examination and diagnosis based on our patients' specific conditions, needs and concerns, medication may be prescribed and/or treatments may be recommended to the patients by our Medical Practitioners.

The table below sets forth a breakdown of revenue by our service offerings for the periods indicated.

	For the year ended 31 March						For the four months ended 31 July					
	2019	% of	2020	% of	2021	% of	2020	% of	2021	% of	(Unaudited)	
	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue		
Treatment services	191,037	92.5	203,642	93.3	206,419	92.8	60,736	92.8	71,773	91.5		
(i) Refractive treatments	154,754	74.9	166,801	76.4	161,668	72.7	48,475	74.1	49,676	63.4		
— Medical Centres	154,196	74.6	166,217	76.1	161,203	72.5	48,475	74.1	49,676	63.4		
— Private hospitals	558	0.3	584	0.3	465	0.2	—	—	—	—		
(ii) Treatments for other eye problems	36,283	17.6	36,841	16.9	44,751	20.1	12,261	18.7	22,097	28.1		
— Medical Centres	34,521	16.7	35,232	16.1	43,458	19.5	11,416	17.4	21,649	27.6		
— Private hospitals	1,762	0.9	1,609	0.8	1,293	0.6	845	1.3	448	0.5		
Consultation and examination services	9,244	4.5	8,510	4.1	9,100	4.1	2,688	4.1	3,803	4.9		
— Medical Centres	9,244	4.5	8,510	4.1	9,100	4.1	2,688	4.1	3,803	4.9		
— Private hospitals	—	—	—	—	—	—	—	—	—	—		
Sales of prescriptions and others	6,320	3.1	6,224	3.0	6,862	3.1	2,024	3.1	2,822	3.6		
— Medical Centres	6,320	3.1	6,224	3.0	6,862	3.1	2,024	3.1	2,822	3.6		
— Private hospitals	—	—	—	—	—	—	—	—	—	—		
Total Revenue	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

MEDICAL PRACTITIONERS

As of the Latest Practicable Date, we had 11 experienced practising Medical Practitioners, two of them, namely Dr. Lau and Dr. Hui, are Shareholders and will hold approximately 1.55% and 1.45% of interests of our Company, respectively, upon Listing. Our treatment services are performed by our Medical Practitioners with assistance from frontline staff. All our Medical Practitioners are Registered Medical Practitioners and Specialists in ophthalmology. Our Medical Practitioners are employed by Saintford in providing medical services through the employment agreements or consultancy agreements entered into with the Medical Practitioners personally or their respective service companies. Medical Practitioners who are directly employed by Saintford under the relevant employment agreements are our employees and the counterparts who are engaged under the relevant consultancy agreements through their service companies are employed by the respective service companies and are not our employees. As of the Latest Practicable Date, Doctor F had entered into an employment agreement in his personal capacity with Saintford and is an employee of our Group and the remaining ten Medical Practitioners (including Dr. Lau and Dr. Hui) are all engaged by our Group under consultancy agreements. In either engagement arrangement, the remuneration of our Medical Practitioners is accounted for as consultancy fees under our financial statements.

SUMMARY

Our Medical Practitioners are bound by the terms under the respective employment agreement and consultancy agreements to provide services to our Group under an exclusivity clause, except Doctor D, Doctor H and Doctor I, where, under mutual consent between our Group and the relevant Medical Practitioners, such Medical Practitioners can attend to public hospitals only to perform treatments for eye problems such as standard cataract surgery, laser procedures and PPV surgeries as part of a training to Register Medical Practitioners and medical staff for their professional development. According to Frost & Sullivan, the inclusion of an exclusivity clause in employment agreement and consultancy agreement for the engagement of Medical Practitioners are in line with the industry practice. Our Directors are of the view that the external work does not constitute direct competition against our Group as the clientele of our Group and public hospitals are different and the treatments are not provided to patients of other private ophthalmic healthcare service providers. Furthermore, to the best knowledge of our Directors after making all reasonable enquiries, these Medical Practitioners may only attend the public hospitals for not more than one day per week, and therefore, such external work did not and will not affect the time and effort of our Medical Practitioners devoted to our Group in a material respect.

Remuneration received by our Medical Practitioners

Other than Dr. Lau and Dr. Hui, our Shareholder doctors, who receives a fixed remuneration for the provision of medical services, we pay our Medical Practitioners the higher of (a) a fixed monthly remuneration; or (b) revenue based fee, being a share of revenue generated by the Medical Practitioners which varies depending on (i) the type of surgery performed and (ii) whether the clients are referred by the Medical Practitioners. During the Track Record Period and up to the Latest Practicable Date, each of Dr. Lau and Dr. Hui is entitled to a fixed monthly remuneration of HK\$200,000 while Dr. Tse (until he left our Group in October 2019) was entitled to a fixed monthly remuneration of HK\$100,000. Such fixed remuneration was a result of an agreement to align their interests with 3W Partners when 3W Partners was interested to invest in Clarity Medical in 2016. For details, please refer to the section headed “Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Remuneration of Dr. Lau, Dr. Hui and Dr. Tse” of this prospectus. For details of the consultancy fees paid to our Medical Practitioners, please refer to the sections headed “Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Terms of the Employment Agreements and Consultancy Agreements” of this prospectus.

Revenue contribution by our Medical Practitioners

The table below sets forth the revenue contributions from our Medical Practitioners for the three years ended 31 March 2021 and the four months ended 31 July 2021:

	For the year ended 31 March						For the four months ended 31 July					
	2019		2020		2021		2020		2021			
	HK\$ '000	%	HK\$ '000	%	HK\$ '000	%	HK\$ '000	%	HK\$ '000	%		
	(Unaudited)											
Dr. Lau	36,691	17.8	31,055	14.2	34,325	15.4	8,589	13.1	13,411	17.1		
Dr. Hui	31,344	15.2	30,291	13.9	27,643	12.4	8,292	12.7	9,864	12.6		
Dr. Tse ⁽¹⁾	9,946	4.8	1	0.0	—	—	—	—	—	—		
Other Medical Practitioners⁽²⁾	128,134	62.0	156,939	71.8	160,264	72.1	48,567	74.2	55,123	70.3		
Doctor A ⁽³⁾	26,404	12.8	22,450	10.3	263	0.1	285	0.4	—	—		
Doctor B	47,900	23.2	57,432	26.3	77,287	34.8	21,610	33.0	30,565	39.0		
Doctor C	19,431	9.4	18,170	8.3	18,440	8.3	6,077	9.3	5,839	7.4		
Doctor D	18,112	8.8	11,681	5.3	21,290	9.6	6,358	9.7	7,653	9.8		
Doctor E	10,871	5.2	24,231	11.1	22,287	10.0	6,870	10.5	6,729	8.6		
Doctor F	5,416	2.6	12,055	5.5	5,530	2.5	1,978	3.0	850	1.1		
Doctor G	—	—	10,777	4.9	12,728	5.7	4,355	6.7	2,314	2.9		
Doctor H	—	—	143	0.1	2,439	1.1	898	1.4	253	0.3		
Doctor I ⁽⁴⁾	—	—	—	—	—	—	—	—	920	1.2		
Others ⁽⁵⁾	486	0.2	90	0.1	149	0.1	136	0.2	—	—		
Total	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

SUMMARY

Notes:

- (1) Dr. Tse left our Group in October 2019 due to health conditions.
- (2) Other Medical Practitioners include eight Medical Practitioners, whom the date of commencement of services to our Group ranged from January 2017 to March 2020, with experience in medical practice ranging from about eight years to about 28 years. All these Medical Practitioners hold qualifications from various professional bodies, such as the Royal College of Surgeons of Edinburgh and the College of Ophthalmologists of Hong Kong.
- (3) Doctor A left our Group in April 2020 to pursue other business opportunities.
- (4) Doctor I joined our Group in April 2021.
- (5) Others refer to the Registered Medical Practitioners who are not the Medical Practitioners of our Group and occasionally used our Group's facilities to perform surgeries during the year.

The revenue contribution by our Medical Practitioners are different during the Track Record Period as it is subject to various factors, including but not limited to, (i) the working hours may differ among our Medical Practitioners, where some have worked more during weekends and on public holidays; (ii) the types of surgeries and treatments the Medical Practitioners had conducted during the period depending on the medical conditions and requests of the patients, (iii) the types of surgeries and treatments the Medical Practitioners are specialized in, where some of these surgeries and treatments have higher list price, for example, ICL implantations, multifocal IOL replacements and PPV surgeries; (iv) the availability of our Medical Practitioners to perform these surgeries and treatments and (v) the preferences of our patients for the date and time in performing these surgeries and treatments.

During the Track Record Period, the majority of our revenue was generated from SMILE surgeries, multifocal IOL implantations and standard cataract surgeries comprising approximately 79.3%, 78.3%, 75.5% and 65.4% of our total revenue for each of the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Each of our Medical Practitioners is focused on SMILE surgeries and standard cataract surgeries. As to ICL implantations and multifocal IOL replacements, Dr. Lau, Dr. Hui, Doctor B, Doctor C, Doctor D, Doctor E and Doctor G are focused on these types of treatments and surgeries, while Doctor B, Doctor H and Doctor I, who joined our Group in April 2021, are focused on PPV surgeries.

Substantial revenue contribution by Doctor B

Doctor B, aged 36 as of the Latest Practicable Date, joined our Group for approximately five years since March 2017 under a consultancy agreement entered into between her service company and Saintford. Under the consultancy agreement, Doctor B is engaged by our Group through her service company and is not regarded as our employee and she cannot directly or indirectly carry on or be engaged or interests in other private ophthalmic practices under an exclusivity clause in the consultancy agreement. The consultancy agreement does not contain a non-competition clause as we believe that Doctor B is only engaged by our Group as a Medical Practitioner and she is not a Shareholder and it is not reasonable to restrict her to provide ophthalmic healthcare services if she decides to leave our Group. Such non-competition clauses are also not included in other employment agreement or consultancy agreements with our other Medical Practitioners and such practice is also in line with the market practice, according to Frost & Sullivan. As Doctor B is not our employee under the consultancy agreement, we would not purchase any keyman insurance for her. Furthermore, our Group had not purchased any keyman insurance for our employees or Medical

SUMMARY

Practitioners since our inception as our Directors are of the view that in the unlikely event that any employees or Medical Practitioners had died or injured, we do not expect there are any material adverse impact on our operation and financial position.

During the Track Record Period, Doctor B was paid, the higher of (a) a fixed monthly remuneration, or (b) revenue based fee, being a share of revenue generated by her which varies depending on (i) the type of surgery performed and (ii) whether the clients are referred by her. The revenue share for each surgery is either in a fixed amount or an agreed percentage of the revenue net of costs. The remuneration basis for Doctor B is the same as other Medical Practitioners, other than Dr. Lau and Dr. Hui, and it is expected that such basis will remain unchanged after the Listing.

During the Track Record Period, no share incentive had been granted to Doctor B as she is only engaged by our Group as a Medical Practitioner and that none of our Medical Practitioners has been granted any share incentive as the Group believes that our Medical Practitioners are being appropriately remunerated through the current remuneration arrangement which is tied to revenue generated by the particular Medical Practitioner (except Dr. Lau and Dr. Hui), which itself is an incentive mechanism, and that this is the same for all our Medical Practitioners. Therefore, our Medical Practitioners, including Doctor B, have not been granted any share incentive and our Group currently does not think any share incentive would be granted to them after Listing.

Doctor B had the most revenue contribution to our Group for each of the three years ended 31 March 2021 and the four months ended 31 July 2021 that is 23.2%, 26.3%, 34.8% and 39.0%, respectively. The breakdown of the number of patients by existing and new patients of Doctor B during the Track Record Period is set out below:

	For the years ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		%		%		%		%		%
Number of patients of Doctor B										
— Existing patients	611	27.5	1,167	40.5	1,654	45.6	1,054	66.1	1,370	67.3
— New patients	1,611	72.5	1,714	59.5	1,973	54.4	540	33.9	667	32.7
Total	2,222	100.0	2,881	100.0	3,627	100.0	1,594	100.0	2,037	100.0

Note: For details of the definition of existing patients and new patients, please refer to paragraph headed “Number of patients by existing and new patients” below.

During the Track Record Period, both the number of new patients and existing patients had experienced increase. For the year ended 31 March 2019, Doctor B had recorded existing patients and new patients of 611 and 1,611, respectively, and the number of existing patients and new patients increased to 1,654 and 1,973 for the year ended 31 March 2021, representing an increase of approximately 170.7% and 22.5%, respectively. For the four months ended 31 July 2020, Doctor B had recorded existing patients and new patients of 1,054 and 540, respectively, and the number of existing patients and new patients increased to 1,370 and 667 for the four months ended 31 July 2021, representing an increase of approximately 30.0% and 23.5%, respectively. The increase in the trend of the number of patient is generally in line with the increase in working hours and the corresponding revenue increase of Doctor B during the Track Record Period. The increase in number of existing patients of Doctor B is mainly attributed to (i) patients may re-visit our Medical Centres for regular checkups; and (ii) certain patients may visit us for checkups and examination at an early state which falls in previous financial years and decide to conduct surgery and treatments with us when medical

SUMMARY

conditions deteriorates, which is consistent with the increase in existing patients of our Group during the Track Record Period. For details, please refer to the paragraph headed “Business — Our Patients” of this prospectus.

The relatively larger proportion of revenue contributed by Doctor B was mainly attributable to (i) Doctor B worked longer hours as compared to other Medical Practitioners and, subject to patients’ appointments, is willing to work during weekends and on public holidays; (ii) the majority of the revenue generated by Doctor B was from provision of service which has a higher list price, such as, ICL implantations, multifocal IOL replacements and PPV surgeries; and (iii) after the departure of Doctor A in April 2020, patients who required services with higher pricing (i.e. ICL implantations, multifocal IOL implantations and PPV surgeries) were handled by Doctor B and our other Medical Practitioners, and in particular, the majority of the patients who required PPV surgeries were handled by Doctor B as other Medical Practitioners were not specialized in PPV surgeries.

In the event that Doctor B works less working hours or does not work on weekends, public holidays or after working hours, our Directors are of the view that, which the Sole Sponsor concurs, there will be no material adverse impact on our operation and financial position as our Group already have and has put in place arrangements since September 2021 for arranging the roster for our Medical Practitioners to work on weekends, public holidays or after working hours which, if needed can also be arranged to help take up work from Doctor B (or any other Medical Practitioners as the case may be) in such circumstances if and when they are not able to work on weekends, public holidays or after working hours. Our Medical Practitioners are required to follow the roster, which are pre-agreed by our Medical Practitioners and us, to attend to our Medical Centres as patient appointment are made according to the roster of individual Medical Practitioners.

Despite Doctor B had generated an increasing proportion of our Group’s revenue during the Track Record Period, our other Medical Practitioners will also be able to provide similar services to our patients, for example, our Medical Practitioners are also specialise in ICL implantations (i.e. Dr. Hui, Dr. Lau, Doctor C, Doctor D, Doctor E and Doctor G) and multifocal IOL implantations (i.e. Dr. Hui, Dr. Lau, Doctor C, Doctor D, Doctor E, Doctor G and Doctor I). Our Directors are of the view that, our Group does not solely rely on the services of Doctor B and there will be no material adverse impact on our Group’s operation and financial performance if Doctor B leaves our Group as:

- (i) *Nature of services:* our Group provides ophthalmic services to patients, which is of different nature to other types of healthcare services. Unlike other types of treatments, ophthalmic treatments and surgeries are often conducted on a one-off nature. For example, once a patient had conducted refractive treatments, the eye problems would generally be fully corrected and, save for post-treatment consultation and check-ups which was generally followed up by the same Medical Practitioners, no further treatments or surgeries will be required. As such, our Directors are of the view that it is not likely that our Group’s patients, who had refractive treatments or treatments for other eye problems before will require any further treatments or surgeries if Doctor B has left our Group; and
- (ii) *Recruitment of new Registered Medical Practitioners:* our Group is constantly recruiting Registered Medical Practitioners in order to expand our operation and increase our market share. At the same time, our Directors believe that the addition of new Registered Medical Practitioners can reduce our Group’s risks on any reliance on a particular Medical Practitioners and can relieve the burden on our Medical Practitioners. Other than Doctor B who is specialised in PPV surgeries, our Group had recruited Doctor H and

SUMMARY

Doctor I during the Track Record Period both of which are also specialised in PPV surgeries in March 2020 and April 2021, respectively, and will be able to take up the responsibilities and provide services to our patients. However, according to our Directors' understanding, it may be typical and normal for newly joined Medical Practitioners to take some time to ramp up their revenue contribution to allow them to get familiarized with our Group's medical devices and products and to acquire the skills on relevant treatments. Since we generally recruit our Medical Practitioners from public hospitals in Hong Kong which generally do not offer refractive treatments such as SMILE surgeries and LASIK surgeries, as confirmed by Frost & Sullivan, thus, although our newly joined Medical Practitioners have the medical knowledge on such refractive surgeries, they would typically need some additional time, through working on the job, to get familiar with and to acquire the actual and practical skills in conducting such surgeries and treatments, to get familiarized with the functions of different medical devices, to get acquainted with various medical, surgical, pharmaceutical and vision care products that are commonly used in our services etc.

Our Directors are of the view that the relationship between our Group and our Medical Practitioners (including Doctor B) are not mutually dependent on each other but mutually beneficial and complimentary. Our Group provides a reputable and leading platform with a considerable market share in the private ophthalmic healthcare industry in Hong Kong to our Medical Practitioners for the provision of ophthalmic services and our Medical Practitioners are offered attractive remuneration package. On the other hand, our ability to generate revenue from the business and our business growth in the future will be impacted by the services of our Medical Practitioners. However, we are not dependent on any particular Medical Practitioner (including Doctor B) as we have and would have countermeasures in place to mitigate any dependence or concentration risk, if any.

To the best of the knowledge of our Directors after making all reasonable enquiries, during the Track Record Period, Doctor B was poached by another eye clinic in Hong Kong and she had declined such offer and remained as our Medical Practitioner. As of the Latest Practicable Date, to the best knowledge of our Directors after making all reasonable enquires based on (i) the discussion between our management team and Doctor B in respect of her career prospect with our Group; and (ii) our management team had not received any notice or aware that Doctor B has the intention to leave our Group, which the Sole Sponsor concurs based on the due diligence work conducted, that there was nothing which suggests that the relationship between our Group and Doctor B will materially adversely change or terminate. Our Directors believe that it is not likely that Doctor B will leave our Group to join another clinic or set up her own clinic because (i) based on the aforementioned discussion between our management team and Doctor B and that nothing has come to our attention that Doctor B has the intention to leave our Group; (ii) Doctor B had joined our Group for approximately five years and had established a stable and amicable working relationship with our Group without any material dispute and we understand that she is satisfied with such working relationship; and (iii) the setting up of ophthalmic medical centres will require substantial financial and management resources, including purchase of advanced and high-precision instruments and devices, rental costs and staff costs, management and administrative input from her. For illustration purposes, it is expected that the investment costs for setting up a small size medical centre will be approximately HK\$20.0 million including the costs of acquiring advanced and high-precision instruments and devices and equipment for conducting the treatments and surgeries that Doctor B had conducted during the Track Record Period is approximately HK\$14.6 million.

SUMMARY

Also, the stringent regulation compliance requirements also pose a high entry barrier and high time costs for her to manage and operate the medical centres and will sacrifice and divert her time in and from the performance of surgeries and treatments.

There are no agreements entered into between our Controlling Shareholders and Doctor B as of the Latest Practicable Date. For risk relating to the event that Doctor B leaves our Group, please refer to the section headed “Risk Factors — We depend on our Medical Practitioners, in particular, Doctor B, key senior management team members and key frontline staff, and our growth and future success may be impaired if such personnel are unable or unwilling to provide services” of this prospectus.

Utilization rate of our Medical Practitioners

For illustration purposes, we set out below an analysis on the utilization rate of our Group with reference to the estimated time spent by our Medical Practitioners divided by the total estimated available time of our Medical Practitioners for provision of services to our Group during the relevant periods:

	For the year ended 31 March			For the four months ended 31 July		For the eight months ended 30 November
	2019	2020	2021	2020	2021	2021
Estimated time spent by our Medical Practitioners during the year/period ^(Note 1) (in minutes)	778,501	811,852	823,949	247,026	286,041	588,837
Total estimated available time of our Medical Practitioners for the provision of services to our Group during the year/period ^(Note 2) (in minutes)	944,640	936,000	921,600	302,400	340,800	688,320
Utilization rate	82%	87%	89%	82%	84%	86%

Notes:

- Estimated time spent by our Medical Practitioners represents the sum of their time spent on conducting (i) refractive treatments and treatments for other eye problems; (ii) consultation and examination services; and (iii) eye care educational talks organised by our Group to the general public at our Medical Centres.
- Total estimated available time of our Medical Practitioners for the provision of services to our Group during the year/period is calculated on an annual/period basis by multiplying the number of our Medical Practitioners during the year/period by the total working hours of them for the relevant year/period subject to the commencement of tenure with our Group. During the three years ended 31 March 2021, the estimated available time of our Medical Practitioners for the provision of services to our Group had decreased. The estimated time available for the year ended 31 March 2019 is higher than the same period in 2020 as the one of our Medical Practitioners only joined our Group in March 2020. The further decrease during the year ended 31 March 2021 is because one of our Medical Practitioners (i.e. Doctor A) had left our Group in April 2020. The estimated available time of our Medical Practitioners for the provision of services to our Group had increased from the four months ended 31 July 2020 to the same period of 31 July 2021 since Doctor I joined our Group in April 2021.

SUMMARY

In addition, we had 11 Medical Practitioners, and there were only an aggregate of 12 consultation rooms at our Medical Centres. In the circumstance that all our Medical Practitioners had appointment at the same period of time, the existing number of consultation rooms can only allow us to recruit one additional Registered Medical Practitioner to provide ophthalmic services as of the Latest Practicable Date.

OUR PATIENTS

Our patients are individuals of all age groups suffering from various eye conditions, including refractive errors such as myopia, hyperopia, astigmatism, cataract and/or presbyopia, and other eye problems such as retinal and macular diseases, glaucoma and amblyopia. All of our patients are individuals and our patient base is highly diversified. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had recorded number of patients of 14,968, 15,831, 15,311 and 7,865, respectively. During the Track Record Period, the revenue derived from our top five patients accounted for less than 1.3% of our total revenue. Our patients generally pay in Hong Kong dollars by cash, EPS, credit cards or health care vouchers provided by the Government.

The table below sets forth the breakdown of (i) number of patients by existing and new patients; (ii) our patient visits by existing and new patients; and (iii) number of refractive treatment by types for the Track Record Period:

Number of patients by existing and new patients

	For the years ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		%		%		%		%		%
Number of patients										
— Existing patients <i>(Note 1)</i>	4,228	28.2	5,961	37.7	6,713	43.8	4,245	62.5	4,978	63.3
— New patients <i>(Note 2)</i>	10,740	71.8	9,870	62.3	8,598	56.2	2,542	37.5	2,887	36.7
Total	14,968	100.0	15,831	100.0	15,311	100.0	6,787	100.0	7,865	100.0

Notes:

- Existing patients refer to patients who have received our treatment, operation or service in previous financial years.
- New patients refer to patients who have not received our treatment, operation or services in previous financial years.

The number of existing patients had increased throughout our Track Record Period, from 4,228 for the year ended 31 March 2019 to 5,961 for the year ended 31 March 2020 and reaching 6,713 for the same period in 2021. For the four months ended 31 July 2020, our number of existing patients was 4,245 and had increased by 17.3% to 4,978 for the same period in 2021. The increase in number of existing patients is because our patient base had continuously expanded over the years where (i) patients may re-visit our Medical Centres for regular checkups and such patients may have other needs to conduct other refractive treatments and/or other treatments for other eye problems due to different eye conditions; and (ii) certain patients may visit us for checkups and examination at an early state which falls in previous financial years and decide to conduct surgery and treatments with us when medical conditions deteriorates. Furthermore, our Group offers surgeries/treatments for multifocal IOL, PPV surgeries and SMILE surgeries with pre- and post-treatment consultation or follow-on checkups together as one bundled and packaged service to the patients. For certain types of surgeries, such as ICL implantations and PPV surgeries, the time span from pre-consultation

SUMMARY

check to the last follow up checkups may last for three to six months, depending on the progress of recovery and needs of our patients. As such, the long time span on the pre-consultation check to the last follow up checkups will also have an impact on the number of existing patients during the Track Record Period.

Our number of new patients recorded had decreased during the Track Record Period, from 10,740 for the year ended 31 March 2019 to 9,870 to the year ended 31 March 2020 and further decreased to 8,598 for the same period in 2021. The decrease from the year 31 March 2020 to 31 March 2021 is primarily due to the increased competition from other industry players who had adopted a more competitive pricing and marketing strategy. For details of the competition faced by our Group, please refer to the section headed “Business — Competition” of this prospectus. The decrease of new patients recorded in the year 31 March 2019 to the year 2020 was attributable to the impact of the COVID-19 outbreak. The number of new patients had increased from 2,542 for the four months ended 31 July 2020 to 2,887 for the same period in 2021. The increase was because Hong Kong was experiencing the second wave of COVID-19 outbreak during the four months ended 31 July 2020 and that the impact of COVID-19 had alleviated during the same period in 2021. The percentage of existing patients for the four months ended 31 July 2020 and 2021 are generally higher as the period is closer to the preceding financial years. As the existing patients refer to patients who have received our Group’s treatment, operation or services in previous financial years. The patients received our Group’s treatment, operation or services during January to March period in previous financial year may return for follow-up checks after conducting a surgery or treatment (which are one-off in nature as disclosed in the section headed “Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Our Medical Practitioners and Their Qualifications” in this prospectus) in April to July period and they were counted as existing patients in the current financial year.

Number of patient visits by existing and new patients

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	%		%		%		%		%	
Patient visit ^(Note 1)										
— Existing patients ^(Note 2)	9,488	22.2	13,116	28.5	14,548	31.2	6,847	48.4	8,402	51.9
— New patients ^(Note 3)	33,222	77.8	32,903	71.5	32,054	68.8	7,298	51.6	7,774	48.1
Total	42,710	100.0	46,019	100.0	46,602	100.0	14,145	100.0	16,176	100.0

Notes:

1. Number of patient visits refers to the number of times our patients had visited our Medical Centres during the financial year/period.
2. Existing patients refer to patients who have received our treatment, operation or services in previous financial years.
3. New patients refer to patients who have not received our treatment, operation or services in previous financial years.

SUMMARY

The number of new patients visit had experienced a slight decrease, from 33,222 for the year ended 31 March 2019 to 32,054 for the year ended 31 March 2021, representing a decrease of 3.6%, which was primarily caused by the economic downturn as a result of the social movement since June 2019 and the impact of COVID-19. The number of new patients visit increased from 7,298 for the four months ended 31 July 2020 to 7,774 for the four months ended 31 July 2021, representing an increase of 6.5% which was primarily because the impact of COVID-19 is generally under control during the four months ended 31 July 2021 while during the same period of 2020, Hong Kong was experiencing the second wave of COVID-19 outbreak.

Number of refractive treatments by types

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	%		%		%		%		%	
Number of refractive treatment conducted										
SMILE surgeries	3,711	73.7	4,302	77.7	4,063	74.4	1,144	72.8	1,089	68.1
LASIK surgeries	150	3.0	144	2.6	187	3.4	55	3.5	59	3.7
Multifocal IOL replacements	1,111	22.1	988	17.8	1,104	20.2	338	21.5	404	25.3
ICL implantations	62	1.2	104	1.9	111	2.0	34	2.2	47	2.9
Total	5,034	100.0	5,538	100.0	5,465	100.0	1,571	100.0	1,599	100.0

OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths which differentiate our Group from competitors:

- We are a private healthcare institution specialising in ophthalmology in Hong Kong with comprehensive ophthalmic service offerings and ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong.
- We have high reputation in the industry for continuous provision of advanced ophthalmic services through application of latest technology and medical knowledge.
- We adopt standardised clinical practises and utilise information technology for the provision of satisfactory ophthalmic services.
- Our brand of “Clarity” is well recognised in Hong Kong and we adopt various measures to continuously enhance our brand and quality of service.
- We have a professional and visionary senior management team and strong support from our Shareholders.

SUMMARY

OUR STRATEGIES

Our principal business objective is to achieve sustainable growth, further strengthen our position in the Ophthalmic Services market and create long-term value for our Shareholders by executing the following strategies:

- We will continue to strengthen our market position in Hong Kong by establishing new medical centres and acquisition.
- We plan to acquire equity interests in eye-related clinics, outpatient department or hospitals in the PRC to expand our presence into the PRC under our brand of “Clarity”.
- We plan to identify suitable collaboration partners for collaboration in setting up an eye-related clinic for the provision of ophthalmic medical services in the PRC.
- We plan to acquire interests in ophthalmic-related businesses.

PRICING POLICY

We set our fees for our consultation and examination services, treatment services and prescription services with reference to a number of factors, including the type of services, the duration and complexity of the services, the cost of service consumables, whether designated Medical Practitioner is required and the prevailing market prices. Accordingly, the prices charged by us for our services are at a range from a few hundred Hong Kong dollars to hundreds of thousand Hong Kong dollars.

The table below sets forth the list prices of the consultation and examination services and the refractive services provided by us as of the Latest Practicable Date:

	<u>List price</u> <i>HK\$</i>
Consultation and examination services	
Consultation services ⁽¹⁾	700 to 2,500
Examination services ⁽¹⁾	300 to 8,000
Refractive treatment services	
SMILE surgeries ⁽²⁾	22,800 to 27,800
LASIK surgeries ⁽²⁾	19,800
Multifocal IOL replacements ⁽³⁾	28,000 to 47,000
ICL implantations ⁽²⁾	80,500

Notes:

- (1) The list price varies depending on the specific Medical Practitioner to provide service and the situation of the specific eye problem.
- (2) The list price will be charged on binocular basis.
- (3) The list price varies depending on the specific quality grade of the relevant multifocal IOL and will be charged on monocular basis.

SUMMARY

The table below sets forth the average prices of the refractive treatment services and treatments for other eye problems provided by us for the Track Record Period:

	Year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$	HK\$	HK\$	HK\$	HK\$
Refractive treatment services					
SMILE surgeries	26,400	26,100	24,600	26,000	24,700
LASIK surgeries	18,200	19,500	19,500	19,400	19,000
Multifocal IOL replacements	44,300	43,900	44,400	44,300	44,100
ICL implantations	<u>80,200</u>	<u>79,100</u>	<u>79,700</u>	<u>78,200</u>	<u>80,000</u>
Treatment for other eye problems					
Standard cataract surgeries	24,200	25,800	31,200	31,500	30,700
Laser procedures	9,600	9,200	9,100	8,900	9,400
PPV surgeries	<u>78,800</u>	<u>73,900</u>	<u>76,200</u>	<u>72,800</u>	<u>76,400</u>

In addition, the spending per patient visit for treatments for other eye problems during the Track Record Period primarily ranged from approximately HK\$500 to approximately HK\$189,000 and there was no substantive change in each of the financial years during the Track Record Period.

OUR PURCHASES AND SUPPLIERS

Our purchases mainly include IOL, drugs and dispensary supplies and medical device licences required in our daily operations. We have over seven years' business relationship with most of our top five suppliers for the Track Record Period, who are manufacturers of IOL, drugs and/or dispensary supplies. During the Track Record Period, the purchases from our top five suppliers accounted for approximately 72.5%, 76.1%, 70.2% and 73.6% in aggregate of our total purchases, respectively, while the purchases from our largest supplier accounted for approximately 46.9%, 53.1%, 44.5% and 40.8% of our total purchases, respectively.

Relationship with our largest supplier during the Track Record Period

During the Track Record Period, we cooperated with our largest supplier, which is the sole global supplier of VisuMax Femtosecond Laser System 90° for our provision of SMILE surgeries and the relevant medical device licences and we believe that it is an industry norm for companies engaging in the industry specializing in the provision of ophthalmic services to solely rely on the top supplier in order to purchase the necessary equipment and licence for performing SMILE surgeries. We have a long and established business relationship with this supplier since 2013. As the leading private refractive treatment service provider in Hong Kong in terms of revenue generated from SMILE surgeries performed, we accounted for approximately 38.0% of Hong Kong's SMILE surgery market in 2020, and is double in size of the market playing who ranked second in Hong Kong according to Frost & Sullivan, we believe that we are one of the important customers of this supplier in Hong Kong as we contribute a significant portion of its revenue generated from Hong Kong.

For further details of our suppliers, please refer to the section headed "Business — Our Suppliers" of this prospectus.

SUMMARY

COMPETITIVE LANDSCAPE

Our Group ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. The market size of private ophthalmic service market in Hong Kong in terms of revenue has increased from HK\$3.5 billion in 2016 to HK\$4.3 billion in 2020, at a CAGR of 5.4%. The market size of public ophthalmic service market in Hong Kong in terms of revenue has increased from HK\$3.8 billion in 2016 to HK\$4.2 billion in 2020, representing a CAGR of 2.4%. Due to (i) the non profit feature of the public sector, refractive treatment services such as LASEK and SMILE surgeries are offered by private market players only; (ii) the long waiting time for cataract surgery in the public sector; and (iii) the increase in Hong Kong residents' abilities to afford private ophthalmic services, it is estimated that the market size of private ophthalmic service market will reach HK\$5.9 billion in 2025, representing a CAGR of 6.4% during 2021 and 2025. The market size of public ophthalmic service market is expected to reach HK\$5.3 billion in 2025, representing a CAGR of 4.9%.

The ophthalmic industry in Hong Kong is fragmented and competition is intense due to the limited differentiation in service offerings. There were 12 private hospitals and over 20 private eye centres and other healthcare institutions that offer ophthalmic healthcare services in Hong Kong as of 31 December 2020, according to Frost & Sullivan. We believe that the reputation of service providers, limitation in number of ophthalmic practitioners available and substantial capital requirements create significant barriers for potential entrants to the industry. For details of our position in the Hong Kong ophthalmic industry, please refer to the section headed "Industry Overview — Competitive Landscape of Hong Kong Private Ophthalmic Healthcare Service Market" of this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. The followings are some of the risks that are material to our business, financial condition and results of operations:

- We depend on our Medical Practitioners, in particular Doctor B, our key senior management members and key frontline staff, and our growth and future success may be impaired if such personnel are unable or unwilling to provide services;
- We are exposed to inherent risks of patient complaints, medical disputes and legal proceedings arising from our operations. Any complaints from our patients or any claims or accusations on malpractice, medical negligence or misconduct against our Medical Practitioners and frontline staff could result in significant costs, and may adversely affect our reputation, business, financial condition, results of operations and prospects;
- The outbreak of COVID-19 has caused, and may continue to cause, damage to the economy and as a result may adversely affect our business, financial condition and results of operation;
- We have limitations in marketing of our ophthalmic services which may hinder our business promotion;
- We may encounter malfunction of our medical devices and risks of system failure and we may not be able to keep abreast of technology development;

SUMMARY

- Our business relationship with our top supplier may significantly impact our business operations; and
- Our business is heavily regulated and we may need to incur additional on-going compliance costs and face penalties for non-compliance.

For details of the risks and uncertainties involved in our business operations, please refer to the section headed “Risk Factors” of this prospectus. **You should read the entire section carefully before you decide to invest in the Offer Shares.**

SUMMARY OF OUR FINANCIAL INFORMATION

The table below sets forth a summary of financial information for the years indicated and should be read in conjunction with our consolidated financial statements included in the Accountant’s Report in Appendix I to this prospectus, including the accompanying notes, and the information sets forth in the section headed “Financial Information” of this prospectus.

Summary of Consolidated Statements of Comprehensive Income

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK’000	HK’000	HK’000	HK’000	HK’000
	<i>(Unaudited)</i>				
Revenue	206,601	218,376	222,381	65,448	78,398
Other income/(losses), net	2	(8)	6,978	3,299	1,022
Inventories used	(36,820)	(39,164)	(36,989)	(10,953)	(12,334)
Consultancy fee	(42,871)	(50,696)	(55,756)	(16,707)	(22,537)
Employee benefit expenses	(32,070)	(43,319)	(36,321)	(11,635)	(13,183)
Depreciation for plant and equipment	(6,495)	(6,803)	(8,377)	(2,295)	(3,156)
Depreciation of right-of-use assets	(12,647)	(17,342)	(18,341)	(6,285)	(5,541)
Expenses incurred in connection with our Company’s Listing	(16,524)	(4,799)	(8,584)	(3,896)	(7,062)
Other expenses	(18,488)	(21,964)	(20,272)	(6,308)	(8,061)
Operating profit	40,688	34,281	44,719	10,668	7,546
Finance costs	(1,236)	(1,115)	(903)	(372)	(181)
Profit before income tax	39,452	33,166	43,816	10,296	7,365
Income tax expense	(9,413)	(6,779)	(8,047)	(1,749)	(2,216)
Profit and total comprehensive income for the years/periods attributable to owners of our Company	30,039	26,387	35,769	8,547	5,149

Non-HKFRS Measure

Adjusted net profit under non-HKFRS measure represents our profit for the year before expenses incurred in connection with the Listing. Non-HKFRS measure is not a standard measure under HKFRSs. We believe that non-HKFRS measure helps identify underlying trends in our business that could otherwise be distorted by the effect of expenses that we include in income from operations and net profit, through eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, such as the expenses incurred in connection with the Listing. We believe that non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

SUMMARY

The following table sets forth our profit and adjusted net profit under non-HKFRS measures for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit and total comprehensive income for the years/periods attributable to owners of our Company	30,039	26,387	35,769	8,547	5,149
<i>Adjustments for:</i>					
Expenses incurred in connection with the Listing	16,524	4,799	8,584	3,896	7,062
Adjusted net profit under non-HKFRS measure⁽¹⁾	46,563	31,186	44,353	12,443	12,211

(Unaudited)

Note:

- (1) Non-HKFRS measure is not a standard measure under HKFRSs. The use of non-HKFRS measure has limitations as an analytical tool, as it does not include all items that affect our profit for the relevant periods. Please see the section headed “Financial Information — Non-HKFRS Measures” of this prospectus for details.

Key Costs Component

The summary below shows the major costs components of our Group during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	HK'000	% of revenue	HK'000	% of revenue	HK'000	% of revenue	HK'000	% of revenue	HK'000	% of revenue
Inventory used	36,820	17.8	39,164	17.9	36,989	16.6	10,953	16.7	12,334	15.7
Consultancy fees	42,871	20.8	50,696	23.2	55,756	25.1	16,707	25.5	22,537	28.7
Employee benefit expenses	32,070	15.5	43,319	19.8	36,321	16.3	11,635	17.8	13,183	16.8
Depreciation of right-of-use assets	12,647	6.1	17,342	7.9	18,341	8.2	6,285	9.6	5,541	7.1

(Unaudited)

During the Track Record Period, our key cost components comprise inventory used, consultancy fees, employee benefit expenses and depreciation of right-of-use assets. During the Track Record Period, the inventories used amounted to approximately HK\$36.8 million, HK\$39.2 million, HK\$37.0 million and HK\$12.3 million, representing approximately 17.8%, 17.9%, 16.6% and 15.7% of our revenue, respectively. The inventories used as a percentage of revenue remained relatively stable, and the fluctuations in inventories used was generally in line with the number of refractive treatment conducted during the Track Record Period. Consultancy fees represent professional fees paid to our Medical Practitioners. The increase in consultancy fees was generally in line with the increase in revenue generated by our Medical Practitioners during the Track Record Period. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our employee benefit expenses amounted to approximately HK\$32.1 million, HK\$43.3 million, HK\$36.3 million and HK\$13.2 million, representing approximately 15.5%, 19.8%, 16.3% and 16.8% of our revenue, respectively. The increase in employee benefit expenses for the year ended 31 March 2019 to the year ended 31 March 2020 was primarily due to an increase in the number of employees from 100 as of 31 March 2019 to 107 as of 31 March 2020. Our employee benefit expenses decreased by

SUMMARY

approximately 16.2% for the year ended 31 March 2021 as compared to the same period in 2020 which is primarily due to the decrease in number of our employees from 107 as of 31 March 2020 to 100 as of 31 March 2021 and drop in expenses on staff welfare as we did not hold any staff events due to COVID-19. Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased equipment and properties. The overall increase in the depreciation expenses for right-of-use assets during the Track Record Period was primarily due to the expansion of the Mong Kok Medical Centre with the lease of additional units since August 2019. The number of employees of our Group remained relatively stable throughout the Track Record Period. The increase in number of employees from 100 as of 31 March 2019 to 107 as of 31 March 2020 was due to the increase in number of patients which additional manpower was required. The number of employees decreased from 107 as of 31 March 2020 to 100 as of 31 March 2021 due to natural attrition.

Our revenue increased from approximately HK\$206.6 million for the year ended 31 March 2019 to approximately HK\$218.4 million for the year ended 31 March 2020, representing an increase of approximately 5.7% and further increased to approximately HK\$222.4 million for the year ended 31 March 2021. Our revenue growth from the year ended 31 March 2019 to the year ended 31 March 2020 was attributable to the increase in our revenue from our refractive treatments service as the number of treatments and surgeries performed during the year increased from 5,034 to 5,538. The growth in revenue during the year ended 31 March 2021 can be attributable to the increase in patient visits by approximately 1.3% during the year. Our revenue increased from approximately HK\$65.4 million for the four months ended 31 July 2020 to approximately HK\$78.4 million for the four months ended 31 July 2021 was primarily due to the increase in patient visits by 14.4% during the period and the increase in revenue generated from treatments for other eye problems. As the majority of our Medical Practitioners had been providing ophthalmic services under our brand “Clarity” for more than three years, we were able to build up our patient base by word-of-mouth referrals from existing patients and as a result, our Directors are of the view that it had contributed to the increase in revenue generated from treatments for other eye problems during the four months ended 31 July 2021.

Our net profit attributable to owners of the Company was approximately HK\$30.0 million, HK\$26.4 million, HK\$35.8 million and HK\$5.1 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. For the same periods, our net profit margin was approximately 14.5%, 12.1%, 16.1% and 6.6% respectively. Our net profit decreased from approximately HK\$30.0 million for the year ended 31 March 2019 to approximately HK\$26.4 million for the year ended 31 March 2020 primarily due to (i) the increase in employee benefit expenses as a result of the increase in the number of employees; (ii) the purchase of new medical devices and equipment; and (iii) the additional lease of our Mong Kok Medical Centre which had resulted in an increase in operating expenses for the year ended 31 March 2020. Our net profit increased by approximately 35.6% from approximately HK\$26.4 million for the year ended 31 March 2020 to approximately HK\$35.8 million for the year ended 31 March 2021 which was primarily due to (i) the increase in revenue generated from treatment for other eye problems of approximately HK\$7.9 million; (ii) the receipt of government subsidies of approximately HK\$4.9 million under the employment support scheme of the Government’s anti-epidemic fund; and (iii) the decrease in employee’s benefit expenses. Our net profit decreased by approximately 39.8% from approximately HK\$8.5 million for the four months ended 31 July 2020 to approximately HK\$5.1 million for the four months ended 31 July 2021 which was primarily attributable to (i) the increase expenses incurred in connection with the Company’s listing from approximately HK\$3.9 million for the four months ended 31 July 2020 to HK\$7.1 million for the same period in 2021; and (ii) no further government subsidies under the employment support scheme of the Government’s

SUMMARY

anti-epidemic fund was provided during the four months ended 31 July 2021 as compared to the same obtained by our Group in the amount of approximately HK\$2.6 million for the four months ended 31 July 2020. The decrease in employee's benefit expenses for the year ended 31 March 2021 and the four months ended 31 July 2021 as compared to the same period in 2020 was due to the decrease in number of our employees from 107 as of 31 March 2020 to 100 as of 31 March 2021 and drop in expenses on staff welfare.

Our adjusted net profit under non-HKFRS measure, which eliminates the effect of expenses incurred in connection with our Company's Listing, decreased from approximately HK\$46.6 million for the year ended 31 March 2019 to approximately HK\$31.2 million for the year ended 31 March 2020, then increased to approximately HK\$44.4 million for the year ended 31 March 2021 and decreased from approximately HK\$12.4 million for the four months ended 31 July 2020 to approximately HK\$12.2 million for the same period in 2021. During the Track Record Period, our adjusted net profit margin under non-HKFRS measure was approximately 22.5%, 14.3%, 19.9% and 15.6%, respectively.

For discussion of our consolidated statements of comprehensive income, please refer to this section headed "Financial Information — Discussion on Main Items of the Consolidated Statements of Comprehensive Income" of this prospectus.

Summary of Selected Items of Consolidated Statements of Financial Position

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	36,741	55,740	37,774	35,483
Plant and equipment	25,661	24,476	25,197	22,080
Right-of-use assets	9,214	26,953	12,026	12,101
Current assets	44,032	113,596	79,376	85,940
Inventories	3,668	5,739	4,200	4,852
Deposits, prepayments and other receivables	4,416	2,396	7,767	9,734
Cash and cash equivalents	34,630	65,649	64,862	64,164
Current liabilities	38,684	35,395	31,547	30,937
Trade payables	4,394	7,905	8,410	7,459
Accruals and other payables	11,828	2,325	11,501	11,568
Lease liabilities	6,890	16,998	8,561	8,027
Non-current liabilities	3,537	11,216	5,109	4,843
Lease liabilities	1,452	9,167	3,397	3,530
Net current assets	5,348	78,201	47,829	55,003
Total liabilities	42,221	46,611	36,656	35,780
Total equity	38,552	122,725	80,494	85,643
Total equity and liabilities	80,773	169,336	117,150	121,423
Net assets	38,552	122,725	80,494	85,643

SUMMARY

As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, our Group recorded net current assets of HK\$5.3 million, HK\$78.2 million, HK\$47.8 million, HK\$55.0 million, respectively. Our net current assets increased by approximately HK\$7.2 million from approximately HK\$47.8 million as of 31 March 2021 to approximately HK\$55.0 million as of 31 July 2021. The increase was primarily due to increase in amount due from related parties of approximately HK\$5.4 million, increase on deposits, prepayments and other receivables of approximately HK\$1.9 million and a decrease in trade payables of approximately HK\$1.0 million, which is partly offset by an increase in income tax payable of approximately HK\$0.8 million. Our net current assets decreased by approximately HK\$30.4 million from approximately HK\$78.2 million as of 31 March 2020 to approximately HK\$47.8 million as of 31 March 2021. The decrease was primarily due to a decrease in amounts due from related parties of approximately HK\$38.4 million attributable to the settlement from related parties during the year, partly offset by a decrease in lease liabilities of approximately HK\$8.4 million as a result of the repayment of lease liabilities during the year. Our net current assets increased by approximately HK\$72.9 million from approximately HK\$5.3 million as of 31 March 2019 to approximately HK\$78.2 million as of 31 March 2020. The increase was primarily due to (i) the increase in cash and cash equivalents of approximately HK\$31.0 million mainly attributable to the cash received from Rights Issue during the year; and (ii) an increase in amounts due from related parties of approximately HK\$39.0 million.

As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, our Group recorded net assets of HK\$38.6 million, HK\$122.7 million, HK\$80.5 million, HK\$85.6 million, respectively. Our net assets increased by approximately HK\$5.1 million from approximately HK\$80.5 million as of 31 March 2021 to approximately HK\$85.6 million as of 31 July 2021. The increase was primarily due to our net profit of approximately HK\$5.1 million. Our net assets decreased by approximately HK\$42.2 million from approximately HK\$122.7 million as of 31 March 2020 to approximately HK\$80.5 million as of 31 March 2021. The decrease was primarily due to the declaration of dividends to our shareholders of approximately HK\$78.0 million, partially offset by our net profit of approximately HK\$35.8 million. Our net assets increased by approximately HK\$84.1 million from approximately HK\$38.6 million as of 31 March 2019 to approximately HK\$122.7 million as of 31 March 2020. The increase was primarily due to our net profit of approximately HK\$26.4 million and the proceeds of approximately HK\$55.0 million from Rights Issue.

For details of the fluctuation of the items under the consolidated statements of financial position, see “Financial Information — Discussion of certain items of consolidated statements of financial position” of this prospectus.

SUMMARY

Summary of Consolidated Statement of Cash Flows

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Operating cash flows before movements in working capital	61,856	61,262	71,523	19,248	16,243
Changes in working capital	7,925	(7,934)	5,370	1,376	(883)
Interest paid	(381)	(239)	(86)	(46)	—
Income tax paid	(9,146)	(12,011)	(5,456)	(2,391)	(1,807)
Net cash generated from operating activities	60,254	41,078	71,351	18,187	13,553
Net cash used in investing activities	(47,729)	(44,666)	(43,543)	(10,875)	(5,432)
Net cash generated from/(used in) financing activities	13,946	34,607	(28,595)	(7,164)	(8,819)
Net increase/(decrease) in cash and cash equivalents	26,471	31,019	(787)	148	(698)
Cash and cash equivalents at beginning of the year/period	8,159	34,630	65,649	65,649	64,862
Cash and cash equivalents at the end of the year/period	34,630	65,649	64,862	65,797	64,164

For details of our cash flows, see “Financial Information — Liquidity and Capital Structure” to this prospectus.

Key Financial Ratios

	For the year ended 31 March			For the four months ended
	2019	2020	2021	31 July
				2021
Net profit margin (%) ⁽¹⁾	14.5	12.1	16.1	6.6
Return on equity (%) ⁽²⁾	77.9	21.5	44.4	N/A
Return on total assets (%) ⁽³⁾	37.2	15.6	30.5	N/A
	As of 31 March			As of 31 July
	2019	2020	2021	2021
Gearing ratio (%) ⁽⁴⁾	41.1	24.5	14.9	13.5
Current ratio (%) ⁽⁵⁾	113.8	320.9	251.6	277.8
Quick ratio (%) ⁽⁶⁾	104.3	304.7	238.3	262.1

SUMMARY

Notes:

1. Net profit margin is calculated based on the net profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100%.
2. Return on equity is calculated based on our net profit for each reporting year divided by equity attributable to owners of the Company as of the end of each reporting year and multiplied by 100%.
3. Return on total assets is calculated based on our net profit for each reporting year divided by total assets as of the end of each reporting year and multiplied by 100%.
4. Gearing ratio equals to total debts (being total borrowings and lease liabilities) divided by total equity as of the end of the year/period and multiplied by 100%. As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, we maintained a net cash position.
5. Current ratio is calculated based on total current assets divided by the total current liabilities as of the end of each reporting year/period and multiplied by 100%.
6. Quick ratio is calculated based on our total current assets excluding inventories divided by the total current liabilities as of the end of each reporting year/period and multiplied by 100%.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), Clear Lead will be entitled to exercise voting rights of approximately 33.16% of the issued share capital of our Company. Clear Lead is wholly-owned by 3W Partners; and 3W Partners is managed by 3W Partners GP Limited as its general partner and is ultimately controlled by Mr. Goh Lu Hong and Mr. Chan Hoi Hin William, who indirectly hold majority of the equity interests of 3W Partners GP Limited. As such, Clear Lead, 3W Partners, 3W Partners GP, Mr. Goh Lu Hong and Mr. Chan Hoi Hin William will be the Controlling Shareholders as defined in the Listing Rules upon Listing. For details of the shareholding structure of our Company, see “History, Reorganisation and Corporate Structure — Corporate Structure upon Completion of the Global Offering and the Capitalisation Issue”.

PRE-IPO INVESTMENTS

On 30 July 2016, 3W Partners, through its wholly-owned subsidiary, Clear Lead, entered into a share purchase agreement with Ultimate Bliss to acquire 388 Clarity Shares for a total consideration of US\$4.0 million. On the same date, Clear Lead entered into a share subscription agreement with Clarity Medical, Dr. Tse and Ultimate Bliss to subscribe for 970 Clarity Shares for a total consideration of US\$10 million. On 12 January 2018, WuXi AppTec entered into a share subscription agreement with Clarity Medical, Dr. Tse and Ultimate Bliss, pursuant to which, Clarity Medical allotted and issued a total of 926.32 Clarity Shares at a total cash consideration of US\$10.0 million. On 21 February 2019, Mr. Wu entered into a sale and purchase agreement to acquire 14.54 Clarity Shares from Clear Lead for a total consideration of US\$500,000. On 25 February 2020, we have completed the Rights Issue, where Clear Lead, WuXi AppTec and Mr. Wu had participated in the Rights Issue and subscribed for 1,470.88 Shares, 400 Shares and 49.12 Shares, respectively.

SUMMARY

Since each of Ultimate Bliss, Clear Lead and WuXi AppTec will be holding more than 10% of the total issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme, and hence will be a substantial Shareholder under the Listing Rules, the Shares held by them will not be counted as part of the public float for the purpose of the Listing Rules. As Mr. Wu is a non-executive Director and therefore a core connected person of our Company, the Shares held by Mr. Wu will not be counted as a part of the public float for the purpose of the Listing Rules.

For details of the Pre-IPO Investments, please refer to the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus.

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme on 29 March 2019 and as of the Latest Practicable Date, a total of eight eligible participants have been granted the Pre-IPO Share Options to subscribe for an aggregate of 28,125,000 Shares, representing approximately 5.63% of the enlarged issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme). In addition, as of the Latest Practicable Date, all of the Pre-IPO Share Options had not been exercised and remained outstanding.

Assuming full vesting and exercise of all Pre-IPO Share Options, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the Share Option Scheme) would be diluted by approximately 5.33% and the dilution effect on our earnings per Share would be approximately 5.33%.

For details of the Pre-IPO Share Option Scheme, please refer to the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV of this prospectus.

SUMMARY

DIVIDEND

For the years ended 31 March 2019 and 2021, dividends declared and settled to respective shareholder of members of the Group amounted to approximately HK\$43.5 million and HK\$78.0 million, respectively. On 15 November 2021, our Group had also declared and settled dividends to the respective shareholding members of our Company amounted to approximately HK\$26.0 million. Under our Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Act and the Articles of Association. According to the Companies Act and the Articles, dividend may be declared and paid out of profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Further, with the sanction of an ordinary resolution passed by the shareholders at a general meeting, dividends may also be declared and paid out of share premium account provided that immediately following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. Our Company has been advised by its Cayman legal advisers that provided that our Company complies with the foregoing, dividend may be paid by our Company notwithstanding that our Company may have accumulated losses.

There is no guarantee that any particular amount of dividends will be distributed for any specific periods, and there is no pre-determined dividend payout ratio. Please refer to the section headed “Financial Information — Dividends” of this prospectus for more details of our dividend policy.

OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK\$1.6	Based on an Offer Price of HK\$3.0
Market capitalisation after completion of the Global Offering ⁽¹⁾	HK\$800 million	HK\$1,500 million
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾	HK\$0.53	HK\$0.86

Notes:

⁽¹⁾ The calculation of market capitalisation is based on the 500,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering.

⁽²⁾ The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” to this prospectus. The unaudited pro forma adjusted net tangible assets per Share takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchase by the Company pursuant to the general mandate. Based on the same set of assumptions but taking into account the dividends in the amount of approximately HK\$26.0 million declared by the Company on 15 November 2021, the unaudited pro forma adjusted consolidated net tangible assets would be approximately HK\$0.48 and HK\$0.81 per Share, based on the indicative Offer Price of HK\$1.6 per Share and HK\$3.0 per Share, respectively.

SUMMARY

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK\$2.3 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.6 to HK\$3.0 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$245.6 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to us will be approximately HK\$44.3 million, after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering, assuming an Offer Price of HK\$2.3 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.6 to HK\$3.0 per Offer Share). We intend to use the net proceeds for the following purposes:

Percentage of Net Proceeds	Use of Proceeds	HK\$
44.8%	Establishing two new medical centres in Hong Kong for the provision of ophthalmic services	110.0 million
30.5%	Acquiring majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area	75.0 million
14.7%	Setting up an eye-related clinic for the provision of ophthalmic medical services in the PRC with suitable collaboration partners	36.0 million
10.0%	Working capital and other general corporate purposes	24.6 million

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to place the same in short-term deposits with licensed banks or financial institutions in Hong Kong as permitted by the relevant laws and regulations.

LEGAL PROCEEDINGS AND COMPLAINTS

As of the Latest Practicable Date, there was no outstanding complaint against our Medical Practitioners or our Group.

For the three years ended 31 March 2021 and the four months ended 31 July 2021, our Group had received and handled seven, seven, five and one complaints from our patients, respectively. These complaints were mainly related to (i) the services of our frontline staff; (ii) the charges of our services; and (iii) the quality of the surgery conducted. As of the Latest Practicable Date, we had settled all complaints against our Group and our Medical Practitioners and we had paid an aggregate of approximately HK\$0.5 million as settlement sum (of which HK\$0.4 million represents fees we have received from the relevant patients for conducting treatments and surgeries) and provided refund in the amount of approximately HK\$2,300 to the relevant patients in relation to complaints against our Group during the Track Record Period. All complaints that were settled during the Track Record Period were on a non-admission of liability basis. For details of the legal proceedings and complaints against our Group and the risks that our Group may be exposed to due to patient complaints and disputes, please refer to the sections headed “Business — Legal Proceedings and Complaints” and “Risk Factors — We are exposed to inherent risks of patient complaints, medical disputes and legal proceedings arising from our operation. Any complaints from our patients or any claims or accusations on malpractice, medical negligence or misconduct against

SUMMARY

our Medical Practitioners and frontline staff could result in significant costs, and may adversely affect our reputation, business, financial condition, results of operations and prospects.” of this prospectus, respectively.

LISTING EXPENSES

Assuming that the Over-allotment Option is not exercised, the Listing expenses (including underwriting commission) are estimated to be HK\$41.9 million (based on the mid-point of the indicative range of the Offer Price of HK\$2.3), representing approximately 14.6% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$2.3 per Offer Share, being the mid-point of the stated range of the Offer Price), of which an amount of HK\$8.6 million and HK\$7.1 million has been charged to the consolidated statements of comprehensive income for the year ended 31 March 2021 and the four months ended 31 July 2021, respectively. We expect that HK\$11.7 million will be charged to the consolidated statements of comprehensive income for the year ending 31 March 2022 and HK\$21.6 million will be accounted for as a deduction from equity upon Listing. The amount of Listing expenses could have an adverse impact on our profitability for the year ending 31 March 2022.

Listing expenses incurred for engagement of professional parties in connection with the Listing and the underwriting commission relating to underwriting the new Shares of the Global Offering are to be borne by our Company as all professional services rendered in connection with the Listing are for our Company’s benefits and interests to be brought by its listing status. These Listing expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the Listing and the Global Offering which are non-underwriting related expenses, including fees for legal advisers and Reporting Accountant of approximately HK\$11.9 million, and other non-underwriting-related fees and expenses of approximately HK\$14.2 million, as well as the underwriting commission (including SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy) of approximately HK\$15.8 million, payable to the Underwriters in connection with the offering of Offer Shares under the Global Offering. Our Company will not have any interest in the sale of the Sale Shares and therefore any underwriting commission, fees and expenses in that regard will be borne by the Selling Shareholder.

IMPACT OF OUTBREAK OF COVID-19 ON OUR BUSINESS

An outbreak of respiratory illness caused by COVID-19 first emerged in late 2019. Due to the impact of COVID-19, certain private hospitals had postponed appointments for non-urgent surgeries and had experienced a slump in patient visits since early 2020. As an ophthalmic service provider in Hong Kong, we have implemented stringent hygiene and precautionary measures across our Medical Centers to ensure the safety of our Medical Practitioners, staff and patients. Our Medical Centres maintained normal operations during the period of COVID-19 and had not been subject to any mandatory closure required by the relevant Government authorities. As of the Latest Practicable Date, none of the Medical Practitioners, frontline staff and other employees of our Group had been tested positive of COVID-19 or any of its variant and our Group had not received any notices from relevant Government authorities that persons who had been infected with COVID-19 or any of its variant and/or are their close contacts had visited our Medical Centres. For details of the impact of COVID-19 on our business operations and the contingency plans that our Group had implemented, please refer to the section headed “Business — Impact of outbreak of COVID-19 on our Business” of this prospectus.

SUMMARY

Impact on our Group

Although the COVID-19 pandemic did have some impact on our operation in terms of new patient visits and number of patients for the year ended 31 March 2021, it did not have a material adverse effect on our results of operations. The number of new patients visits and number of patients had experienced a decrease, from 32,903 and 15,831 for the year ended 31 March 2020 to 32,054 and 15,311 for the year ended 31 March 2021, representing a decrease of 2.6% and 3.3%, respectively, which was partly due to the economic downturn caused by the impact of COVID-19. In addition, based on our available records, 184 patients and one patient had cancelled their appointment for SMILE surgeries and standard cataract surgery during the year ended 31 March 2021, respectively, due to concerns over COVID-19. Out of the 184 patients who had cancelled their appointment for SMILE surgery, 51 of them had made a subsequent appointment during the same financial year. The number of patients who had cancelled their appointments for SMILE surgeries and had not subsequently made an appointment during the year ended 31 March 2021, representing approximately 3.2% of the total number of SMILE surgeries conducted during the same period. Based on the average price of SMILE surgery conducted by our Group during the year ended 31 March 2021 (i.e. HK\$24,600), our Group estimates that we have loss income amounted to approximately HK\$3.3 million arising from patients who have cancelled their appointments for SMILE surgeries due to COVID-19, representing approximately 1.5% of our Group's total revenue for the same period. Our Directors are of the view that the impact of COVID-19 on our Group from April to December 2021 is immaterial as (i) based on the available information, none of the Group's patients had cancelled their appointments for SMILE surgeries during the period from April 2021 to December 2021; and (ii) the number of patient visits had increased from 34,285 during the four months ended 31 December 2020 to 37,165 during the same period in 2021, representing an increase of 8.4%. In addition, the number of patients had also increased from 12,444 to 14,241 during the abovementioned period, representing an increase of 14.4%.

As of the Latest Practicable Date, an outbreak of the Omicron (COVID-19 variant) in Hong Kong since the beginning of January 2022 had again caused temporary closure of certain types of premises and tightening of social distancing restrictions. Equipped with the experience in early 2020 and the continuous implementation of stringent preventive measures, our Group is confident that the impact of COVID-19 will be limited. In addition, the increasing number of citizens in Hong Kong had taken vaccines for the prevention of COVID-19 viruses and the general public has a high level of hygiene and health awareness which we think will positively impact the demand for our services going forward. Our Directors are of the view that the COVID-19 outbreak had no material adverse impact on our financial performance and operation as of the Latest Practicable Date.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since 31 March 2021, our operation had expanded. The number of patient and patient visits had increased from 9,191 and 21,895 for the six months ended 30 September 2020 to 10,595 and 24,558 for the six months ended 30 September 2021, representing an increase of 15.3% and 12.2%, respectively.

In April 2021, an additional Medical Practitioner had commenced her employment with our Group. Furthermore, we have entered into an employment agreement with a Registered Medical Practitioner specialised in ophthalmology in September 2021 and he had commenced his employment in November 2021, making a total of 11 Medical Practitioners as of the Latest Practicable Date. We had renewed the tenancy agreement of our leased property located on 9th Floor of Wai Fung Plaza, which is part of our Mong Kok Medical Centre for a term until 31 December 2022.

SUMMARY

We incurred Listing expenses of HK\$8.6 million and HK\$7.1 million for the year ended 31 March 2021 and the four months ended 31 July 2021, respectively. We expect that HK\$11.6 million of Listing expenses will be charged to the consolidated statements of comprehensive income for the year ending 31 March 2022 and HK\$15.9 million will be accounted for as a deduction from equity upon Listing. In addition, we expect to incur additional consultancy fees and employee's benefit expenses as a result of the addition of two Medical Practitioners which one of them had commenced her employment in April 2021 and the other shall commence his employment in November 2021 and a pay rise had been given to our employees in the second quarter of the financial year ending 31 March 2022. **The amount of Listing expenses and the expected increase in consultancy fees and employee's benefit expenses have an adverse impact on our profitability which may lead to the net profit of the Group to decrease substantially for the year ending 31 March 2022.** The Government grants under the employment Support Scheme of the Government's anti-epidemic fund received by our Group on an aggregate sum of HK\$4.9 million during the Track Record Period is non-recurring in nature and is one of the reasons for such expected decrease in profit for the year ending 31 March 2022.

On 15 November 2021, our Group had declared and settled dividends to the respective shareholding members of our Company amounted to approximately HK\$26.0 million.

Our Directors confirm that, after the Track Record Period and up to the date of this prospectus: (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operation position; (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountant's Report in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“2016 Pre-IPO Investment”	the pre-IPO investment in Clarity Medical by Clear Lead completed on 15 August 2016 as set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus
“2018 Pre-IPO Investment”	the pre-IPO investment in Clarity Medical by WuXi AppTec completed on 8 February 2018 as set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus
“2019 Pre-IPO Investment”	the pre-IPO investment in Clarity Medical by Mr. Wu completed on 6 March 2019 as set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus
“3W Partners”	3W Partners Fund I L.P., a Cayman Islands exempted limited partnership established in January 2014 and managed by 3W Partners GP Limited as its general partner
“Accountant’s Report”	the accountant’s report set out in Appendix I to this prospectus
“Articles of Association” or “Articles”	the articles of association of our Company, adopted on 26 January 2022, which will become effective upon the Listing Date, and as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Awareness Trust”	a discretionary trust established by Dr. Tse (as the settlor and the protector), the discretionary beneficiaries of which include Dr. Tse and his family members
“Board” or “Board of Directors”	our board of Directors
“Business Day” or “business day”	a day (other than a Saturday or a Sunday or a public holiday in Hong Kong) on which banks in Hong Kong are open for normal banking business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate, a measurement to assess the growth rate of value over time

DEFINITIONS

“Capitalisation Issue”	the issuance of new Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company, as further described in the section headed “Statutory and General Information — A. Further Information about our Group — 4. Resolutions passed by our Shareholders” in Appendix IV to this prospectus
“Cataract Surgeries Programme”	the programme funded by the Government to increase the cataract surgeries throughput via a public-private partnership delivery model. Under this programme, invited patients have the choice to receive cataract surgery from private ophthalmologists, with the help of a fixed subsidy
“Cayman Islands Companies Act”, “Cayman Companies Act” or “Companies Act”	the Companies Act Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“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 a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the 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 through causing HKSCC Nominees to apply on your behalf, including by (i) instructing 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, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (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 CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation

DEFINITIONS

“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
“Central Medical Centre”	our medical centre at 13th Floor, No. 9 Queen’s Road Central, Hong Kong
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Clarity International”	Clarity Medical Group International Limited, a company incorporated in the BVI on 21 February 2019 with limited liability, the wholly-owned subsidiary of our Company and the intermediate holding company of our Group
“Clarity Medical”	Clarity Medical Group Limited 清晰醫療集團有限公司 (together with its subsidiaries which included Saintford prior to the Reorganisation, referred to as the “Clarity Group”), a company incorporated in the Cayman Islands on 21 April 2015 with limited liability under the Companies Act, owned as to 42.89% by Ultimate Bliss, 30.22% by Clear Lead, 20.83% by WuXi AppTec, 2.96% by Dr. Lau, 2.77% by Dr. Hui and 0.33% by Mr. Wu as of the Latest Practicable Date
“Clarity Shares”	shares with a nominal value of HK\$0.01 each in the share capital of Clarity Medical
“Clear Lead”	Clear Lead Ventures Limited, a company incorporated in the BVI with limited liability, a substantial Shareholder holding approximately 33.16% of the issued share capital of our Company upon Listing (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), and wholly owned by 3W Partners
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Code of Professional Conduct”	Code of Professional Conduct for the Guidance of Registered Medical Practitioners of the Medical Council, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	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

DEFINITIONS

“Company” or “our Company”	Clarity Medical Group Holding Limited 清晰醫療集團控股有限公司, a company incorporated in the Cayman Islands on 19 February 2019 with limited liability under the Companies Act
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning given to it in the Listing Rules and, unless the context otherwise requires, refers to Clear Lead, 3W Partners, 3W Partners GP Limited, Mr. Goh Lu Hong and Mr. Chan Hoi Hin William
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“COVID-19”	Coronavirus Disease 2019
“Director(s)”	the director(s) of our Company
“Dr. Hui”	Dr. Hui Yung Lam (許用藍), a Shareholder, a registered Medical Practitioner and a Specialist in ophthalmology
“Dr. Lau”	Dr. Lau Tze Yan Teresa (劉芷欣), a Shareholder, our Head of Medical Services, a registered Medical Practitioner and a Specialist in ophthalmology
“Dr. Tse”	Dr. Tse Wai Ip (謝偉業), the founder of our Group, a substantial Shareholder, a Registered Medical Practitioner and a Specialist in ophthalmology
“EPS”	an electronic payment system widely used in Hong Kong
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“Frost & Sullivan”	Frost & Sullivan Limited, a professional independent market research company
“Frost & Sullivan Report”	the report commissioned by us and prepared by Frost & Sullivan containing an analysis of the industry in which we operate and other relevant economic and statistical data
“GDP”	gross domestic product
“GEM”	GEM operated by the Stock Exchange

DEFINITIONS

“General Register”	the register of Registered Medical Practitioners kept in accordance with the MR Ordinance
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Government”	the Government of Hong Kong
“Greater Bay Area”	Guangdong — Hong Kong — Macau Greater Bay Area (粵港澳大灣區)
“Greater China”	the geographic region comprising the PRC, Hong Kong, Macau and Taiwan
“ GREEN Application Form(s)”	the application forms to be completed by HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company together with its subsidiaries or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries pursuant to the Reorganisation, its present subsidiaries
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in applicant’s own name by submitting applications online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk or the IPO App
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by us, as specified on the designated website of HK eIPO White Form at www.hkeipo.hk or the IPO App
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars”, “HKD”, or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 13,600,000 new Shares (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) being offered by us for subscription under the Hong Kong Public Offering

DEFINITIONS

“Hong Kong Public Offering”	the issue and offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash at the Offer Price (plus brokerage, SFC transaction levy, Financial Reporting Council transaction levy and Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 28 January 2022 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Sole Sponsor, the Joint Representatives, and the Hong Kong Underwriters, particulars of which are set out in the section headed “Underwriting” in this prospectus
“Hospital Authority”	the Hospital Authority of Hong Kong
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquires, are independent of our Company and its connected persons
“International Offering”	the conditional issue and offer of the International Offer Shares to institutional, professional and other investors as set out in the section headed “Structure of the Global Offering” in this prospectus
“International Offer Shares”	the 122,400,000 new Shares (comprising 111,400,000 new shares to be offered for subscription by our Company and 11,000,000 Sale Shares to be offered for sale by the Selling Shareholder, and subject to adjustment and the Over-allotment Option) to be offered by us for subscription under the International Offering described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering which is expected to be entered into among others, the Joint Representatives, the Bookrunner, the International Underwriters, our Company and the Selling Shareholder on or around the Price Determination Date
“IPO App”	The mobile application for HK eIPO White Form service which can be downloaded by searching “ IPO APP ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp

DEFINITIONS

“Joint Bookrunners”	the joint bookrunners as named in “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Representatives”	the joint representatives as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus
“Latest Practicable Date”	22 January 2022, being the latest practicable date for the purpose of ascertaining certain information in this prospectus
“Legal Counsel”	Mr. Patrick Siu, barrister-at-law in Hong Kong
“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 Friday, 18 February 2022, on which our Shares are listed on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Logmax”	Logmax Limited, a company incorporated in the BVI with limited liability on 18 January 2007, a wholly-owned subsidiary of Clarity Medical
“Main Board”	the Main Board of the Stock Exchange
“Management Agreement”	the management agreement dated 1 April 2015 entered into between Saintford and the Partnership, as supplemented by supplemental agreements dated 8 July 2015 and 3 April 2019 and terminated in May 2020, as further described in the section headed “History, Reorganisation and Corporate Structure — History and Development — Our Business Operation” of this prospectus
“MC Ordinance”	Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Medical Centre(s)”	Central Medical Centre and Mong Kok Medical Centre or any of them
“Medical Centre Management System”	a centralised information technology system for the management of our daily operations
“Medical Council”	Medical Council of Hong Kong established under the MR Ordinance

DEFINITIONS

“Medical Practitioner(s)”	the Registered Medical Practitioners providing ophthalmic services at our Medical Centres or any of them
“Medication”	pharmaceutical products and medicines with the meaning as interpreted in the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong)
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, conditionally adopted on 26 January 2022 which will become effective on Listing Date, as amended, supplemented or otherwise modified from time to time
“Mong Kok Medical Centre”	our medical centre at Rooms 703–6 on 7th Floor and 9th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong
“MR Ordinance”	the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Mr. Wong”	Mr. Wong Tai Cheung Andrew (黃棣彰), an executive Director and the chief executive officer of our Company
“Mr. Wu”	Mr. Wu Ting Yuk Anthony (胡定旭), a non-executive Director, the chairman of the Board and a Shareholder
“Ms. Lin”	Ms. Lin Kam Ho (練錦河), mother of Dr. Tse
“Nomination Committee”	the nomination committee of the Board
“Novation Agreements”	eight deeds of novation to novate the Partnership’s rights and obligations under the corresponding employment agreements/consultancy agreements between the Partnership and eight Medical Practitioners personally or their respective service companies to Saintford, all dated 1 May 2020
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of a brokerage fee of 1%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed “Structure of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with the additional Shares issued under the exercise of the Over-allotment Option (if any)

DEFINITIONS

“Over-allotment Option”	the option to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters, pursuant to which we may be required to allot and issue up to 20,400,000 additional Shares (representing up to 15% of the 136,000,000 Shares (comprising 125,000,000 new Shares and 11,000,000 Sale Shares) initially being offered under the Global Offering) at the Offer Price to cover over-allocation in the International Offering and/or close out any covered short position by the Stabilising Manager, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option” in this prospectus
“Partnership”	Tse, Lau & Hui Medical Practice (謝劉許醫務所), a partnership of medical practise formed by Dr. Tse, Dr. Lau and Dr. Hui on 1 April 2015 and was dissolved on 2 May 2021, details of which are described in the section headed “History, Reorganisation and Corporate Structure — History and Development — Our Business Operation” in this prospectus
“Partnership Deed”	the partnership deed dated 1 April 2015 between Dr. Lau, Dr. Hui and Dr. Tse in respect of the Partnership which was terminated in May 2020
“PIC”	the Preliminary Investigation Committee of the Medical Council
“PHF(s)”	private healthcare facility(ies)
“PRC Legal Adviser”	Haiwen & Partners
“Pre-IPO Investments”	the 2016 Pre-IPO Investment, the 2018 Pre-IPO Investment, the 2019 Pre-IPO Investment and the Rights Issue, details of which are set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus
“Pre-IPO Share Option Scheme”	the share option scheme adopted by our Company on 29 March 2019 as amended on 2 March 2020, a summary of the principal terms of which are set out in the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus
“Pre-IPO Share Options”	the options to subscribe for the Shares granted under the Pre-IPO Share Option Scheme
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Agreement”	the agreement to be entered into by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date to record and fix the Offer Price

DEFINITIONS

“Price Determination Date”	the date on which the Offer Price is fixed for the purpose of the Global Offering
“Prime Sage”	Prime Sage International Limited, a company incorporated in the BVI with limited liability on 13 March 2018 and is wholly owned by TMF (Cayman) Ltd. under the Awareness Trust
“Private Hospitals”	the private hospitals in Hong Kong which offer their operation theatres to our Medical Practitioners for performance of certain ophthalmic surgeries, or any of them
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Registered Medical Practitioner(s)”	medical practitioner(s) who is/are registered in accordance with the provisions of the MR Ordinance
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” of this prospectus
“Rights Issue”	the rights issue conducted by the Company, which was completed on 25 February 2020 as set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments” of this prospectus
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Saintford”	Saintford Limited (尚方有限公司), a company incorporated in Hong Kong with limited liability on 31 August 2005 and an indirect wholly-owned subsidiary of our Company through Clarity International
“Sale Shares”	11,000,000 Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering
“Selling Shareholder”	Ultimate Bliss, who offers the Sale Shares for sale under the Global Offering
“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

DEFINITIONS

“Share(s)”	ordinary share(s), with nominal value of HK\$0.01 each, in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 26 January 2022, a summary of the principal 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 the Shares
“Sole Sponsor”	China Everbright Capital Limited, a corporation licenced under the SFO and permitted to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Specialist(s)”	Registered Medical Practitioner(s) on the Specialist Register
“Specialist Register”	the register of Specialists kept in accordance with the MR Ordinance
“Specified Undertaking”	the deed of undertaking entered into between Saintford, Dr. Lau and Dr. Hui on 26 January 2022, details of which are set out in the section headed “Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Remuneration of Dr. Lau, Dr. Hui and Dr. Tse” of this prospectus
“sq.ft.”	square foot/feet
“Stabilising Manager”	China Everbright Securities (HK) Limited, a corporation licenced under the SFO and permitted to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising in corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be enter into on or about Price Determination Date between the Stabilising Manager and Ultimate Bliss pursuant to which the Stabilising Manager may borrow up to 20,400,000 Shares from Ultimate Bliss
“Stock Exchange” or “Hong Kong 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

DEFINITIONS

“Surgery Centre(s)”	the surgery centres at the Central Medical Centre and the Mong Kok Medical Centre or any of them
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Termination Agreement”	the termination agreement relating to the Management Agreement entered into between Saintford and the Partnership on 1 May 2020, as further described in the section headed “History, Reorganisation and Corporate Structure — History and Development — Our Business Operation” of this prospectus
“Track Record Period”	the three financial years of our Company ended 31 March 2021 and the four months ended 31 July 2021
“Ultimate Bliss”	Ultimate Bliss Limited, a company incorporated in the BVI with limited liability, holding approximately 20.26% of the issued share capital of our Company upon Listing (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), and wholly owned by Prime Sage
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America
“U.S. dollars”, “USD” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated under it
“WuXi AppTec”	WuXi AppTec (HongKong) Limited (藥明康德(香港)有限公司), a company incorporated in Hong Kong with limited liability, a substantial Shareholder holding approximately 15.63% of the issued share capital of our Company upon Listing (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme) and wholly owned by WuXi AppTec Parent

DEFINITIONS

“WuXi AppTec Parent” 無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd*, a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 2359)

“%” per cent

The English translation of entity and Company name in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only. If there is any inconsistency between the Chinese names of entities or enterprises and their English translations, the Chinese names shall prevail.*

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 an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“amblyopia”	lazy eye; impaired vision with no perceptible damage to the eye or optic nerve
“astigmatism”	an abnormal condition of the eye in which light rays cannot be focused clearly in a point on the retina due to differences in curvature in different meridians of cornea and lens, resulting in blurred vision
“cataract”	a degenerative eye disease marked by the loss of transparency of the lens, resulting in an opaque, milky appearance behind the pupil, which obstructs the passage of light to the retina
“chalazion”	a cyst in the eyelid caused by inflammation of a blocked meibomian gland
“cornea”	a transparent convex structure that covers the iris and pupil
“corneal stroma”	corneal stroma is fibrous, tough and perfectly transparent collagen fibril which interweaves each other to form the inner layer of the cornea
“femtosecond laser”	lasers emitting pulses with duration between a few femtoseconds and hundreds of femtoseconds, where one femtosecond equals to 10–15 of a second
“glaucoma”	any of a group of eye diseases characterised by abnormally high intraocular pressure, damaged optic disk, hardening of the eyeball and partial to complete loss of vision
“hyperopia”	farsightedness; people with hyperopia are unable to focus on nearby objects
“ICL”	an implantable collamer lens, mainly made of collagen copolymer material, which is designed to correct myopia, hyperopia and astigmatism by placing it in front of the natural lens. ICL is an alternative treatment choice to LASIK, especially for clients with high myopia or thin cornea
“IOL”	an implantable intraocular lens, mainly made of acrylic, which is designed as a replacement to the natural lens of people with cataract. It can be further categorised into Premium IOL and Standard IOL
“LASIK” or “LASIK surgery”	Laser-assisted in situ keratomileusis, a procedure that uses a cutting tool and a laser to correct moderate to high levels of myopia, hyperopia and astigmatism by modifying the curvature of cornea
“macula”	a 3–5mm area on the retina that is responsible for central vision

GLOSSARY OF TECHNICAL TERMS

“macular degeneration”	a progressive deterioration of macula, leading to irreversible loss of central vision, although peripheral vision is retained
“myopia”	nearsightedness; distant objects appear to be blurred or fuzzy to people with myopia while objects close to eye are not affected
“ophthalmology”	a branch of medicine that deals with the anatomy, physiology and diseases of the eye
“PPV”	pars plana vitrectomy is a microscopic surgery to remove the vitreous humour or gel-like substance in the interior part of the eye
“Premium IOL”	multifocal and/or multifunctional IOL
“presbyopia”	a vision condition involving loss of ability to focus on nearby objects due to decreasing elasticity of lens, which is considered as a part of normal ageing
“pterygium”	a benign or noncancerous growth that develops on the conjunctiva that may extend to cover the cornea. It may be associated with ultraviolet-light exposure (e.g. sunlight), low humidity, and dust
“refractive error”	an error in the focusing of light by the eye and a frequent reason for reduced visual acuity and refers to myopia, hyperopia, astigmatism and presbyopia
“refractive treatments”	refractive treatments are treatment conducted to correct refractive errors either by changing the shape thus the refractive angle of the cornea, or by changing intraocular refraction by various types of implants
“retina”	a multilayered light-sensitive membrane lining the inner posterior chamber of eyeball containing the rods and cones and connected by the optic nerve to the brain
“retinal detachment”	a separation of the inner layers of the retina from the pigment epithelium in the back of the eye, which usually results from a hole or tear in the retina
“retinal diseases”	retina is a thin layer of light-sensitive tissue lining the back of the eye, disorders in this vital part of converting light into nerve impulses could lead to severely impaired vision. Retinal degenerations, including tears and holes, retinal detachment, retinal vessel obstructions, age-related macular degeneration, and macular hole are common forms of retinal diseases

GLOSSARY OF TECHNICAL TERMS

“SMILE surgery”	Refractive Lenticule Extraction Small Incision Lenticular Extraction (ReLEx®SMILE), a surgery with procedure that involves carving a refractive lenticule within the cornea and removing it through a small incision of 2–4 mm. This is an advancement compared to LASIK as the lenticule is created within the cornea and no damage will be caused to its front surface
“squint”	nonparallel positioning or movement of eyes due to decreased binocular muscle coordination with loss of three-dimensional vision and the inability to focus simultaneously on a single point
“Standard IOL”	monofocal IOL
“tonometry”	the measurement of intraocular pressure by determining the amount of force needed to make a slight indentation in the cornea
“vitreous diseases”	a posterior cavity of the eye between the lens and the retina filled with transparent, jelly-like fluid to help maintain the shape of the eyeball. Changes in the structure of the vitreous can cause vitreous liquefaction or detachment and vitreoretinal diseases, such as epiretinal membrane, macular hole, and incidental vitreoretinal haemorrhage

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. The forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects, including development plans for our existing and new businesses;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our future debt levels and capital needs;
- general economic, political and business conditions of Hong Kong;
- changes to regulatory and operating conditions in the industry and markets in which we operate, including the future competitive environment of the ophthalmic practice in Hong Kong and Government's policy on medical practice;
- our ability to follow the technological breakthrough in relation to medicine or the technology used in ophthalmic service industry;
- our ability to control or reduce costs;
- our ability to cater to diverse and changing market trend and consumer preferences, including the level of health consciousness and the general well-being of population in Hong Kong, by offering competitive services;
- our ability to maintain a strong relationship with our patients, suppliers, contractors and delivery service providers;
- our ability to enhance our operations of order fulfilment facilities;
- our ability to recruit and retain qualified and professional staff and management personnel for our business and future developments;
- our operation and capital expenditure plans;
- our dividend policy;
- the actions and developments of our competitors;
- capital market developments; and
- certain statements in the sections headed "Business" and "Financial Information" of this prospectus with respect to pricing, volumes, operations, margins, overall market trends, risk management, interest rates and foreign exchange rates.

FORWARD-LOOKING STATEMENTS

The words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including those discussed in the section headed “Risk Factors” of this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those described herein as anticipated, believed or expected, as well as from historical results. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. 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.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

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

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. You should pay particular attention to the fact that we are governed by a legal and regulatory environment which may differ in some respects from that which prevails in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESS

We depend on our Medical Practitioners, in particular, Doctor B, key senior management team members and key frontline staff, and our growth and future success may be impaired if such personnel are unable or unwilling to provide services.

Our business success depends on the committed services and continued contributions of our Medical Practitioners, senior management team and key frontline staff. Our Directors and senior management, who have in-depth expertise in the ophthalmic service industry, play an important role in the management of our daily operations as well as implementation of our business plans.

As of the Latest Practicable Date, our Group had 11 experienced practising Medical Practitioners. We rely on our Medical Practitioners to generate revenue and our business growth in the future will continue to depend on the involvement of our Medical Practitioners. In particular, one of our Medical Practitioners, Doctor B had generated revenue in the amount of approximately HK\$47.9 million, HK\$57.4 million, HK\$77.3 million and HK\$30.6 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively, representing 23.2%, 26.3%, 34.8% and 39.0% of our revenue for the respective periods. We also rely on our key senior management team members, including our executive Director and Chief Executive Officer, Mr. Wong, and our senior management members, Dr. Lau and Dr. Hui for the successful operation of our business. Dr. Lau, who is the Head of Medical Services of our Group, has over 18 years of medical practising experience and is responsible for overseeing corporate and clinical governance, quality assurance and the management of human resources and staffing of our Group. Dr. Hui has over 18 years of medical practising experience and is responsible for undertaking latest research and medical development and international liaison of the Group. Dr. Lau and Dr. Hui had been with the Group throughout the Track Record Period. Mr. Wong joined our Group in November 2016 and has over 17 years' experience in banking and finance. Mr. Wong has been involved in the strategic planning, business operations, and building the brand of our Group and his expertise has been beneficial for the enhancement of our overall corporate management. Details of our key senior management team members are set forth in the section headed "Directors and Senior Management" of this prospectus. Further, we also heavily rely on our key frontline staff, comprising Medical Practitioners, optometrists and registered nurses, to provide ophthalmic services to our patients. They are required to obtain relevant annual practising certificates in order to provide services in Hong Kong.

RISK FACTORS

We cannot assure you that the services of any of our key senior management team members or key frontline staff, in particular our Medical Practitioners including Dr. Lau, Dr. Hui and Doctor B, will continue to be available. In the event that Doctor B leaves our Group and that our other Medical Practitioners cannot effectively handle the treatments and/or surgeries that Doctor B used to specialized in, for example, ICL implantations, multifocal IOL implantations and PPV surgeries, we may not be able to attract patients that require such treatments and/or surgeries. Furthermore, our other Medical Practitioners may not be able to take up these treatments and/or surgeries which are more complex and generate higher fees due to their lack of experience or techniques and thus the level of revenue and net profit of our Group may not be as comparable to the historical revenue when Doctor B was with our Group. For illustration purpose, based on the net profit margin of our Group during the Track Record Period, the net profit generated by Doctor B was approximately HK\$7.0 million, HK\$6.9 million, HK\$12.4 million and HK\$2.0 million, respectively representing approximately, 23.1%, 26.3%, 34.8% and 39.2% of our Group's net profit during the respective year/period. In these circumstances, our operation and financial position may be adversely affected.

Should any of our key senior management team members or Medical Practitioners is unable or unwilling to continue their services or to join our competitors, we might not be able to secure suitable replacements of qualified persons with similar knowledge or experience and our business, results of operations and financial condition may be materially and adversely affected. In particular, if there are any events with respect to Dr. Lau, Dr. Hui and Doctor B, individually or collectively, that would negatively impact, among other things, their capabilities to provide services and contribute to the revenue of our Group, it might be difficult to locate Registered Medical Practitioners in Hong Kong, who are willing to be remunerated at the existing levels of Dr. Lau and Dr. Hui, namely, a fixed monthly fee of HK\$200,000 as compared to the Defined Profit Sharing Arrangement (as defined in the section headed "Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Terms of the Employment Agreements and Consultancy Agreements") offered to the other Medical Practitioners, as their replacements in a short period of time, which in turn would have a relatively material adverse effect on our business, financial conditions and results of operation. In addition, if we fail to attract and retain additional frontline staff with suitable experience and qualifications to join our Group, our business operations may also be materially and adversely affected.

Our Medical Practitioners are employed by Saintford in providing medical services through the employment agreements or consultancy agreements entered into with the Medical Practitioners personally or their respective service companies depending on the preference by our Medical Practitioners. As of the Latest Practicable Date, we have entered into ten and one consultancy agreements and employment agreement with the service companies and the Medical Practitioner, respectively. Medical Practitioners who are directly employed by Saintford under the relevant employment agreements are our employees and the counterparts who are engaged under the relevant consultancy agreements through their service companies are employed by the respective service companies and are not our employees. From a legal perspective, the level of protection offered to our Group where the service agreements are entered into with the Medical Practitioners' service companies rather than with the Medical Practitioners personally can be different as our Group would have recourse against the service companies only but not the Medical Practitioners personally. In the event that, the Medical Practitioners engaged by us via their service companies had damaged our reputation or had caused other loss to us in the course of the provision of healthcare services, we might not be able to directly claim against the Medical Practitioner and the level of protection to our Group might be lower in case the service company does not have sufficient financial resources to cover the claim.

RISK FACTORS

We are exposed to inherent risks of patient complaints, medical disputes and legal proceedings arising from our operations. Any complaints from our patients or any claims or accusations on malpractice, medical negligence or misconduct against our Medical Practitioners and frontline staff could result in significant costs, and may adversely affect our reputation, business, financial condition, results of operations and prospects.

“Clarity”, is a brand widely recognised by our patients and the reputation of our Group is firmly established in the ophthalmic service industry. Our brand is strongly promoted by our high quality ophthalmic services provided to our patients. If we cannot constantly maintain our high level patient satisfaction rate, our reputation and brand recognition may be materially and adversely affected and, as a result, our business, financial condition, operating results and business prospects may be adversely affected.

We are devoted to delivering the best ophthalmic services to our patients. However our services are subject to medical risks, in particular certain inherent risks associated with the ophthalmic treatments, and we cannot guarantee the therapeutic outcome would fully meet our patients’ expectation. Therapeutic outcome of our services may vary depending on a number of factors other than performance of our frontline team, such as the health conditions of our patients, their adherence to pre-operation and post-operation instructions and uncommon response to medication, and the unfavourable therapeutic outcome may arise at any point in the patient intake, treatment and follow-up processes. We cannot guarantee the quality of the pharmaceutical drugs as they are not manufactured by us and we also cannot assure you that we or any of our Medical Practitioners will not encounter any malpractice, medical negligence or misconduct claims in the future. In addition, we are also exposed to the risk of medical malpractice, negligence or misconduct and claims in relation to alleged deficiencies in ophthalmic services provided by us, the exposure of which may not be avoided.

When complications or undesired outcomes arise, patients may express negative comments through media, such as internet or newspaper, or lodge formal complaints with our Group or with regulatory or professional bodies such as Hong Kong Consumer Council or the Medical Council. Where the relevant Medical Practitioner is subject to complaints or professional investigations for any malpractice, medical negligence or misconduct claims, it is possible that he/she may have to allocate substantial time and resources to respond to these disputes which may be costly. In addition, our Group may also need to divert a significant amount of resources and incur extra expenses to handle such complaints. Should the relevant Medical Practitioner be found in breach of the regulations or rules, disciplinary actions may be taken against the relevant Medical Practitioner and the qualifications or licences of the relevant Medical Practitioner may be suspended or revoked. This may cause disruption to our business and adversely affect our financial position if we are not able to find replacement promptly. In the event that any complaint results in disciplinary actions or legal proceedings against our Group, we may also be required to pay monetary compensation or damages. Although we have maintained insurance for our protection, we cannot assure you that such insurance coverage is sufficient in Hong Kong.

RISK FACTORS

During the Track Record Period, our Group had received an aggregate of 20 complaints mainly related to (i) the services of our frontline staff; (ii) the charges of our services; and (iii) the quality of the surgery conducted. These complaints were handled by our Group under our standard procedures to handle complaints and as of the Latest Practicable Date, we had paid an aggregate of approximately HK\$0.5 million as settlement sum (of which HK\$0.4 million represents fees we have received from the relevant patients for conducting treatments and surgeries) and provided refund in the amount of approximately HK\$2,300 to the relevant patients who had lodged these complaints. Among the complaints received during the Track Record Period, Dr. Hui was subject to one complaint which was processed by the Medical Council. The complaint was made by a patient to the Medical Council in March 2020, alleging lack of proper pre-operative advice regarding a SMILE surgery performed by Dr. Hui in July 2018 and a failure to properly manage the patient's ophthalmic condition in January 2019. Such complaint was subsequently dismissed by the Medical Council in June 2021.

Our Medical Practitioner and our Group were also involved in a legal proceeding during the Track Record Period. Dr. Lau and our Group was also subject to a legal proceeding in November 2016 in relation to complications alleged to be suffered by the patient following an ICL implantation surgery performed by Dr. Lau. On 19 December 2019, a consent order was given by the High Court of Hong Kong and that it was agreed between the patient and Dr. Lau and Saintford that Dr. Lau and Saintford would pay a settlement sum of HK\$3,800,000 to the patient in full and final settlement of all claims from the patient, on a without admission of liability basis. The settlement sum was fully covered by the professional indemnity insurance subscribed by Dr. Lau from the Medical Protection Society Limited. Should the aforementioned complaints made to our Group or to the Medical Council be made known to the public, regardless of its merits or eventual outcome, our reputation and in turn demand for our services may also be adversely affected.

For details of our complaints and legal proceedings, please refer to the section headed “Business — Legal Proceedings and Complaints” in this prospectus. Negative publicity associated with our Medical Practitioners or these claims or actions may materially affect our ordinary business operations and our reputation. We cannot assure you that we or any of our Medical Practitioners will not encounter complaints about our services in the future.

The outbreak of COVID-19 and its variants has caused, and may continue to cause, damage to the economy and as a result may adversely affect our business, financial condition and results of operation.

In response to the outbreak of COVID-19, the Government has since February 2020 taken a number of actions such as temporarily closing government offices and public facilities, restricting travel internationally, including between Hong Kong and Mainland China, tracing, quarantining and otherwise treating individuals in Hong Kong who had contracted COVID-19, requiring residents to wear masks, asking residents to remain at home and to avoid gathering in public, among other actions. The outbreak of COVID-19 and its variants in Hong Kong also resulted in the temporary closure of many corporate offices and retail stores.

It is uncertain as to whether the impact on the economy and our business will improve or worsen. There continues to be great uncertainty as to the future progress of the disease. Relaxation of restrictions on economic and social life may lead to new cases which may lead to imposition of further restrictions. It is unclear when international travel will resume or when local clients with non-urgent disease will once again feel comfortable visiting hospitals and clinics. Accordingly, our business and financial performance may be further impacted for the remainder of our financial year, if not longer.

RISK FACTORS

In addition to COVID-19, our business may be affected by outbreaks of other communicable diseases. Any mutation of COVID-19, a recurrence of Severe Acute Respiratory Syndrome (or SARS) or an outbreak of any other epidemics in Hong Kong or Mainland China, such as the avian influenza A (H5N1 and H7N9) virus or the influenza A (H1N1) virus, Middle East Respiratory Syndrome (or MERS), or other communicable diseases could have a material adverse effect on our Group's operations and financial performance. Should there be any outbreak of epidemics and contagious diseases in Hong Kong, our Medical Practitioners and frontline staff might be exposed to a higher risk of infection due to their close interaction with patients. If any of our Medical Practitioners or employees were infected, our Medical Centres might not be able to maintain normal operations, including a possibility of temporary closures of the affected centre and quarantine of all affected staff. Further, any such future outbreaks in Hong Kong may materially and adversely affect its economy and therefore our business, including straining our facilities and employees, disrupting regular business operations, exposing us to potential liabilities for any actions taken or the failure to take with respect to instances of the outbreak and other unforeseeable events.

There can be no assurance that our Group's crisis management measures can be implemented on a timely manner or will be effective. Any failure by us to manage the spread of communicable diseases may also damage our reputation. We cannot assure you that any future occurrence of outbreaks of epidemics and contagious diseases, or the measures taken by the Government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our patients, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to credit risk in respect of the recoverability of our trade receivables.

Our trade receivables mainly consist of amounts due from customers and banks, as some customers settle payment by credit cards or EPS. As of 31 March 2019, 2020, 2021 and 31 July 2021, we recorded trade receivables of HK\$1.3 million, HK\$0.8 million, HK\$1.9 million and HK\$1.1 million, respectively. We generally do not offer any credit terms to our patients. Our trade receivable turnover days were three days, two days, two days and two days during the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. As of the Latest Practicable Date, all of our total trade receivables as of 31 July 2021 had been subsequently settled. Any difficulty in collecting a substantial portion of our trade receivables could materially and adversely affect our business and financial conditions and our operating results.

The Government grants received by our Group during the year ended 31 March 2021 were generally non-recurring in nature.

During the year ended 31 March 2021, we received Government grants in the sum of approximately HK\$4.9 million under the employment support scheme of the Government's anti-epidemic fund. These Government grants were generally non-recurring in nature with no conditions attached thereto and were only provided due to the impact of COVID-19. There is no assurance our Group will receive such Government grants for the financial years afterwards and our financial position may be adversely affected if we fail to obtain such Government grants in the future.

RISK FACTORS

We have limitations in marketing of our ophthalmic services which may hinder our business promotion.

Our Medical Practitioners are required to abide by the Code of Professional Conduct regarding the marketing of medical services. For details, see the section headed “Regulatory Overview” of this prospectus. Notwithstanding the Code of Professional Conduct was subsequently amended to remove the prohibition of mentioning of professional fees for surgical procedures in October 2008, the Code of Professional Conduct still prohibits any ophthalmologists or by anybody acting on their behalf or with their forbearance from promoting their practice to people who are not their patients (with certain exceptions, such as publication of service information on the website of a bona fide medical practice group or in doctors directories). These restrictions hinder us from promoting medical services to potential patients, enhancing our brand recognition and securing new business opportunities in the future. There is no guarantee that our existing practices of monitoring our information publication can continue to be effective. Should there be any change in the Code of Professional Conduct, or change of interpretation thereof, our professional team may be regarded as breaching the relevant requirements and may be subject to relevant disciplinary actions, which in turn materially and adversely affect our reputation, business and results of operations.

Professional responsibilities of our Medical Practitioners to patients may override the interests of our Shareholders.

The Code of Professional Conduct set out the duties of a registered ophthalmologist including, *inter alia*:

- not allowing his/her judgment to be influenced by personal profit;
- being dedicated to providing competent medical service in full professional and moral independence;
- striving to use health care resources in the best way to benefit patients;
- acting in the patient’s best interest when providing medical care;
- owing his/her patients complete loyalty and all the scientific resources available to him/her; and
- referring patients to/consulting with those who has the necessary ability whenever an examination or treatment is beyond his/her capacity.

Such professional duties and obligations of our Medical Practitioners may not at all time be in line with our Shareholders’ interests, which is primarily their commercial interest to maximise the profit of our Group. As a result, our ability to maximise our profit may be limited by the professional duties and obligations of our Medical Practitioners owed to patients.

RISK FACTORS

We experienced fluctuation in average prices for certain of our treatment and surgeries, in particular, the average prices of our SMILE surgeries was on a decreasing trend during the Track Record Period. If the trend continues, it may adversely affect our financial condition and results of operation.

The price charge of our services on treatments and surgeries is determined based on various factors, including but not limited to customer demand, costs of service consumables, prevailing market prices and competition from existing and new competitors.

During the Track Record Period, certain types of our treatment and surgeries experienced fluctuation, for example SMILE surgeries, standard cataract surgeries and PPV surgeries. The average price for standard cataract surgeries was on an increasing trend from the year ended 31 March 2019 to 2021, from HK\$24,200 to HK\$31,200 and dropped to HK\$30,700 for the four months ended 31 July 2021. As to PPV surgeries, the average price drop from HK\$78,800 during the year ended 31 March 2019 to HK\$73,900 for the same period in 2020. For details, please refer to the section headed “Business — Pricing Policy” of this prospectus.

We generated a relatively large proportion of our revenue from conducting SMILE surgeries, representing approximately 47.4%, 51.5%, 45.0% and 34.4% of our total revenue for each of the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. During the Track Record Period, the average price for SMILE surgeries of our Group had decreased from approximately HK\$26,400 for the year ended 31 March 2019 to approximately HK\$24,600 for the year ended 31 March 2021. The decrease is mainly attributable to the increased competition from other industry players for conducting SMILE surgeries by adopting a more competitive pricing strategy during the Track Record Period.

As the average prices of our treatments and surgeries are subject to fluctuation due to a number of factors, many of which are outside of our control, any price cuts or decreasing trend of our average prices may materially and adversely affect our financial condition and results of operation.

We may encounter malfunction of our medical devices and risks of system failure and we may not be able to keep abreast of technology development.

We rely heavily on our medical devices to provide a wide range of ophthalmic services to our patients. We cannot assure you that our medical devices will not encounter any malfunctions or there may be other incidents due to clinical errors or force majeure during their daily operations. If any malfunctions or incidents of our medical devices occur, our business operations and financial position may be materially and adversely affected if we are not able to find suitable machine for replacement promptly. In addition, we may be exposed to liabilities for defective services provided by us or associated reputational damages and negative publicity resulting from malfunctions or incidents of our medical devices, which may adversely affect our business, results of operations and reputation in the market.

Our business operations rely on our information systems for administration of our Medical Centres, management of patient information and financial information. We cannot ensure that we can always maintain the satisfactory performance, reliability and security of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacks by hackers or computer virus. In addition, our operation may be interrupted if any of our Medical Centres or information technology infrastructure suspends operations due to hardware and software failure or telecommunication failure. If any of the above events were to occur, our daily operations could be disrupted, thereby affecting our business and financial condition, operating results and business prospects.

RISK FACTORS

Technology for ophthalmic services develops at a fast pace and we need to keep abreast of such technology advancement to maintain our competitive edge. We need to constantly invest in new medical devices and technology as well as upgrade our existing devices. This may require significant capital expenditures and related labour costs. If we were unable to adapt to and to acquire such advanced technologies, our revenue growth and profitability may decline. As a result, our operations and financial performance may be adversely affected.

We may not be able to renew our leases or control rent increases for our Medical Centres which may affect our business and financial performance.

All of our Medical Centres are presently located on leased premises and we were exposed to changes and fluctuations in the retail rental market. During the three years ended 31 March 2021 and the four months ended 31 July 2021, our rental and other deposits amounted to approximately HK\$5.1 million, HK\$5.9 million, HK\$5.7 million and HK\$5.4 million, respectively. The lease agreements we entered into typically have lease term of two to three years. There is also no guarantee that the leases of our Medical Centres will not be terminated early by the lessors before the expiry of the relevant term. Upon the expiry of the leases of our Medical Centres, we have to negotiate terms of renewal with our respective lessors in relation to the Medical Centres. We may not be able to renew such leases and may therefore be required to relocate our Medical Centres. There is no guarantee that we will be able to secure comparable locations with a lease on comparable terms. We may also incur substantial renovation costs. Even if we are able to renew the leases at the existing locations, the rents may increase significantly. As there has been a general increase in rentals for retail and commercial properties in Hong Kong in recent years, some leases are subject to renewal at fair market value, which could involve substantial rental increases, or are subject to renewal with scheduled rental increases, which could result in rents being above their fair market values. We compete with numerous service providers for premises situated in prime locations. As a result, if we are not able to obtain new leases or renew existing leases for our Medical Centres on commercially acceptable terms, at our desired locations, it could materially and adversely affect our business and operating results.

We generate all of our revenue in Hong Kong and we are susceptible to economic, political and social situations in Hong Kong.

We generate all of our revenue from the provision of ophthalmic services to patients in Hong Kong. We are affected by various factors, such as the overall affluence level and the quality of the public sector healthcare services provided by the Government. These factors are important to the performance in private sector healthcare industry as they impact the financial ability and the willingness of patients to pay for private healthcare services. According to Frost & Sullivan, the growing residents' disposable income in Hong Kong will increase the demand for private sector healthcare services. If the public sector can timely provide high quality ophthalmic services to patients at reasonable expenses, it will affect the demand for the ophthalmic services provided by us. In such event, our business and financial condition as well as our operating results could be adversely affected.

RISK FACTORS

Uncertainty and adverse changes in the economy of Hong Kong may lead to a decrease in demand for private healthcare services as more patients may opt for subsidised public healthcare services or treatment from other price competitive private healthcare providers. In addition, our business operations are exposed to social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance and disobedience in Hong Kong. The social unrest in Hong Kong in the second half of 2019 had to a certain extent affected our business operation, in particular the protests had disrupted the transportation services near our Medical Centres causing inconvenience to patients to visit, and our frontline team who attended our Medical Centres. The aforesaid adverse circumstances, most of which are beyond our control, may materially and adversely disrupt operations of the Medical Centres and in turn, our business, financial condition, results of operations and prospects.

Our insurance coverage may not completely cover the risks related to our business operations and any uninsured losses incurred could be substantial.

We require our Medical Practitioners to purchase professional indemnity insurance from the Medical Protection Society Limited at their own costs, which indemnify our Medical Practitioners against adverse awards for costs and damages, Specialist legal advice and representation in clinical negligence claims and disciplinary hearings. For details, please refer to the section headed “Business — Insurance” of this prospectus. At the same time, our Group maintained medical malpractice indemnity in relation to an act, error or omission by Saintford in the course of provision of its medical services and it covers claims for up to HK\$10,000,000 each. We also purchase insurance policies covering losses or damage regarding our Medical Centres’ contents, machinery, equipment and inventories and medical malpractice, but there may be circumstances such as natural disaster which may not be covered adequately, or at all.

While we purchase insurance that we believe to be appropriate for our operations, we may face losses and liabilities that are uninsurable by their nature, or that are not covered, fully or at all, under our insurance policies, including but not limited to losses which are caused by (i) breach of contract; (ii) debts or guarantees undertaken by us; and (iii) dishonest or fraudulent act or omission or malicious, criminal or intentional breach of law. If we experience any situation where any member of our Group (or together with our Medical Practitioners) is sued by our patients for damages caused by the acts or negligence of our Medical Practitioners, we cannot assure you that the insurance coverage maintained by us or our Medical Practitioners would be sufficient so that our Medical Practitioners would have the financial capability to honour their obligation to indemnify us against all claims and damages, in case professional indemnity insurance policies maintained by them would not be sufficient to cover the cost of the claims. In addition, coverage under insurance policies would generally be subject to certain standards or negotiated exclusions or qualifications and, therefore, any future insurance claims by us may not be honoured by our insurers in full, or at all. To the extent that we may suffer loss or damage for which we did not obtain insurance or which is not covered by insurance or exceeds our insurance coverage, the uninsured losses or replacement costs may have a material adverse effect on our operating results.

RISK FACTORS

We may not be able to recruit qualified professionals to join our Group or retain them especially when considering the rising employee benefit expenses in Hong Kong.

Our business operations highly rely on our ability to attract and retain adequate qualified, well-trained and highly-skilled ophthalmologists at our Medical Centres as our patients look for quality ophthalmic services and stable doctor-patient relationship. According to Frost & Sullivan, there were 317 qualified ophthalmologists in Hong Kong in 2021 and therefore the availability of qualified ophthalmologists is limited. Competitions for these Specialists are intense. Our inability to attract sufficient number of qualified ophthalmologists for our Medical Centres could materially and adversely affect our business and financial condition, operating results and business prospects. Our Group recruits ophthalmologists for our professional team on a continuous basis and the recruitment of suitable candidates could be competitive. The process of recruiting qualified ophthalmologists can be time-consuming and costly. Meanwhile, we also compete with other private and public ophthalmic service providers for qualified ophthalmologists. Various factors influencing where ophthalmologists choose to practise may include emoluments and incentives, the operation of the medical centres, the quality of medical equipment and opportunities for specialisation. Other ophthalmic service providers might compete with us on any of these factors. If we are unable to attract high quality personnel to cope with the increasing demand for our ophthalmic services, our business growth may be adversely affected.

In addition, patients may seek our services on account of the reputation of our Medical Practitioners and our inability to retain our Medical Practitioners could adversely impact our ability to operate profitably. We cannot assure you that our Medical Practitioners will honour the agreements he/she entered into. Our failure to retain our Medical Practitioners could adversely affect our business and financial condition, operating results and business prospects. We incur significant costs to retain our Medical Practitioners in Hong Kong. For the three years ended 31 March 2021 and the four months ended 31 July 2021, the consultancy fees paid to our Medical Practitioners amounted to HK\$42.9 million, HK\$50.7 million, HK\$55.8 million and HK\$22.5 million, respectively. As our business continues to grow, we expect that the costs on retention of our Medical Practitioners will continue to increase. The increase in the costs on retention will affect our profitability. If we are not able to control these costs effectively, our profitability could be adversely affected and we may also lose our competitiveness.

In Hong Kong, employee benefit expenses have been on a general increasing trend over the years and may continue to increase in the foreseeable future. For the year ended 31 March 2021, our employee benefit expenses amounted to HK\$36.3 million, representing an increase of approximately HK\$4.2 million, or 13.1%, from approximately HK\$32.1 million for the year ended 31 March 2019. For the four months ended 31 July 2021, our employee benefit expenses amounted to HK\$13.2 million, representing an increase of approximately HK\$1.6 million, or 13.8%, from approximately HK\$11.6 million for the same period in 2020. In the event that we are unable to cope with such increasing employee benefit expenses or that we may not be able to pass on such increased expenses to our patients, our financial performance may be adversely affected.

RISK FACTORS

Our operations are susceptible to fluctuations in the costs of pharmaceuticals and medical consumables, which could adversely affect our profitability and results of operations.

The availability and prices of the pharmaceuticals and medical consumables used in our business fluctuate from time to time and are subject to factors beyond our control, including supply, demand, general economic conditions and governmental regulations, each of which may affect our costs or cause a disruption in our supply. During the three years ended 31 March 2021 and the four months ended 31 July 2021, our inventories used amounted to HK\$36.8 million, HK\$39.2 million, HK\$37.0 million and HK\$12.3 million and accounted for approximately 17.8%, 17.9%, 16.6% and 15.7% of our revenue in the same periods, respectively. We cannot assure you that we will be able to anticipate and react to changes in medical supply costs by changing replacement suppliers or adjusting our service fees in the future, or that we will be able to pass these cost increases onto our patients. Any of these factors may have a material adverse effect on our business, results of operations and prospects.

We have not entered into long term supply agreements with our major suppliers and we have no control over quality and effectiveness of our medical supplies.

A majority of our medical supplies are procured from a limited number of suppliers. We have not entered into any long term supply agreement with our major suppliers and there is no assurance that suppliers will continue to supply the products to us on commercially reasonable terms, or at all, which could affect our ability to secure future supply. We may not be able to find suitable alternative suppliers within a short period of time, and as such, any shortage of or delay in the supply of any products required may materially and adversely affect our Group's operations. For details of the consignment agreements, please refer to the section headed "Business — Our Suppliers" of this prospectus. Furthermore, our major suppliers are the major players in the pharmaceutical markets and we may not have much bargaining power. If we cannot transfer any increase in costs to our patients, our profit margins and hence our financial condition may be adversely affected.

We rely on the third-party suppliers to provide us with the necessary medical supplies. When selecting the suppliers, we take into consideration factors such as reputation, technical abilities, product innovation capabilities, track record and their past relationships with us. We cannot ensure that the medical supplies sourced from any of these suppliers will be satisfactory or meet our quality standard, especially since it is difficult for us to effectively monitor their production process. In addition, any negative incident regarding the medical supplies may in turn have a negative impact on our business and may lead to legal actions against our Medical Practitioners or us, which could have a material adverse effect on our business, reputation, results of operations and financial position.

RISK FACTORS

Our business relationship with our top supplier may significantly impact our business operations.

Our business relationship with our top supplier may significantly impact our business operations. During the Track Record Period, we primarily cooperated with our top supplier, which is the sole global supplier of VisuMax Femtosecond Laser System 90° for our provision of SMILE surgeries and the relevant medical device licence and the total purchases of the medical device licences for the performance of SMILE surgeries from this supplier amounted to approximately HK\$17.5 million, HK\$21.4 million, HK\$16.9 million and HK\$5.2 million, respectively, representing approximately 46.9%, 53.1%, 44.5% and 40.8% of our total purchases for the same period, respectively. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we generated revenue from our SMILE surgeries in the amount of HK\$97.8 million, HK\$112.4 million, HK\$100.1 million and HK\$27.0 million, which accounted for 47.4%, 51.5%, 45.0% and 34.4% of our total revenue for the same periods, respectively. We believe the business relationship with this supplier is important to our success and such business relationship will continue to impact the provision of ophthalmic services, in particular SMILE surgeries, to our patients in the future. If such supplier ceases to cooperate with us and we are unable to find suitable alternative supplier at reasonable costs within a short period of time, our business operations may be materially and adversely affected.

There can be no assurance that we will continue to be able to maintain our existing business relationship with the supplier, or find suitable alternative supplier to cooperate with to provide the medical device and the relevant medical device licence in relation to the ophthalmic services, in particular SMILE surgeries, that we provide to our patients. The willingness of the supplier to maintain the existing business relationship depends upon a number of factors, including but not limited to the business operation results of us and our competitors. If there are any changes to our business operation results, competition pattern or market share, the willingness and ability of the supplier to continue to maintain the existing business relationship with us may be jeopardised. There can be no assurance that such changes or damage will not occur in the future.

Any inability or unwillingness by the supplier to maintain the existing business relationship with us could have a material and adverse effect on our business, financial condition, operation results and business prospects.

We may be subject to intellectual property rights infringement claims by third parties and our intellectual property rights may face infringements by third parties.

We believe our brand and trademarks have been positively recognised by our patients. As of the Latest Practicable Date, our Group had seven registered trademarks in Hong Kong and one domain name which we consider to be material to our business, details of all of which are set out in the section headed “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

RISK FACTORS

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially disrupt our business. Defence against these claims would be costly and time-consuming, and could significantly divert the resources of our Group. An unfavourable result in any such litigation or proceedings could impose us with significant liabilities to third parties, demand us to obtain licences from third parties, or prohibit us from the provision and promotion of the relevant services. Where licences could not be provided to us on commercially reasonable terms, we may have to spend considerable time and funds sourcing alternative intellectual properties or rebranding our services, if any, or we may be forced to suspend the relevant services provided by us. We may incur substantial resources and require significant attention of the senior management in defending against these third-party infringement claims, regardless of their merit. On-going litigation process could also result in our patients or potential patients reducing or cancelling their visits to our Medical Centres. In addition, we could face disruptions to our business operations as well as damage to our reputation as a result of such claims, and our business and financial conditions and operating results could be adversely affected.

We are also susceptible to infringement of our intellectual property rights by third parties. There is no guarantee that the registration of our trademarks can completely protect us against any infringement or keep us away from any potential challenges raised by our competitors or other third parties. Third parties might copy or otherwise obtain and use our intellectual property rights without our prior authorisation. Infringement of our intellectual property rights could adversely affect our patient's perception, our credibility, creditworthiness and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. If we were to enforce our intellectual property rights through litigation, such litigation, whether successful or unsuccessful, could result in the incurrence of substantial costs and the diversion of resources. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations and prospects may be materially and adversely affected.

Our historical financial and operating results are not indicative of future performance and we may not be able to achieve or sustain the historical level of growth for revenue or profitability.

Our revenue increased from approximately HK\$206.6 million for the year ended 31 March 2019 to approximately HK\$218.4 million for the year ended 31 March 2020, representing an increase of approximately 5.7% and further increased to HK\$222.4 million for the year ended 31 March 2021. Our revenue increased from approximately HK\$65.4 million for the four months ended 31 July 2020 to approximately HK\$78.4 million for the four months ended 31 July 2021.

Our revenues, expenses and operating results may vary from year to year in response to a variety of factors beyond our control, including:

- our ability to increase the number of patient visits and service fees;
- our ability to control cost of revenues and operating expenses;
- unpredictability of the performance of our new service, if any;
- general economic conditions and regulations or actions pertaining to the provision of ophthalmic services in Hong Kong; and
- non-recurring charges incurred in connection with the Global Offering, acquisitions or other extraordinary transactions or unexpected circumstances.

RISK FACTORS

Due to these factors, among others, the year-to-year/period-to-period comparison of our operating results for the Track Record Period as disclosed in this prospectus may not be indicative of our future performance. In such an event, our historical financial statements may not be comparable with our financial statements for any given future financial period, or as on any given date in the future. Prospective investors should not rely on such comparison to predict our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which may cause the price of our shares to decline.

We may find that our expansion strategy may be more costly than anticipated and may not ultimately result in commensurate increases in revenue, which may further increase our losses and, as a result, we cannot assure you that we will continue to be profitable on a consolidated basis going forward. Even in the event that we continue to grow at a rapid pace, we may encounter challenges in managing the increased scale of our operations, including possible deficiencies in our internal controls in the future, relative to other companies of comparable scale and size.

We may not be able to protect our patient's information from leakage or improper use which could expose us to potential claims or litigation.

We fully understand that patient's right to privacy is particularly important in the healthcare industry and our patients expect us to maintain their personal information in strictly confidential status. The Code of Professional Conduct states that registered ophthalmologists shall not disclose medical information of patients to any third party without the patients' consent except in certain specific circumstances, whereas, the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) also forbids us from using the personal data of patients other than the purposes for which such information have been collected and for a directly related purpose. The relevant laws and regulations prohibit medical and ophthalmic service providers from providing patients' medical records to a third party without due authorisation from the patients. We have internal control policies and measures in place and there was no incident on patients' information leakage in the past. Nevertheless, we cannot guarantee that such policies and measures can completely prevent leakage or improper use of the personal data of our patients. For details, please refer to the section headed "Business — Our Patients — Our Personal Information Protection" of this prospectus. Should we be in breach of our confidentiality obligations towards our patients, our Group and/or our Medical Practitioners might be subject to claims or litigation, and might have a material impact on our business and financial condition, operating results and business prospects.

We may not be able to implement our business development strategy as we plan.

We intend to expand our business operations in markets, districts or even cities which we do not yet have a significant presence, or have limited or no presence. Such expansion plans may include the establishment of new medical centres in Hong Kong, the acquisition of equity interests in eye-related clinics, outpatient department or hospitals in the PRC, set up an eye-related clinic in the PRC and acquire interests in ophthalmic-related business which can enhance our existing business operations. Our business operations would also be conducted on a larger scale with more complicated structures due to the expansion of our geographical reach. We may not be able to effectively manage the wider scope of our operations or achieve the desired profitability from such expansion. The challenges that we may face in relation to this may include:

- our Directors' experience or knowledge in the new locations and the regulatory requirements applicable to such new markets;
- our ability to obtain necessary regulatory approvals, registrations;

RISK FACTORS

- our ability to obtain capital at reasonable costs to fund pre-opening expenses as well as our ability to control expenses and prevent delays or cost overruns;
- our ability to identify suitable locations to establish our new healthcare institutions or to identify suitable targets for acquisition, including in view of our assessment of various local factors;
- our ability to negotiate the commercially acceptable rental arrangements for our new healthcare institutions;
- our ability to recruit and retain suitable number of Medical Practitioners and frontline staff for our new healthcare institutions;
- our ability to establish our brand in new locations, especially the ability to enable our potential patients to differentiate us from our competitors in close proximity to our new healthcare institutions; and
- our ability to successfully integrate our new healthcare institutions into our existing business operations, and to manage operations across different locations.

In implementing our business strategies which are set out in the section headed “Future Plans and Use of Proceeds” of this prospectus, our Group is expected to record increase in consultancy fees, employee benefit expenses and depreciation of right-of-use assets, which is expected to be HK\$30.2 million, HK\$9.4 million and HK\$17.6 million for the three years ending 31 March 2024, respectively.

Any of the aforementioned factors could affect our profit margins, or extend the time required to achieve profitability which in turn impacts our business, financial condition, operating results and business prospects. In addition, our expansion plan involves the operation of medical centres, clinics or hospitals in districts or even cities that we currently do not have any presences. Our expansion into new locations may present competitive, logistical and operational challenges that are different from those we currently encounter in our Medical Centres. Our failure to respond to these challenges could materially and adversely affect our business prospects and may have material adverse impact on our business operations and financial position.

Our future acquisitions may not be successful.

To expand our business scale and source of revenue, we plan to acquire equity interests in eye-related clinics, outpatient department or hospital and ophthalmic-related business. However, we cannot assure you that we will be able to identify suitable opportunities in Hong Kong or the PRC.

Acquisitions that we plan also involve uncertainties and risks, including the number of available potential target companies and the feasibility of such acquisitions. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favourable or acceptable to us in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisition could materially and adversely affect our competitiveness and growth prospects.

RISK FACTORS

If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the Global Offering may not be effectively used. In addition, we may need to recognise impairment losses for goodwill recorded in connection with our historical acquisitions if our acquisitions failed to achieve its intended results.

Allotment and issue of Shares upon the exercise of the options granted under the Pre-IPO Share Option Scheme will result in the dilution of your shareholdings in our Company could negatively impact the financial results of our operations on a per-share basis.

To recognise and acknowledge the contributions made by certain Directors, employees and consultants to the growth of the Group, we granted the Pre-IPO Share Options which allow awards of options to be allotted and issued up to 28,125,000 Shares, representing no more than 5.63% of the enlarged issued share capital of our Company upon completion of the Global Offering but excluding any Shares to be issued upon exercise of the Over-allotment Option and without taking into account any Shares to be allotted and issued upon the exercise of the Pre-IPO Share Options.

As of the Latest Practicable Date, all of the Pre-IPO Share Options had not been exercised and remained outstanding. Assuming full vesting and exercise of all Pre-IPO Share Options, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the Share Option Scheme) would be diluted by approximately 5.33% and the dilution effect on our earnings per Share would be approximately 5.33%.

Issuance of Shares pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme will result in an increase in the total number of Shares in issue and therefore dilute your shareholding percentage. Moreover, the issuance or award of Shares under the Post-IPO Share Option Scheme or any other share-based payment transactions that we may conduct may negatively impact the financial results of our operations on a per-Share basis.

We may not be able to identify business development opportunities and integrate the new business with our existing business operations.

Our expansion mainly involves our ability to establish or acquire and manage more healthcare institutions. We may not be able to identify suitable locations to establish new healthcare institutions. The number of opportunities for acquisition and expansion may be limited during certain period and we may not be able to arrive at attractive terms for such acquisition and expansion after business negotiations. If we are not able to successfully identify opportunities for the aforementioned acquisitions and expansions, our business, financial condition, our operating results and business prospects could be materially and adversely affected. As of the Latest Practicable Date, even though we planned to use part of the net proceeds for the acquisition of ophthalmic healthcare institutions and eye-related clinics, outpatient department or hospitals, we have yet to identify any suitable acquisition targets.

RISK FACTORS

The process of integrating newly acquired businesses with our existing business operations may involve various risks, including the compatibility of the systems of the acquired entity(ies) with our own systems and the potential difficulties in developing an uniform work ethic in respect of our uniform business operations and the methods for maintaining the same ophthalmic service quality and standards throughout the whole Group. If we fail to successfully integrate any newly acquired businesses with our existing business operations, our business reputation could be impaired or our market share, revenue and operating efficiency could be less than we had anticipated at the time of acquisition or what we can achieve if we had not acquired such businesses.

Moreover, newly acquired businesses may have contingent liabilities which might not be disclosed to us, such as liabilities due to incompliance with ophthalmic service laws and regulations, tax implications or undisclosed obligations towards regulatory or professional bodies, creditors, current or former employees or current or former patients, or any litigation involving such newly acquired businesses, for which we may potentially become liable. We would generally seek warranties and indemnities from sellers of such newly acquired businesses and obtain relevant insurance policy, if possible, to cover such liabilities. We could nevertheless become liable for past non-compliance of, or claims in respect of, any such newly acquired businesses. Any such factors could adversely affect our business, financial condition, our operating results and business prospects.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted the Pre-IPO Share Option Scheme and the Share Option Scheme for the benefit of our employees to incentivize and reward the eligible persons who have contributed to the success of our Group. For further details, please see the section headed “Appendix IV Statutory and General Information — D. Pre-IPO Share Option Scheme” and “Appendix IV Statutory and General Information — E. Share Option Scheme” in this prospectus to this prospectus. In the years ended March 2019 and 2020, we incurred HK\$2.0 million and HK\$2.8 million, respectively, in share-based payment expenses. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We may face risks associated with our acquisitions and collaborations to expand our presence into the PRC.

We plan to acquire majority and/or minority equity interests of one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area and set up a medical centre in the PRC with suitable collaboration partners to expand our presence into the PRC. In particular, we intend to capture the opportunities brought by the development of the Greater Bay Area. Such expansion plans will require us to make relatively large expenditures before generating income. We may fail to achieve profitable operations that will compensate our investment. Operations in the PRC are subject to additional risks not generally faced in our operations in Hong Kong, including risks relating to legal systems that involve uncertainties and may not adequately protect contract and intellectual property rights, government policies, taxation, as well as risks relating to potential political turmoil and currency exchange controls. We cannot assure you that these risks associated with expansion will not materially and adversely affect our business or strategic plans.

RISK FACTORS

The value of RMB against the Hong Kong dollar, other currencies fluctuates, is subject to changes resulting from the PRC government's policies and other factors. The People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals. We are subject to the risk relating to volatility in future exchange rate and PRC government's controls on currency conversion.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, our PRC subsidiaries (if any in the future) may not be able to pay dividends to our shareholders. Pursuant to the relevant PRC regulations, capital contributions to PRC subsidiaries from a foreign investor may be subject to the approval of or filing with the Ministry of Commerce of the PRC (the "MOFCOM") or its local branch, and registration with other governmental authorities such as the State Administration of Foreign Exchange or its local branches. We may not be able to complete such filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries (if any in the future). In addition, PRC regulations limited the use of foreign exchange capital, which may significantly limit our ability to transfer to and use the net proceeds from this offering in China.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in the PRC.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In the future, we may grow our business by acquiring complementary businesses. Complying with the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Expanding the scale of our Medical Centres could result in fluctuations in our short-term financial performance.

Our operating results in the future may be affected by the timing of the opening of new healthcare institutions. We may incur substantial amount of expenses before opening a new healthcare institution due to rental payment, renovation expenses and costs for recruitment of ophthalmologists before the commencement of business. For new healthcare institutions, we also need to confirm the location of such healthcare institutions before applying for the required licence. During this period, we will continue to incur expenses without generating any revenue from the provision of ophthalmic services. The amount of these expenses could be significant depending on the scale of the healthcare institutions. Accordingly, the plan of opening new healthcare institutions will have a significant impact on our operating results.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our business is heavily regulated and we may need to incur additional on-going compliance costs and face penalties for non-compliance.

The operation of our Medical Centres are subject to various laws and regulations in Hong Kong. These rules and regulations relate mainly to certain medical facilities and equipment, prescription, handling and recording of pharmaceuticals, the licencing of medical professionals, disposal of clinical waste, and maintenance and security of patients' medical records. For more details, please refer to the section headed "Regulatory Overview" of this prospectus. We may need to incur additional costs in order to ensure our on-going compliance with relevant rules and regulations. If we fail to comply with any of these laws, regulations or rules, we may face penalties or suspension of operations, any of which could materially and adversely affect our business, financial condition, our operating results and business prospects.

Our business is sensitive to government policies and the change of the regulatory framework in Hong Kong.

Various government policies like public healthcare policies and medical regulatory policies will affect the business performance of our Group. The public hospitals in Hong Kong currently provide subsidised surgeries to Hong Kong residents and entitled person may also participate in the Cataract Surgeries Programme to receive refractive treatment from private ophthalmologists with a fixed subsidy. We encourage our Medical Practitioners to participate in the Cataract Surgeries Programme to provide surgery to those in need. Should there be any change in the fiscal budgets of public healthcare services and the Cataract Surgeries Programme, the demand of our services may be adversely affected. Our Directors believe that our patients' consumption decisions may depend on the extent of insurance coverage. Should there be any alteration to the implementation of the proposed voluntary health insurance scheme, our business prospects may be adversely affected.

Private healthcare facilities in Hong Kong comprise a wide range of privately-owned facilities providing medical diagnosis and treatment, but the scope of regulation in the past is limited to a narrow set of premises, namely private hospitals and non-profit-sharing medical healthcare institutions, respectively, registered under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Chapter 165 of the Laws of Hong Kong) and the Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong). On 15 November 2018, the Private Healthcare Facilities Ordinance (Chapter 633 of the Laws of Hong Kong) had been passed by the Hong Kong Legislative Council and a new regulatory framework to private healthcare facilities in Hong Kong was introduced. A brief summary of the Private Healthcare Facilities Ordinance is set forth in the section headed "Regulatory Overview — Regulations on Private Healthcare Facilities — Private Healthcare Facilities Ordinance" of this prospectus. Introduction of a new law may create uncertainties and conflicts. Compliance with the new statutory requirements may also be costly and may require additional time and resources from our management. For example, we may need to relocate our Medical Centres. Enforcement of new laws may also be inconsistent, and this would create uncertainty in the operation model of the medical profession in Hong Kong. All of these factors could result in changes which could affect our business, financial condition and operating results.

As disclosed in the section headed "Regulatory Overview" of this prospectus, our business operations are governed by laws, rules and regulations on medical and related practises. Should there be any further change to and/or imposition of new requirements for qualification on us and/or our frontline staff which we are unable to adapt or meet in a timely manner, our business operations may be materially and adversely affected.

RISK FACTORS

Our business may be affected by intensifying competition from existing and new competitors.

We compete with other eye centres/hospitals and other medical facilities in ophthalmic services in Hong Kong. We cannot assure you that we will be able to successfully compete against new or existing competitors. We compete across various parameters and increased competition could reduce our operating margins and profitability and may result in a financial loss and loss of market share, or require us to incur additional labour costs and capital expenditures. Increase in competition may also lead us to reduce our prices to attract patients, adversely affecting our financial condition and operating results. In the event our competitors launch new eye centres/hospitals near our Medical Centres, we may be unable to retain our Medical Practitioners, employees or patients. If we fail to compete effectively, maintain or grow our market share, our business, financial condition, operating results and business prospects will be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There is no existing public market for our Shares and the liquidity and market price of our Shares may fluctuate.

Prior to the Global Offering, there has been no public market for our Shares. We cannot assure you that an active trading market for our Shares will develop and be sustained following the Global Offering. In addition, the initial issue price range for our Shares was the result of negotiations between our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Representatives (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of our Shares following the completion of the Global Offering. We have applied for the listing of and permission to deal in our Shares on the Stock Exchange. The Listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustainable following the Global Offering or that the market price of our Shares will not decline after the Global Offering.

Furthermore, the price and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price, some of which are beyond our control:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- significant information on competitive developments, acquisitions or strategic alliances in our industry;

RISK FACTORS

- political, economic, financial and social developments in Hong Kong and in the global economy;
- changes in investors' perception of our Group and the investment environment;
- the operating and stock price performance of other companies and industries, and other events or factors beyond our control;
- fluctuations in stock market prices and volume;
- announcements made by us and our competitors;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

The securities market has from time to time experienced significant price and trading volume fluctuations that might be unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our Offer Shares.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our Controlling Shareholders, or the issuance of new Shares by us, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to us, and our Shareholders may experience dilution in their holdings upon the issuance or sale of additional securities in the future.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Global Offering. The market price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Shares will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. The Shares will not commence trading on the Stock Exchange until they are delivered and it is expected that there will be a considerable gap of time between the pricing of the Shares/closing of the application lists and the commencement of trading. Further, the application for the Hong Kong Offer Shares will commence from Monday, 31 January 2022 through to Thursday, 10 February 2022, which is longer than the normal market practice of 3.5 days. Investors may not be able to sell or otherwise deal in the Shares until the commencement of trading and accordingly, holders of the Shares are subject to the risk that the price of their Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, Shareholders are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

RISK FACTORS

Future financing may cause a dilution in your shareholding or place restrictions on our operations and we may not obtain adequate or timely financing.

We may raise additional funds in the future to finance the expansion of our capacity, the enhancement of our research and development capabilities, the development of our operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that may take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

In the event that we fail to satisfy any debt obligations or are unable to comply with debt covenants, we could be in default under the relevant debt obligations, which could trigger a default of other debt obligations and materially and adversely affect our liquidity and financial condition.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, building investors' confidence, the general performance of the ophthalmic industry, and in particular, our operating and financial performance. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the event that financing is not available or is not available on terms acceptable to us, our business, operating results and business prospects may be adversely affected.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Potential investors will pay a price per Share in the Global Offering that substantially exceeds the per Share value of our net tangible assets. Therefore, purchasers of our Shares in the Global Offering will experience immediate dilution based on our pro forma net tangible assets per Share. See Appendix II — “Unaudited Pro Forma Financial Information”. In addition, holders of our Shares may experience a further dilution of their interest if the Joint Representatives (for themselves on behalf of the International Underwriters) exercises the Over-allotment Option.

RISK FACTORS

We may grant share options pursuant to our share incentive schemes, which will entitle participants in these share incentive schemes to receive Shares under certain circumstances. Assuming full exercise of the outstanding Pre-IPO Share Options, the shareholding of our Shareholders immediately following completion of the Global Offering will be diluted by approximately 5.33%. Further information is set forth in the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus. Exercise of options may result in an increase in our issued share capital, which in turn may result in a dilution of our Shareholders’ equity interest in our Company and a reduction in earnings per Share.

We cannot guarantee the accuracy of facts and other statistics with respect to certain information contained in this Prospectus.

The information and statistics set out in the “Industry Overview” section and other sections of this Prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan.

We engaged Frost & Sullivan to prepare an independent industry report in connection with the Global Offering. The information from official government sources has not been independently verified by our Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

You may face difficulties in protecting your interests because we were incorporated under Cayman Islands laws, and the laws of the Cayman Islands for minority shareholders’ protection may be different from those under the laws of Hong Kong or other jurisdictions.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our Memorandum and Articles of Association as well as the Cayman Islands Companies Act 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 precedents 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. Please refer to Appendix III — “Summary of the Constitution of our Company and Cayman Islands Company Law” to this prospectus for further information.

RISK FACTORS

We cannot assure you 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.

We cannot guarantee when, if or in what form and amount dividends will be declared or paid on our Shares following the Global Offering. 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 HKFRSs. 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 HKFRSs financial statements indicate that our operations have been profitable. Please refer to the section headed "Financial Information — Dividends" in this prospectus for more details of our dividend policy.

Our Controlling Shareholders have substantial control over our Company and their interests may not align with the interests of the other Shareholders.

Prior to and immediately following completion of the Global Offering, our Controlling Shareholders will remain having substantial control over our Company. Subject to our Articles of Association, the Companies Ordinance and the Cayman Island Companies Act, our Controlling Shareholders 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 the Shareholders. The interests of our controlling Shareholders 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 Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding us, our business, our industries and the Global Offering. None of us or any other person involved in the Global Offering has authorised the disclosure of information about the Global Offering in any press or media and none of these parties accepts any responsibility for the accuracy or completeness of any such information or the fairness or appropriateness of any forecast, view or opinion expressed by the press and/or other media regarding our Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecast, view or opinion expressed in any such publication. Information contained in our website (www.claritymedic.com) does not form part of this prospectus. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

RISK FACTORS

You should rely solely upon the information contained in this prospectus and any formal announcements made by us in Hong Kong in making your investment decision regarding our Offer Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Offer Shares, the Global Offering or us. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Offer Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

The market price and trading volume of our Shares may be volatile, which may result in substantial losses for investors in our Shares.

The price and trading volume of our Shares may fluctuate widely in response to factors beyond our control. The factors that could cause significant market price change include but do not limit to the following:

- changes in our results of operations, earnings and cash flows, and securities analysts' estimates of our financial performance;
- changes in competitive landscapes of our industries, including strategic alliances, acquisitions or joint ventures by us or our competitors;
- changes in general economic conditions affecting us or our industries;
- regulatory developments, and our inability to obtain or renew necessary licences and permits;
- changes in our senior management;
- fluctuations of the general stock market; and
- material litigation or regulatory investigations affecting us or our senior management.

Future sales of our Shares by our substantial Shareholder and/or Controlling Shareholders could adversely affect the prevailing market price of our Shares.

The market price of our Shares may be adversely affected by future sales of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales, by our substantial Shareholder and/or Controlling Shareholders. Our substantial Shareholder and/or Controlling Shareholders may dispose of our Shares. Sales of a substantial amount of our Shares could adversely affect the market price of our Shares, which could negatively affect our ability to raise equity capital.

RISK FACTORS

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this prospectus is subject to certain risk and uncertainties. Whether we implement those plans, or whether we can achieve the objective described in this prospectus, will depend on various factors including the market conditions, our business prospects, actions by our competitors and the global financial situations.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes 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) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors (including any proposed director who is named as such in this Prospectus) collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm, having made all reasonable enquiries, 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, and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION OF THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains all the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus 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 Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation 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.

The Selling Shareholder will offer 11,000,000 Sale Shares for sale under the Global Offering. For further details of the Sale Shares by the Selling Shareholder, please refer to the section headed "Structure of the Global Offering" of this prospectus.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Representatives. Subject to the terms of the Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully written by the International Underwriters. For details of the Underwriters and the Underwriting Agreement, please refer to the section headed "Underwriting" of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SELLING RESTRICTIONS

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction 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 circumstances 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 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.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

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

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

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

HONG KONG SHARE REGISTRAR AND STAMP DUTY

All Shares to be issued pursuant to the Global Offering will be registered on our Company's register of members to be maintained by the Hong Kong Share Registrar. Only Shares registered on the register of members of our Company maintained by the Hong Kong Share Registrar may be traded on the Stock Exchange.

Dealings in Shares registered on the Hong Kong register of members of our Company will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Global Offering, you should consult an expert.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Our Company, the Selling Shareholder, the Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, advisers or affiliates or any other persons or parties involved in the Global Offering do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Shares.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 18 February 2022. The Shares will be traded in board lots of 1,250 Shares each. The stock code of the Shares will be 1406.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange 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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Settlement 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.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS and our Company will ensure, so far as it is able, that the Shares remain eligible securities after the Listing.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure and conditions of the Global Offering are set out in the section headed “Structure of the Global Offering” of this prospectus.

EXCHANGE RATE CONVERSION

Unless the context requires otherwise, this prospectus contains certain translations for the convenience of the readers at the following rates:

HK\$1.00:RMB0.83343

HK\$7.7627:US\$1.00

These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB, US\$ or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus are subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
Wong Tai Cheung Andrew (黃棣彰)	Flat A, 22nd Floor, Block 9 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	Chinese
Lo Tsz Hong (盧子康)	Flat B, 18/F, Block 2 Sun Yuen Long Centre 8 Long Yat Road Yuen Long Hong Kong	Chinese
Wu Ting Yuk Anthony (胡定旭)	Room 4330, Four Seasons Place 8 Finance Street Central Hong Kong	Chinese
Ng Roy (伍俊達)	Flat F, 5/F, Block 14 City Garden 233 Electric Road North Point Hong Kong	Chinese
Zhao Wei (趙瑋)	Room 401, Cheng Shi Li Yuan No. 11, Lane 245 Yan Ji Zhong Road Yangpu District Shanghai PRC	Chinese
Li Michael Hankin (李恆健)	Flat 18B, Tower 7 Phase II, Bel-air Hong Kong	Chinese
Hui Yung Chris (許勇)	Apartment 1283, 12/F Tower 15, Parkview Heights Hong Kong Parkview 88 Tai Tam Reservoir Road Hong Kong	Chinese
Ma Wai Hung Vincent (馬偉雄)	Flat A, 11/F, Tower 1 Tregunter Tower 14 Tregunter Path Hong Kong	Chinese

For further information regarding the Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor

China Everbright Capital Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

Joint Representatives

China Everbright Securities (HK) Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

Zhongtai International Securities Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Global Coordinators

China Everbright Securities (HK) Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Zhongtai International Securities Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Bookrunners

China Everbright Securities (HK) Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Zhongtai International Securities Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

BOCOM International Securities Limited

9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Bradbury Securities Limited

Unit 5106-07, 51/F, The Center
99 Queen's Road Central
Hong Kong

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

First Shanghai Securities Limited

19/F
Wing On House
71 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited

Unit C1-2, 13F, United Centre
95 Queensway
Admiralty
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

26/F-28/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 19, 28 Hennessy Road
Hong Kong

Joint Lead Managers

China Everbright Securities (HK) Limited

12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
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Compliance adviser	China Everbright Capital Limited 12/F, Everbright Centre 108 Gloucester Road Wan Chai Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Room 1302, 13/F 9 Queen's Road Central Hong Kong
Company's website address	<u>www.claritymedic.com</u> <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	Ms. Chan Po Yu <i>CPA (HK), ACG, ACS</i> Room 1302, 13/F 9 Queen's Road Central Hong Kong
Authorised representatives	Mr. Wong Tai Cheung Andrew Flat A, 22nd Floor, Block 9 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong Ms. Chan Po Yu <i>CPA (HK), ACG, ACS</i> Room 1302, 13/F 9 Queen's Road Central Hong Kong
Audit committee	Mr. Li Michael Hankin (<i>Chairman</i>) Mr. Hui Yung Chris Mr. Ma Wai Hung Vincent
Remuneration committee	Mr. Ma Wai Hung Vincent (<i>Chairman</i>) Mr. Li Michael Hankin Mr. Hui Yung Chris Mr. Ng Roy
Nomination committee	Mr. Wu Ting Yuk Anthony (<i>Chairman</i>) Mr. Li Michael Hankin Mr. Ma Wai Hung Vincent

CORPORATE INFORMATION

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Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Bank of China (Hong Kong) Limited 1 Garden Road Central Hong Kong

INDUSTRY OVERVIEW

The information contained in this section and elsewhere in this Prospectus have been derived from various official government publications, available sources from public market research and other sources from independent suppliers, and from the independent research report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare an independent industry report in connection with the Global Offering. The information from official government sources has not been independently verified by our Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the private ophthalmic healthcare service market in Hong Kong and the PRC. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the Frost & Sullivan Report. We agreed to pay Frost & Sullivan a fee of HK\$380,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe this information facilitates an understanding of the private ophthalmic healthcare service market in Hong Kong and the PRC for the prospective investors. The Frost & Sullivan Report includes information of the private ophthalmic healthcare service market in Hong Kong and the PRC as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the private ophthalmic healthcare service market in Hong Kong and the PRC. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications available from, for example, Department of Health, Hospital Authority, Hong Kong Medical Council, Census and Statistics Department of Hong Kong and National Health Commission of the PRC, as well as financial reports of companies.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the private ophthalmic healthcare service market in Hong Kong and the PRC, and there is no significant material change in government policies in regard to the private ophthalmic healthcare service market.

INDUSTRY OVERVIEW

EPIDEMIOLOGY ANALYSIS OF MAJOR EYE DISEASES IN HONG KONG

A person's eye is a complicated structure where around 40 individual subsystems function collectively to provide clear vision. Among all eye disorders and diseases, myopia and presbyopia are the most common eye problems in Hong Kong.

- **Myopia**, or nearsightedness, is a refractive error that causes the eye to not bend or refract light properly. Myopia patients at the age from 18 to 44 account for approximately 50% of patients with myopia at all ages. As a common eye condition, Myopia represents a total population of 3.6 million in 2020. Due to the increasing social pressure and prevalence of digital products, myopia is projected to affect 4.0 million Hong Kong residents in 2025.
- **Presbyopia** is a vision defect causing difficulty to read or focus on close objects. It is caused by the degeneration of the natural lens in the eye, as it loses elasticity with age. Presbyopia typically presents in individuals aged 45 years and above. The presbyopia population in Hong Kong reached 3.3 million in 2020 and is expected to reach 3.6 million in 2025.
- **Cataract** is an eye disease that develops due to a buildup of protein in the eye's lens. Clouded vision caused by cataract can impair a person's ability to read, drive (especially at night) or see. Most cataracts develop slowly and do not affect eyesight in its early stage. But with time, cataracts will eventually interfere with the vision. The number of cataract patients in Hong Kong amounted to 0.6 million in 2020 and is expected to reach 0.9 million in 2025 at a CAGR of 6.9% during this period.

OVERVIEW OF MAIN SURGERIES FOR OPHTHALMIC MEDICAL SERVICES

1. **Refractive laser surgery:** A laser reshapes the anterior surface of the eye (the cornea) to enable focused vision by changing the refraction of the eye. The laser procedures used can be categorised into Photorefractive Keratectomy (PRK)/Laser Sub-Epithelial Keratomileusis (LASEK), Laser-Assisted in situ Keratomileusis (LASIK) and Small Incision Lenticule Extraction (SMILE). Laser surgery of the cornea targets younger populations with low and moderate myopia (up to -10.00D).
 - **PRK/LASEK:** The first generation of refractive laser surgery for vision correction that ranges from +5.00D to -6.00D and the predecessor to the popular LASIK procedure. PRK/LASEK procedures can remove a thin cell layer from the top of the eye so the laser can reshape the underlying cornea to correct myopia, hyperopia, and astigmatism. Generally, PRK/LASEK recovery takes longer and causes more discomfort after surgery due to its large incision and long recovery time.
 - **LASIK:** LASIK is a type of laser refractive surgery for the correction of myopia, hyperopia and astigmatism. It is suitable for treating myopia, up to 15 dioptries, hyperopia, up to 5 dioptries and astigmatism up to 6 dioptries. LASIK involves creating a flap in the cornea using a microkeratome or femtosecond laser and then raising it up before reshaping the cornea with an excimer laser. With each pulse of the laser beam, a tiny amount of corneal tissue is removed, allowing the surgeon to flatten the curve of the cornea or to make it steeper. The corneal flap is then returned to its original position. LASIK is not suitable for people whose cornea is too thin for reshaping or suffer from conditions that might result in complications or poor outcomes of surgery, e.g. keratoconus, dry eye disease and glaucoma.

- **SMILE:** The latest generation of corneal laser refractive surgery. It is also the most advanced method to correct myopia, up to -10 dioptres and astigmatism up to -5 dioptres. SMILE surgeries have been conducted worldwide since its availability in 2011. One of the main differences between SMILE and its predecessors is that SMILE does not involve the use of an excimer laser and does not need to create a flap. SMILE uses femtosecond laser to cut a lenticule from the corneal stroma, which is later removed from the eye through a small incision of 2–4mm. It is a minimally invasive procedure with fast visual recovery. Many of those who had received the procedure were able to resume work the following day. SMILE surgery is expected to become increasingly popular among those who want spectacle independence in the future.
2. **IOL replacement:** Intraocular lenses (IOLs) are medical devices that are implanted inside the eye to replace the eye's natural lens, which is removed during the cataract surgery. IOLs are also used for refractive lens exchange, a type of vision correction surgery. IOLs can be further divided into monofocal and multifocal IOLs.
- **Monofocal:** Monofocal IOLs are intraocular lenses with a fixed focus for one distance, which requires patients to wear glasses when they want to look at a close distance. Monofocal IOLs are usually covered by public health insurance. Thus, it's affordable to most patients.
 - **Multifocal:** Multifocal IOLs have two or three focal points. These lenses can focus the light at near, far and intermediate distances, which reduce the need for glasses. Due to its advantages compared to monofocal lens, patients who demand for the clear vision are increasingly opting for multifocal IOLs.
- For applications of IOLs, monofocal IOLs are normally used for the treatment of cataract while multifocal IOLs are widely used for both cataract treatment and refractive lens exchange.
- **Cataract surgery:** In old age, human lens loses its transparency and becomes opaque, which causes vision deterioration and requires the lens to be replaced with IOLs.
 - **Refractive lens exchange:** Ageing causes the human lens to become stiff. When the eye loses its ability to focus, it results in the need for wearing reading glasses. During refractive lens exchange, the ageing lens inside the eye is replaced with IOLs.
3. **ICL implantation:** A custom-made artificial lens is placed behind the iris and in front of the natural lens to correct myopia, hyperopia and astigmatism, similar to a contact lens. This lens is therefore called "intraocular contact lens" or "ICL", also known as phakic intraocular lenses. ICL implantation targets younger populations suffering high myopia as it can correct refractions that range up to $-20.00D$. For those who are not suitable for refractive laser surgery due to their high levels of myopia, or who do not like the idea of permanently removing corneal tissue, ICL implantation is an option which provides superb visual quality without dry eye syndrome through a minimally invasive and reversible surgery.

INDUSTRY OVERVIEW

HONG KONG OPHTHALMIC MEDICAL SERVICE MARKET

Based on the nature of ownership, the healthcare service system in Hong Kong is characterised by its public and private healthcare sectors. The public sectors are subsidised under regulation of Department of Health and Hospital Authority, and provide healthcare services at affordable cost. According to Department of Health and Hospital Authority and Frost & Sullivan's analysis, in 2020, there were 43 public hospitals, 49 public Specialist outpatient clinics and 73 public general outpatient clinics. The private healthcare institutions in Hong Kong dominate the primary medical care and high-end medical service markets for local residents. In 2020, there were 12 private hospitals, around 2,500 private medical centers and around 500 other healthcare institutions, including maternity home and nursing home in Hong Kong.

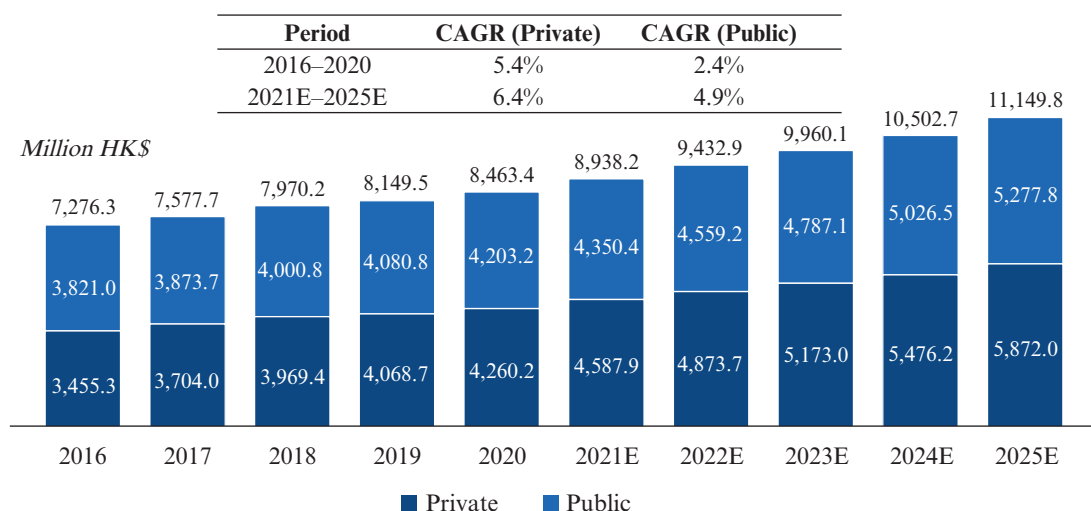
According to Department of Health and Frost & Sullivan's analysis, the healthcare expenditure in Hong Kong has grown steadily in recent years due to the growth of ageing population and the prevalence of various chronic diseases. From 2015 to 2019, the per capita healthcare expenditure in Hong Kong has grown from HK\$19.0 thousand to HK\$23.8 thousand, at a CAGR of 5.8%. By 2024, the per capita healthcare expenditure is forecasted to increase to HK\$32.5 thousand, at a CAGR of 6.7% from 2020 to 2024.

The ophthalmic healthcare service in Hong Kong consists of refractive treatment service and other treatment service. Refractive treatment services include IOL replacement surgery, ICL implantation surgery and refractive laser surgery. According to Frost & Sullivan's analysis, in 2020, the total ophthalmic healthcare service market size in Hong Kong is approximately HK\$8,463.4 million, the market size is expected to grow at a CAGR of 5.7% from 2021 to 2025, reaching approximately HK\$11,149.8 million by 2025.

In Hong Kong, the private segment of the ophthalmic healthcare service market outgrows public segment in 2020, owing to the high growth rate during 2016 and 2020. According to Frost & Sullivan's analysis, the market size of private ophthalmic service market in Hong Kong in terms of revenue has increased from HK\$3.5 billion in 2016 to HK\$4.3 billion in 2020, at a CAGR of 5.4%. According to Frost & Sullivan's analysis, the market size of public ophthalmic service market in Hong Kong in terms of revenue has increased from HK\$3.8 billion in 2016 to HK\$4.2 billion in 2020, representing a CAGR of 2.4%. Due to the long waiting time for medical service in public sector and the increase in Hong Kong residents' abilities to afford private ophthalmic services, it is estimated that the market size of private ophthalmic service market will reach HK\$5.9 billion in 2025, representing a CAGR of 6.4% during 2021 and 2025. According to Frost & Sullivan's analysis, the market size of public ophthalmic service market is expected to reach HK\$5.3 billion in 2025, representing a CAGR of 4.9%. The following diagram sets forth the historical and projected revenue of the ophthalmic service market in Hong Kong for the periods indicated.

INDUSTRY OVERVIEW

Breakdown of Market Size of Ophthalmic Healthcare Service Market in Hong Kong, 2016–2025E



Source: Frost & Sullivan analysis

Differences between ophthalmic healthcare service in public sector and private sector in Hong Kong

Public market players in the ophthalmic service industry are highly subsidized by the Hong Kong government to provide citizens with access to basic eye care and ophthalmic diseases treatment, such as myopia, cataract and other non-refractive Diseases. Due to the non-profit feature of this sector, refractive treatment service such as LASIK and SMILE is offered by private market players only. On the contrary, refractive treatment services share a significant portion to the revenue of a private market players due to the substantial demand from Hong Kong citizen. Public and private market players have distinctive service of focus, and refractive treatment service market is dominated by the private sector.

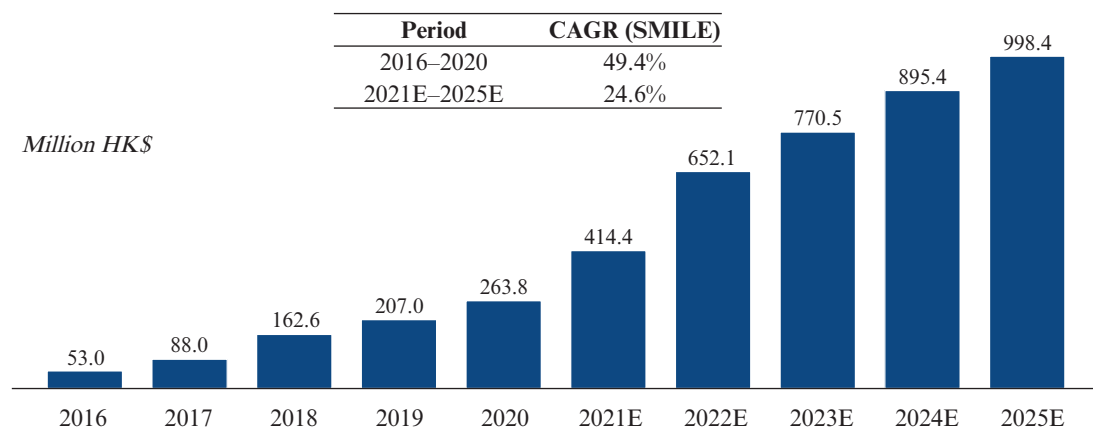
Market Analysis of SMILE Surgery in Hong Kong

SMILE is the latest advancement in laser vision correction and has become commercially available since the launch of ReLEx SMILE in 2011. Due to significantly improved clinical benefits compared to LASIK, such as less dry eye syndrome and smaller incision, etc., the market size of SMILE surgery increased significantly to HK\$263.8 million in 2020 due to strong patient growth. As affected by the social unrest in 2019 and COVID-19 outbreak in 2020, the market demand for SMILE surgery has been temporarily affected and therefore the growth of market size of SMILE surgery slowed down during 2019 to 2020. In particular, the containment and social distancing measures imposed by the Hong Kong Government affected the patient visit to healthcare facilities. In addition, certain private hospitals experienced a slump in patient visit due to the travel restriction imposed on visitors who seek ophthalmic healthcare services, especially surgical procedures, in hospitals in Hong Kong, as well as postponement of scheduled non-urgent ophthalmic surgery. On the other hand, the impact of COVID-19 outbreak on eye centers in Hong Kong is considered minimum as the clinic operation and patient visit has not seen a material adverse restriction or impact. In view of the recovery of overall market demand for ophthalmic healthcare service in Hong Kong since the second half of 2020 as supported by the fact that (i) there is no sign that the social unrest in Hong Kong will continue and (ii) the COVID-19 outbreak has seen alleviation with gradual normalisation of social and economic activities as compared to the first half of 2020, there is no

INDUSTRY OVERVIEW

foreseeable adverse impact on the growth of ophthalmic healthcare service market in Hong Kong during the forecast period. In the next five years, the market is projected to be further driven to HK\$998.4 million by 2025 as patients' education and awareness improve.

Market Size of SMILE in Hong Kong Private Healthcare Institutions, 2016–2025E

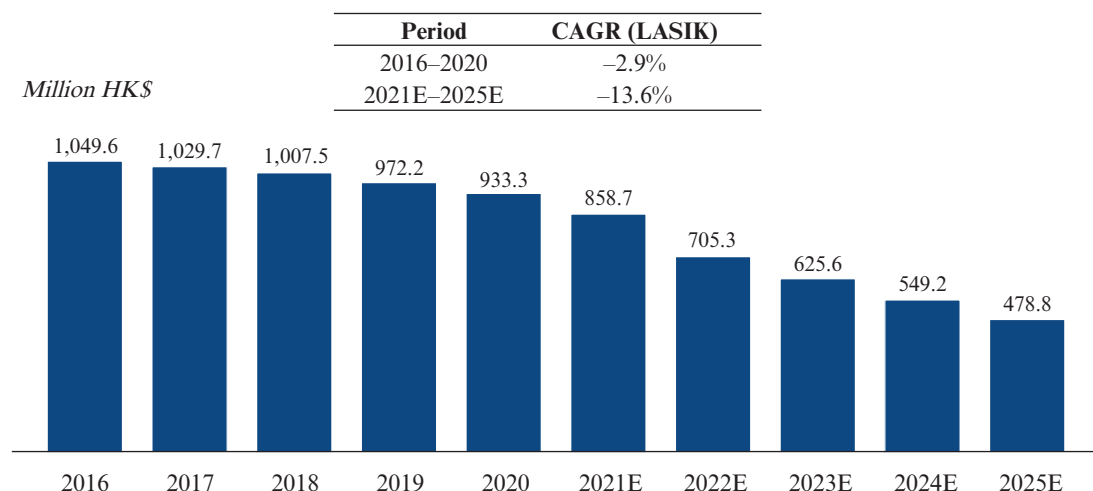


Source: Frost & Sullivan analysis

Market Analysis of LASIK Surgery in Hong Kong

LASIK (laser-assisted in situ keratomileusis) is a traditional refractive surgery for the correction of myopia, hyperopia, and astigmatism and the technology has been developed for years. According to Frost & Sullivan's analysis, the market size of LASIK surgery experienced a drop from HK\$1,049.6 million in 2016 to HK\$933.3 million with a CAGR of –2.9% predominantly due to the decrease in surgery volume because of market competition from new generation refractive surgery (i.e. SMILE). The market size of LASIK is anticipated to decrease more rapidly from 2021 to 2025 at a CAGR of –13.6%.

Market Size of LASIK in Hong Kong Private Healthcare Institutions, 2016–2025E



Source: Frost & Sullivan analysis

Market Analysis of IOL Replacement Surgery in Hong Kong

Intraocular lenses (IOLs) are medical devices that are implanted inside the eye to replace the eye's natural lens when it is removed during cataract surgery. IOLs also are used for a type of vision correction surgery called refractive lens exchange. Normally, monofocal IOLs with only one focal point are the most commonly used intraocular lenses in cataract treatment. They have one focal point and can improve vision at one distance: far or near. For the remaining distances, the patient may still need to use glasses. Multifocal IOLs, on the other hand, have two or three focal points and can restore vision at more than one distance, allowing the patient to be independent of glasses.

IOL replacement surgery is a relatively mature market and is primarily driven by the increasing patients with cataract as well as vision correction demand. Except for higher prices, multifocal IOLs have clear advantages in terms of vision improvement over monofocal ones.

Monofocal IOL with only one focal point provides an economical treatment option for many patients with limited ability to afford such treatment. According to Frost & Sullivan's analysis, the increasing prevalence of cataract has driven the steady growth of monofocal IOL replacement surgery market, reaching HK\$526.1 million in 2020, at a CAGR of 5.0% from 2016 to 2020. In the next five years, the market is projected to further increase to HK\$703.5 million in 2025 with a CAGR of 6.5% from 2021 to 2025.

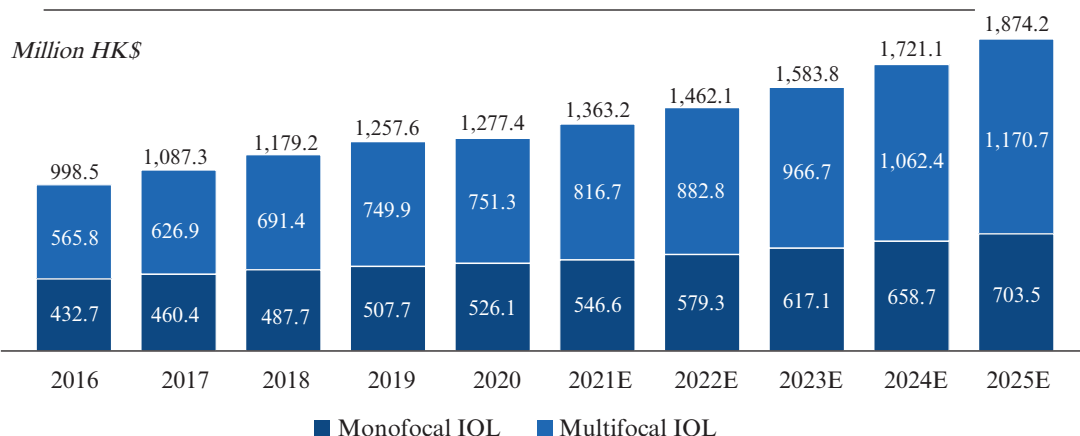
With the increasing affordability of the multifocal IOLs and raising public healthcare awareness, it is believed that the number of patients adopting multifocal IOLs will grow faster. According to Frost & Sullivan's analysis, multifocal IOL replacement surgery market size in terms of revenue is expected to increase from HK\$751.3 million in 2020 to HK\$1,170.7 million in 2025, representing a CAGR of 9.4%, which outpaces the CAGR of the monofocal IOL replacement during the same period.

The share of multifocal IOL replacement surgery market in private ophthalmic medical service market has kept increasing as well, rising to 17.6% in 2020. With the further expansion of multifocal IOL usage, the proportion of multifocal IOL market in private ophthalmic medical service market will achieve 19.9% in 2025.

INDUSTRY OVERVIEW

Market Size IOL Replacement in Hong Kong Private Healthcare Institutions, 2016–2025E

Period	CAGR (Monofocal IOL)	CAGR (Multifocal IOL)	CAGR (Total)
2016–2020	5.0%	7.3%	6.4%
2021E–2025E	6.5%	9.4%	8.3%



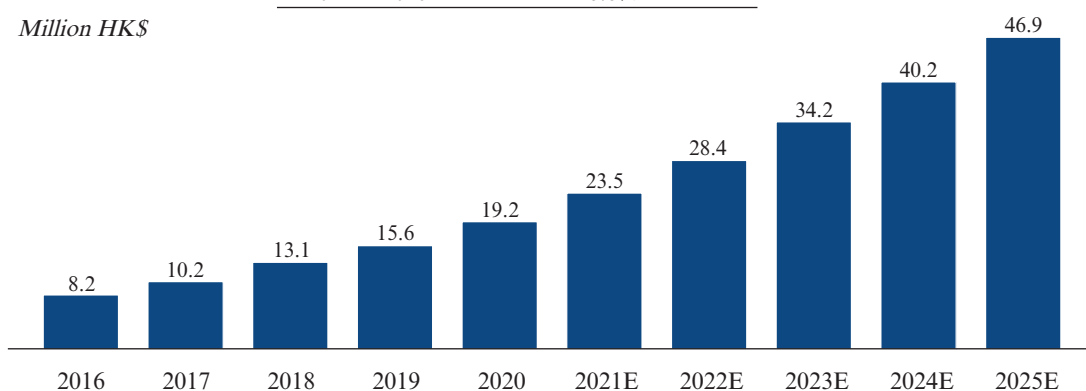
Source: Frost & Sullivan analysis

Market Analysis of ICL Implantation Surgery in Hong Kong

The increasing prevalence of the high myopia stimulates the growth trend in the market size of ICL implantation. Moreover, ICL implantation is also suitable for myopia patients with thin corneal. According to Frost & Sullivan's analysis, from 2016 to 2020, the market size of ICL implantation surgery in terms of revenue grew from HK\$8.2 million in 2016 to HK\$19.2 million in 2020, representing a CAGR of 23.6% during the period. This market size is forecasted to increase further to HK\$46.9 million in 2025 with a CAGR of 18.8% from 2021.

Market Size of ICL Implantation Surgery in Hong Kong Private Healthcare Institutions, 2016–2025E

Period	CAGR (ICL Implantation)
2016–2020	23.6%
2021E–2025E	18.8%



Source: Frost & Sullivan analysis

INDUSTRY OVERVIEW

Market Drivers of Private Ophthalmic Healthcare Service in Hong Kong

1. *Ageing Population and Increasing Prevalence of Eye Diseases*

Hong Kong's population is ageing rapidly at an unprecedented level. According to Census and Statistics Department of Hong Kong, people aged above 65 amounted to about 1,381.8 thousand, accounted for 18.4% of total population in 2020 and will grow at a CAGR of 5.1% from 2021 to 2025. The underlying demographic shift toward older residents boosts the prevalence of age-related eye diseases, including refractive errors, cataract and macular degeneration, and leads to increasing demand for ophthalmic services in Hong Kong and provides vast opportunities for the growth in the private ophthalmic services industry in Hong Kong. Furthermore, among younger generation, there is also an increase in the prevalence of eye disorders and diseases, especially myopia.

2. *Technology Innovation and Advancement*

With the development of technology innovation, more advanced surgical options become available to treat eye problems, providing an impetus for the market growth. Emerging technology such as SMILE only creates minimal incision of the corneal tissue during refractive surgeries, providing operations with lower risks and faster recovery for patients than conventional techniques, such as LASIK and LASEK. Advancement in materials used in IOL replacements offers lenses with multifocal or hydrophobic properties, which allow for more effective treatment for presbyopia and cataract.

3. *Increasing Affordability*

With the growing level of personal disposable income, people having higher purchasing power become more willing to pay for the health of their eyes, which stimulates the growth of ophthalmic healthcare service industry in Hong Kong. In addition, people in Hong Kong are health-conscious and are willing to purchase health insurance, which makes private ophthalmic services more affordable. Furthermore, the Government has implemented the Elderly Health Care Voucher Scheme (HCVS), which aims to subsidize elders' use of the private primary healthcare services. With the continuous improvement of the eligibility and voucher amount of HCVS, there is an increasing tendency among Hong Kong's public to opt for private ophthalmic services.

4. *Long Waiting Time for Ophthalmic Services in Public Sector*

Due to the scarce medical resources in public sector, the waiting time for a medical service has continued to increase. For example, the waiting time for cataract surgery has been over 20 months in certain areas. To avoid the long waiting time, the private sector is becoming more acceptable for patients seeking prompt medical attention as well as the convenient and humanistic medical environment.

Entry Barriers of Private Ophthalmic Healthcare Service in Hong Kong

1. *Reputation of institutions and Medical Practitioners*

The brand reputation of private ophthalmic healthcare institutions and the personal reputation of private ophthalmologists are two of the most critical factors to attract potential patients, as Hong Kong residents usually prefer big brands in the ophthalmic service industry and take references from their relatives or friends to choose their doctors. In Hong Kong, it usually takes years for a private ophthalmic healthcare institution to become known for its ophthalmic services and for new

INDUSTRY OVERVIEW

ophthalmologists to build up strong personal reputation and accumulate substantial customer base. Therefore, the time and resources required to build brand reputation of the private ophthalmic healthcare institutions and ophthalmologists create substantial entry barriers for new entrants.

2. Qualification of Ophthalmologists and Optometrists

Becoming a qualified ophthalmologist requires not only passing the exit-examination or assessment but also long-term training. The Specialist training is only offered at hospitals by HA with 15 trainee quotas each year. A trainee usually has to undergo one year of pre-registration internship and at least six years of supervised Specialist training to become a qualified ophthalmologist. In clinical practise, experience and rich knowledge about medical device could greatly reduce the surgery risk and contribute to better recovery for patients after surgeries. In particular, for SMILE surgeries, ophthalmologists are expected to have abundant knowledge of refractive errors and need to be well trained with VisuMax[®] before conducting SMILE surgeries on patients. In order to become a qualified optometrist, one is required to receive certification from Optometrists Board. The scarcity of professionals limits the new entrants' ability to start their businesses in the private ophthalmic healthcare service market.

3. Adequate Funds

For ophthalmic clinics, ophthalmic diagnosis and treatment need advanced and high-precision instruments, which require adequate funds to purchase initial equipment and continuously upgrade facilities and equipments in order to catch up with the latest technological innovation. New entrants need adequate funds to purchase cutting-edge equipment.

4. Increasing by Stringent Regulations

The legislative council and department of health set out a series of regulations about the quality of services, registration requirements of private sectors, and the rights of patients. The private ophthalmic service market under those restrictions is becoming less accessible for new entrants.

Consultancy Fees in the Ophthalmic Service Industry in Hong Kong

The consultancy fees generally charged by Registered Medical Practitioners consist of a fixed fee and/or a variable amount based on a certain percentage of revenue generated by the respective ophthalmologists, net of the relevant costs. The fixed fees and/or variable amount charged by Registered Medical Practitioners may vary due to the market rates, the experience and seniority of the Registered Medical Practitioners, the type of surgery performed and whether the clients are referred by the Registered Medical Practitioners. According to Frost & Sullivan's analysis, normally, consultancy fees account for approximately 20% to 40% of the total revenue of a private ophthalmic medical centre in Hong Kong. It is also not uncommon in the ophthalmic service industry in Hong Kong for Registered Medical Practitioners who are also shareholders of the relevant company to receive a fixed monthly remuneration.

The underlying demographic shift towards older residents boosts the prevalence of age-related eye diseases, including refractive errors, cataract and macular degeneration, which leads to increasing demand for ophthalmic services in Hong Kong. Combined with technology innovations for unmet clinical needs to treat eye diseases as well as the long waiting time for ophthalmic services in public sector, according to Frost & Sullivan's analysis, the market size of private ophthalmic healthcare service market has reached HK\$4.3 billion in 2020, representing a CAGR of 5.4% from 2016. Despite the number of ophthalmologists registered in Hong Kong has witnessed a relatively

INDUSTRY OVERVIEW

slower growth, which increased from 279 in 2016 to 317 in 2021, representing a CAGR of 2.6%, the relatively narrow supply/demand gap still provided ophthalmic service providers with relatively strong bargaining power, and thus, the consultancy fee charged by Medical Practitioner is expected to experience an incremental increase in the near future.

Cost of Key Medical Consumables in Ophthalmic Healthcare Service Industry

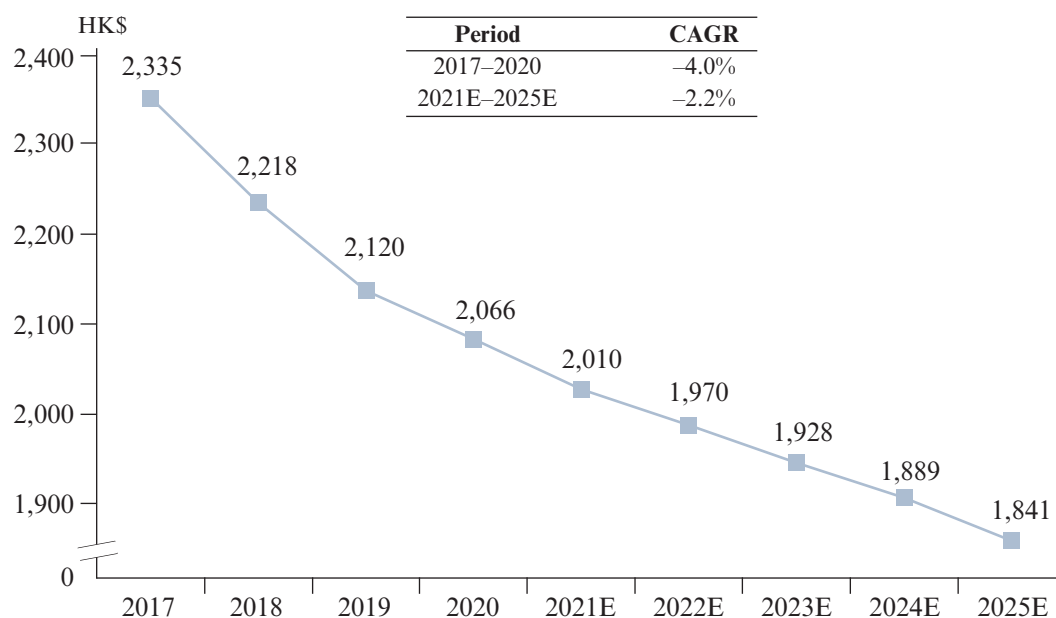
The following table set forth the costs of key medical consumables ophthalmic healthcare service providers in Hong Kong.

	Price Range (HKD)
SMILE Treatment License (per eye)	2,000 to 2,500
Consumables of IOL Treatment (per eye)	500 to 15,000
Consumables of ICL Treatment (per eye)	7,500 to 10,000

Source: Frost & Sullivan analysis

In general, SMILE treatment license fee and the price of consumables for IOL treatment recorded a moderate decline trend from 2017 to 2020 while the price of consumable for ICL treatment remained relatively stable. Driven by the growing popularity and penetration of SMILE surgery in Hong Kong, the SMILE treatment license fee in Hong Kong recorded a declining trend at a CAGR of approximately -4.0% from 2017 to 2020, which is expected to decrease from 2021 to 2025 at a CAGR of -2.2% along with the continued growth of SMILE surgery as compared to LASIK in Hong Kong.

SMILE treatment license fee in Hong Kong, 2017–2025E

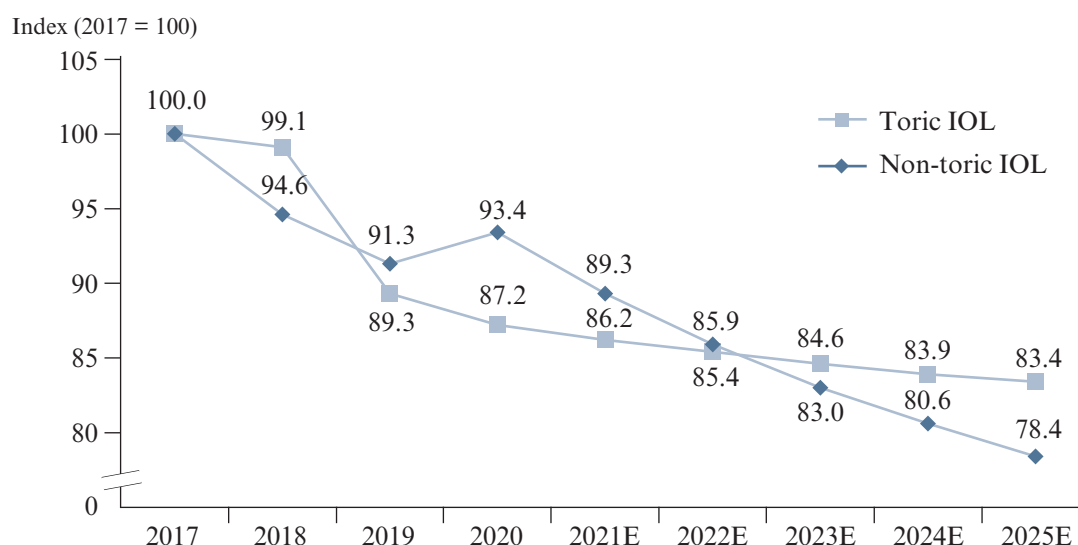


Source: Frost & Sullivan analysis

INDUSTRY OVERVIEW

Similarly, the price of consumables for IOL treatment decreased moderately at a CAGR of approximately –3.8%. Such decline was primarily attributable to the increasing availability of consumables with more diverse options/specifications at different price and country of origins such as the United States, Europe and Japan in the market driven by the growing penetration of IOL treatment in Hong Kong. The cost of major consumables in IOL treatment such as toric IOL (astigmatism correcting intraocular lens) and non-toric IOL recorded a declining trend at a CAGR of –4.5% and –2.3%, respectively, from 2017 to 2020. Going forward, the cost of toric IOL and non-toric IOL implants in Hong Kong is expected to decrease at a CAGR of –0.8% and –3.2%, respectively, from 2021 to 2025. The decrease in consumable price is expected to make IOL treatment more affordable for residents in Hong Kong.

Price index of major implants of IOL treatment in Hong Kong, 2017–2025E



Note: detailed historical price of consumable of ICL treatment is not available due to limited market information.

Source: Frost & Sullivan analysis

Impact of COVID-19 Outbreak

The COVID-19 outbreak since early 2020 has temporarily affected the business performance of ophthalmic healthcare service providers in Hong Kong during the first half of 2020 mainly due to implementation of various containment measures, social distancing measures and travel restriction that caused disruption of patient visit to healthcare facilities. In particular, certain private hospitals experienced a slump in patient visit due to the travel restriction imposed on the PRC visitors who seek ophthalmic healthcare services, especially surgical procedures, in hospitals in Hong Kong, as well as postponement of appointment for non-urgent surgery. On the other hand, the impact of COVID-19 outbreak on eye centres in Hong Kong is considered minimum as the clinic operation and patient visit has not seen a material adverse restriction or impact. The overall market demand for ophthalmic healthcare service in Hong Kong has seen a significant recovery since the second half of 2020 given that (i) the COVID-19 outbreak has seen an alleviation and (ii) general public and patients are well-adapted to containment measures towards COVID-19 outbreak with normalisation of social activities gradually as compared to the first half of 2020. For example, according to Frost &

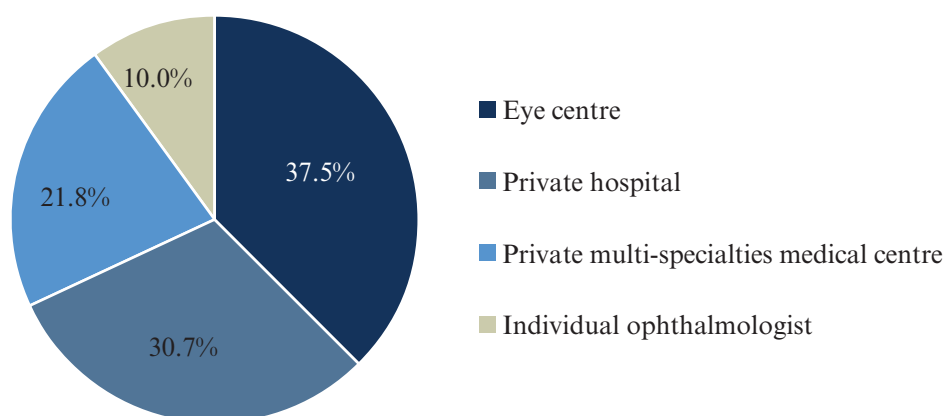
INDUSTRY OVERVIEW

Sullivan's analysis based on information available from financial reports of C-MER Eye Care Holdings Limited, the largest private ophthalmic healthcare service provider in Hong Kong in terms of revenue in 2020, the revenue of C-MER Eye Care Holdings Limited generated from provision of ophthalmic services in Hong Kong still record a moderate year-on-year growth of approximately 0.5% in the first half of 2020 amid the COVID-19 outbreak, followed by a significant year-on-year growth of approximately 19.3% in the second half of 2020. Similarly, the financial performance of our Group has also seen a significant improvement in the second half of 2020 as compared to the same period in 2019, which reflected that the impact of COVID-19 outbreak on the industry is temporary. In view of the rebound of market demand since the second half of 2020, the COVID-19 outbreak does not have material impact on the overall market size of ophthalmic healthcare service in Hong Kong, which has recorded a moderate growth in 2020.

COMPETITIVE LANDSCAPE OF HONG KONG PRIVATE OPHTHALMIC HEALTHCARE SERVICE MARKET

The private ophthalmic medical services market comprises market participants with different background, including eye centres, private hospitals, multi-specialties medical centres and individual ophthalmologists in solo practice. Eye centre and private hospital accounted for an aggregate market share of approximately 68.2% in terms of revenue generated from provision of ophthalmic medical service in Hong Kong in 2020. In general, refractive treatment are mainly undertaken by eye centre and private hospital in Hong Kong while ophthalmologists from private multi-specialties medical centre focuses more on provision of other treatment services.

Market share of private ophthalmic medical service providers in Hong Kong by revenue, 2020



Source: Frost & Sullivan analysis

The competition of private ophthalmic medical services market in Hong Kong becomes more intense in recent years and the increased competition was attributable to adoption of a more competitive pricing and marketing strategy by other market players. For example, the price of SMILE surgeries of C-MER Eye Care Holdings Limited and Hong Kong Laser Eye Centre were approximately 10% to 20% lower than the Group during the COVID-19 outbreak in 2020. In addition, C-MER Eye Care Holdings Limited and other market players further promoted their services by offering discount for two persons, 1-year unlimited check-up and referral discount.

INDUSTRY OVERVIEW

Our Group ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. The table below sets forth the top five private ophthalmic service institutions in Hong Kong in terms of revenue and market share in 2020.

Rank	Market Participants	Institution Type	Ophthalmic Healthcare Services Revenue (Million HK\$)	Market Share by Revenue (%)
1	C-MER Eye Care Holdings Limited	Eye Center	339.9	8.0%
2	Hong Kong Sanatorium & Hospital	Hospital	325.4	7.6%
3	Hong Kong Ophthalmic Associates	Eye Center	298.9	7.0%
4	Our Group	Eye Center	212.4	5.0%
5	Champion Eye Centre	Eye Center	191.7	4.5%

Source: Annual reports and websites of the above companies, Frost & Sullivan analysis

We were one of the first batch of private healthcare institutions in Hong Kong to introduce the advanced VisuMax Femtosecond Laser System 90° device to conduct SMILE surgery in Hong Kong. In 2020, we ranked the first in terms of SMILE surgery revenue among private ophthalmic service institutions in Hong Kong, representing a market share of 38.0%. The table below sets forth the top five private ophthalmic service institutions in Hong Kong in terms of SMILE surgery revenue and market share in 2020.

Rank	Market Participants	Institution Type	SMILE Surgery Revenue (Million HK\$)	Market Share by Revenue (%)
1	Our Group	Eye Center	100.3	38.0%
2	C-MER Eye Care Holdings Limited	Eye Center	48.6	18.4%
3	Hong Kong Laser Eye Centre	Eye Center	34.3	13.0%
4	Hong Kong Sanatorium & Hospital	Hospital	28.2	10.7%
5	Hong Kong Eye Practice	Eye Center	18.6	7.1%

Source: Annual reports and websites of the above companies, Frost & Sullivan analysis

INDUSTRY OVERVIEW

We ranked the second in terms of multifocal IOL replacement surgery revenue among private ophthalmic service institutions in Hong Kong, representing a market share of 6.0% in 2020. The table below sets forth the top five private ophthalmic service institutions in Hong Kong in terms of multifocal IOL replacement surgery revenue and market share in 2020.

Rank	Market Participants	Institution Type	Multifocal IOL Replacement Surgery Revenue (Million HK\$)	Market Share by Revenue (%)
1	Hong Kong Sanatorium & Hospital	Hospital	58.6	7.8%
2	Our Group	Eye Center	44.8	6.0%
3	C-MER Eye Care Holdings Limited	Eye Center	43.1	5.7%
4	Hong Kong Ophthalmic Associates	Eye Center	36.9	4.9%
5	Champion Eye Centre	Eye Center	28.9	3.8%

Source: Annual reports and websites of the above companies, Frost & Sullivan analysis

We ranked the first in terms of ICL implantation surgery revenue among private ophthalmic service institutions in Hong Kong in 2020, with a market share of 46.4%. The table below sets forth the top five private ophthalmic service institutions in terms of ICL implantation surgery revenue and market share in 2020.

Rank	Market Participants	Institution Type	ICL Implementation Surgery Revenue (Million HK\$)	Market Share by Revenue (%)
1	Our Group	Eye Center	8.9	46.4%
2	Hong Kong Laser Eye Centre	Eye Center	1.7	8.8%
3	C-MER Eye Care Holdings Limited	Eye Center	1.5	7.8%
4	Hong Kong Ophthalmic Associates	Eye Center	1.3	6.9%
5	Champion Eye Centre	Eye Center	1.0	5.3%

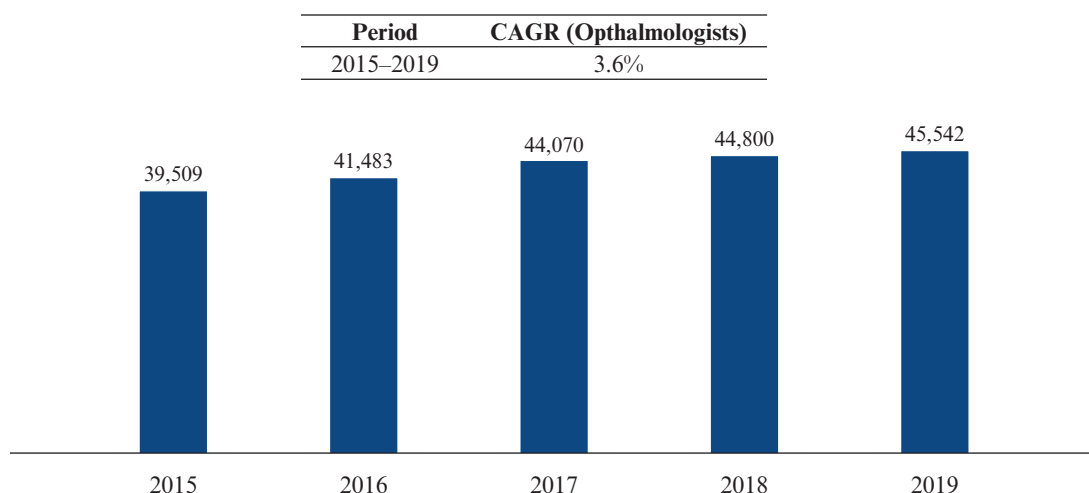
Source: Annual reports and websites of the above companies, Frost & Sullivan analysis

INDUSTRY OVERVIEW

OPHTHALMIC MEDICAL SERVICE MARKET IN THE PRC AND THE GREATER BAY AREA

The aging population in the PRC, increasing diagnosis and treatment rates of the ophthalmic diseases as well as the rising unmet needs from ophthalmic number of cases, leads to a rise in the demand of ophthalmic healthcare service in the PRC. According to National Health Commission of the PRC and Frost & Sullivan's analysis, while the number of public ophthalmic hospitals in the PRC has decreased from 58 in 2015 to 55 in 2019, representing a CAGR of -1.3% during the indicated period, the number of private ophthalmic hospitals has experience rapid growth, increasing from 397 in 2015 to 890 in 2019, representing a CAGR of 22.4% during the period from 2015 to 2019 to cater the rising demand for ophthalmic healthcare services from Chinese citizens. Moreover, the increasing focus on the medical education leads to the rise in the number of medical professionals, including ophthalmic medical professionals in the past few years. The number of ophthalmic medical professionals in the PRC has increased from 39,509 in 2015 to 45,542 in 2019, representing a CAGR of 3.6% during the indicated period.

Number of Ophthalmologists in the PRC, 2015–2019



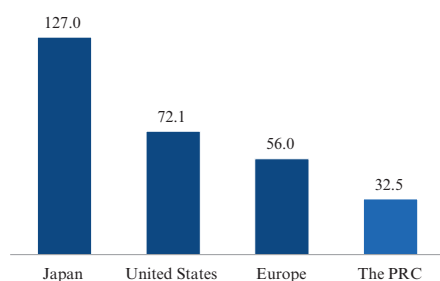
Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

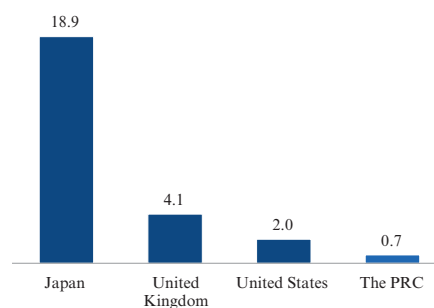
INDUSTRY OVERVIEW

According to Frost & Sullivan's estimation based on the statistics of International Council of Ophthalmology, the number of ophthalmologists per million population in the PRC was approximately 32.5 in 2019, which was much lower as compared to developed countries such as Japan (127.0), the United States (72.1) and Europe (56.0). In addition, the number of ophthalmic hospitals per million population in the PRC was only 0.7 in 2019, which was also lower as compared to developed countries such as Japan (18.9), the United States (2.0) and the United Kingdom (4.1). As such, the relatively low ratio of population to ophthalmologists and ophthalmic hospitals in the PRC reflects the strong growth potential in the future.

**Number of Ophthalmologists per
Million Population in Selected Countries/
Regions, 2019**



**Number of Ophthalmic Hospitals per
Million Population in Selected
Countries, 2019**



Note: 2019 is the latest available figure.

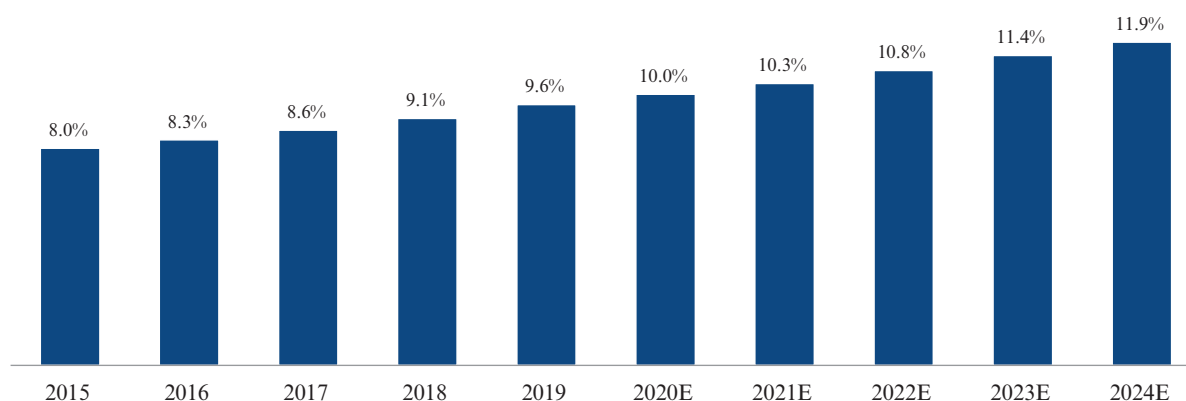
Source: International Council of Ophthalmology, Frost & Sullivan analysis

Penetration Rate of Ophthalmic Healthcare Services in the PRC

Penetration rate of ophthalmic healthcare services refers to the patient volume in ophthalmic healthcare institutions out of the total population. The penetration rate of ophthalmic healthcare service in PRC has historically been lower than that in developed countries, but it has been growing gradually in recent years. The penetration rate of ophthalmic healthcare services in the PRC has seen a steady growth from 8.0% in 2015 to 9.6% in 2019, and is expected to reach 11.9% by 2024.

INDUSTRY OVERVIEW

Penetration Rate of Ophthalmic Healthcare Services in the PRC, 2015–2024E



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

Differences between ophthalmic healthcare service in public sector and private sector in the PRC

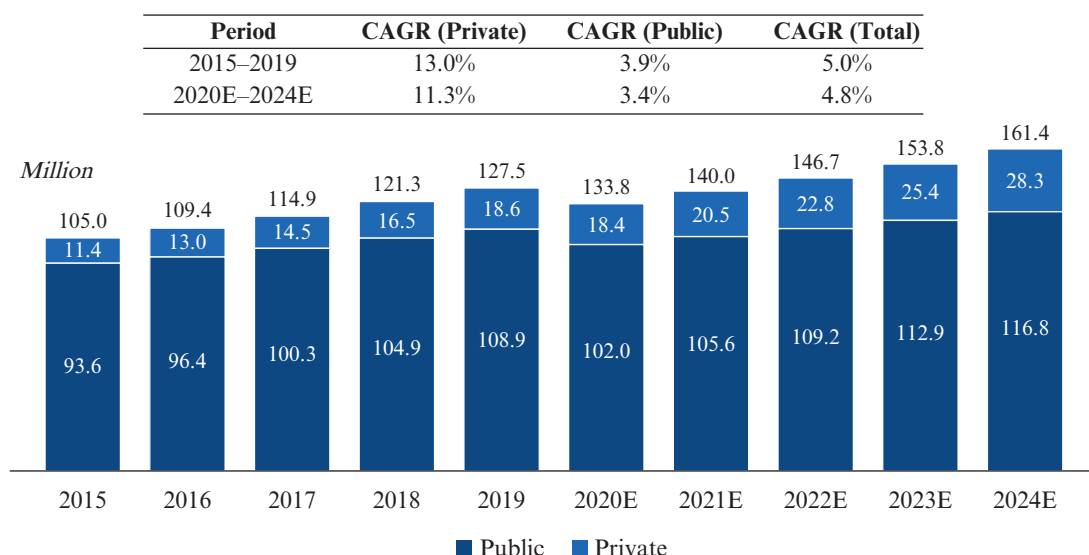
Compared with public hospitals, private hospitals in the PRC focus more on refractive treatment services and often have more advanced medical equipment with better service quality and flexibility in terms of appointment, which has seen a growing popularity in recent years. On the other hand, public hospitals generally focus more on provision of basic eye care and ophthalmic diseases treatment to the general public. For example, refractive surgeries are more often provided by private sector players with large capital investment for purchasing more advanced surgical equipment while such high-end equipment and high-cost consumables (e.g. intraocular lens for cataract surgery) are not available in public hospitals due to cost issue.

Outpatient Volume of Ophthalmic Healthcare Service in the PRC

According to National Health Commission of the PRC and Frost & Sullivan's analysis, from 2015 to 2019, the CAGR of outpatient volume in public medical institutions is 3.9% while the CAGR of outpatient volume in private medical institutions is 13.0%. Due to COVID-19 pandemic in 2020, the outpatient volume was impacted by obligated shutdown of healthcare service institutions. Patients delayed unurgent consultancy until pandemic and lockdown was alleviated. Most healthcare services re-opened in mid-2020, and outpatient volume resumed to usual setting. During 2020 to 2024, outpatient volume in private medical institutions is forecasted to grow faster than those of public medical institutions, with CAGR of 11.3%.

INDUSTRY OVERVIEW

Outpatient Volume of Ophthalmic Healthcare Service in the PRC, 2015–2024E



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

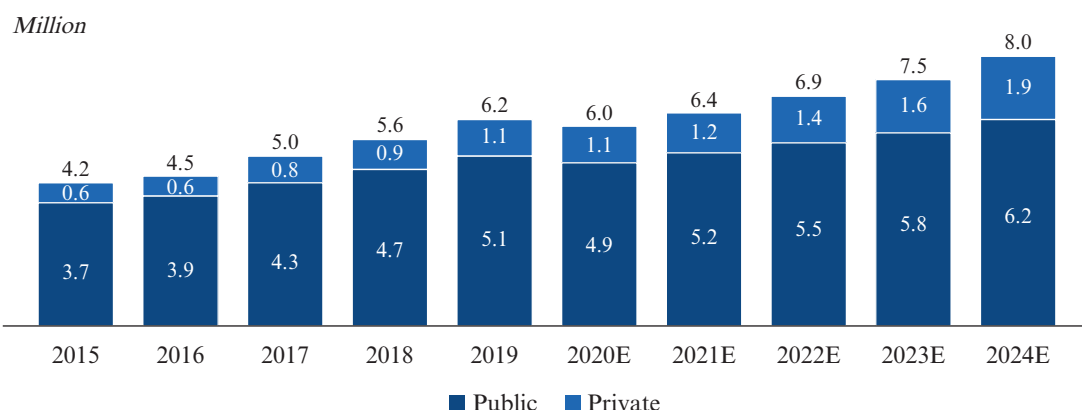
Inpatient Volume of Ophthalmic Healthcare Service in the PRC

Apart from the rising outpatient volume in ophthalmic healthcare services, the inpatient service also showed expanding demand. According to National Health Commission of the PRC and Frost & Sullivan's analysis, from 2015 to 2019, the CAGR of inpatient volume in public medical institutions is 8.6% while the CAGR of inpatient volume in private medical institutions is 18.5%. Due to COVID-19 pandemic, the inpatient volume of ophthalmic healthcare service has decreased due to lockdown of human activities and limitation to healthcare resources. Patients delayed unurgent consultation and surgeries for ophthalmic services. As lockdown and pandemic alleviates in mid-2020, the inpatient volume resumed to usual. During 2020 to 2024, inpatient volume in private medical institutions is forecasted to grow faster than those of public medical institutions, with CAGR of 14.6%.

INDUSTRY OVERVIEW

Inpatient Volume of Ophthalmic Healthcare Service in the PRC, 2015–2024E

Period	CAGR (Private)	CAGR (Public)	CAGR (Total)
2015–2019	18.5%	8.6%	10.1%
2020E–2024E	14.6%	6.1%	7.9%



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

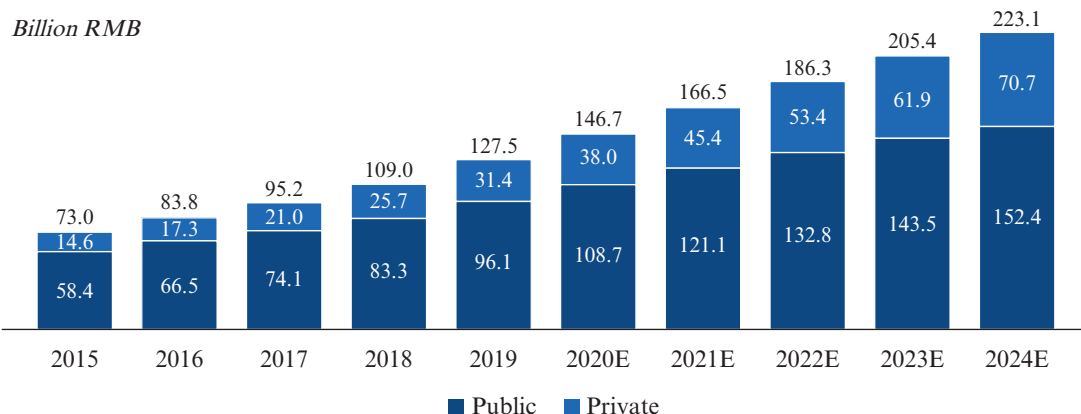
Market Size of Ophthalmic Healthcare Service in the PRC, Breakdown by Private and Public Sectors

According to National Health Commission of the PRC and Frost & Sullivan's analysis, the market size of private ophthalmic medical institutions has increased from RMB14.6 billion in 2015 to RMB31.4 billion in 2019, with a CAGR of 21.1%. In the same period, the market size of public ophthalmic medical institutions increased from RMB58.4 billion to RMB96.1 billion, with a CAGR of 13.3%. It is estimated that market size of private ophthalmic medical institutions will reach RMB70.7 billion in 2024, representing a CAGR of 16.8% during 2020 to 2024, while the market size of public ophthalmic medical institutions will increase to RMB152.4 billion, representing a CAGR of 8.8% during 2020 to 2024.

INDUSTRY OVERVIEW

Breakdown of Market Size of Ophthalmic Healthcare Service Market in the PRC by Private and Public Sectors, 2015–2024E

Period	CAGR (Private)	CAGR (Public)
2015–2019	21.1%	13.3%
2020E–2024E	16.8%	8.8%



Note: 2019 is the latest available figure.

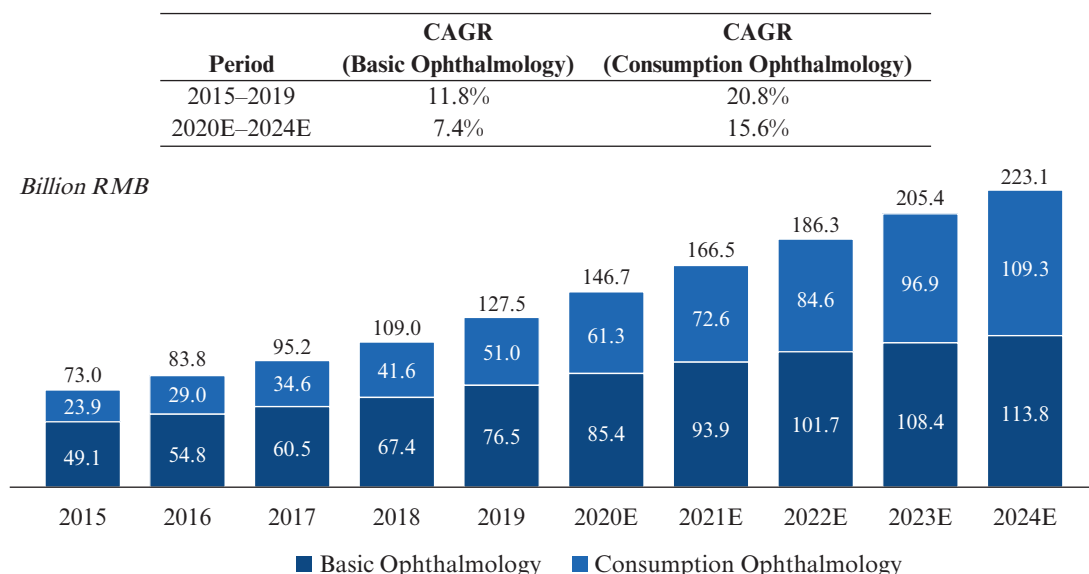
Source: National Health Commission of the PRC, Frost & Sullivan analysis

Market Size of Ophthalmic Healthcare Service in the PRC, Breakdown by Types of Service

Ophthalmic healthcare services can be divided into two segments, namely consumption ophthalmology and Common Ophthalmology. Consumption ophthalmology mainly refers to ophthalmic medical services with consumer attributes, including two major segments: Myopia Prevention and Control, and Refractive Errors. Basic ophthalmology mainly refers to the diagnosis and treatment of basic eye diseases, including Cataract, Ocular Surface Disease, Ocular Fundus Disease and others. The market size of consumption ophthalmology has increased from RMB23.9 billion in 2015 to RMB51.0 billion in 2019, with a CAGR of 20.8%. In the same period, the market size of basic ophthalmology increased from RMB49.1 billion to RMB76.5 billion, with a CAGR of 11.8%. It is estimated that market size of consumption ophthalmology will reach RMB109.3 billion in 2024, representing a CAGR of 15.6% during 2020 to 2024, while the market size of basic ophthalmology will increase to RMB113.8 billion, representing a CAGR of 7.4% during 2020 to 2024.

INDUSTRY OVERVIEW

Breakdown of Market Size of Ophthalmic Healthcare Service Market in the PRC by Types of Services, 2015–2024E



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

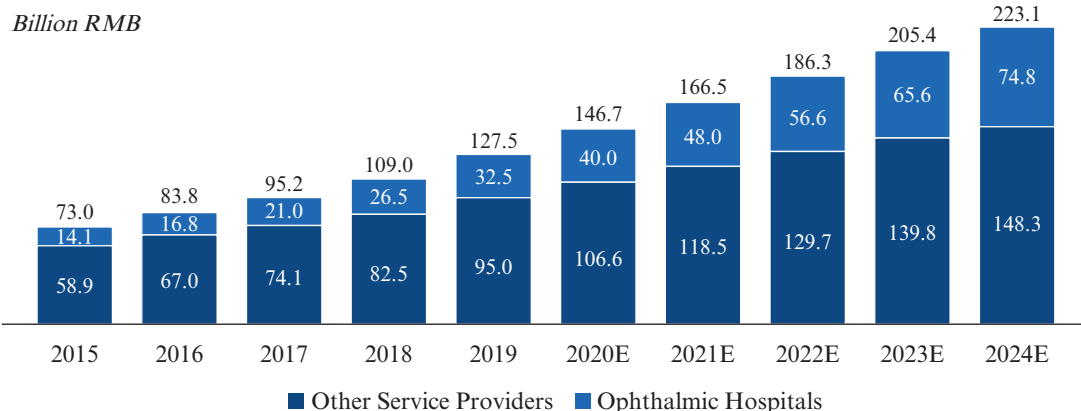
Market Size of Ophthalmic Healthcare Service in the PRC, Breakdown by Types of Institution

On the other hand, ophthalmic healthcare services can be categorized in terms of the institution of service provision. There are two different medical institutions in the PRC which can offer ophthalmic services, namely Ophthalmic hospitals and other service providers including the ophthalmology department in general hospitals, ophthalmic clinics, and others. The market size of ophthalmic hospital has increased from RMB14.1 billion in 2015 to RMB32.5 billion in 2019, with a CAGR of 23.2%. In the same period, the market size of other service providers increased from RMB58.9 billion to RMB95.0 billion, with a CAGR of 12.7%. It is estimated that market size of ophthalmic hospital will reach RMB74.8 billion in 2024, representing a CAGR of 16.9% during 2020 to 2024, while the market size of other service providers will increase to RMB148.3 billion, representing a CAGR of 8.6% during 2020 to 2024.

INDUSTRY OVERVIEW

Breakdown of Market Size of Ophthalmic Healthcare Service Market in the PRC by Types of Institutions, 2015–2024E

Period	CAGR	CAGR
	Other Service Providers	Ophthalmic Hospitals
2015–2019	12.7%	23.2%
2020E–2024E	8.6%	16.9%



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

Market Size of Refractive Errors and Cataract Medical Services in the PRC

The Group principally provides ophthalmic healthcare services to patients of all age groups who suffer from various eye conditions, including refractive errors such as myopia, hyperopia, astigmatism, cataract and/or presbyopia, and other eye problems, such as retinal and macular diseases, glaucoma and amblyopia, and intends to (i) expand the presence into the PRC market under the brand of “Clarity” through acquisition of equity interests in eye-related medical centres, clinics or hospitals in the PRC or (ii) collaborate with suitable collaboration partners to set up a medical centre for the provision of ophthalmic medical services in the PRC.

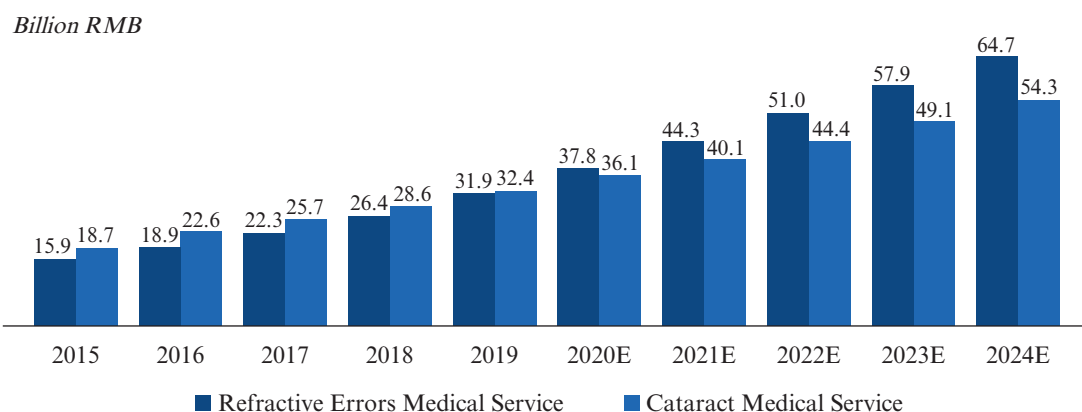
From 2015 to 2019, market size of the refractive errors medical service in the PRC has grown from RMB15.9 billion to RMB31.9 billion, representing a CAGR of 19.0%. It is forecasted to grow at a CAGR of 14.4% from 2020 to 2024 and reaching RMB64.7 billion by 2024.

From 2015 to 2019, the market size of cataract medical service in the PRC increased from RMB18.7 billion to RMB32.4 billion, representing a CAGR of 14.7% in this period, and is expected to grow at a CAGR of 10.7% from 2020 to 2024.

INDUSTRY OVERVIEW

Market Size of Refractive Errors and Cataract Medical Service in the PRC, 2015–2024E

CAGR	Refractive Errors Medical Service	Cataract Medical Service
2015–2019	19.0%	14.7%
2020E–2024E	14.4%	10.7%



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

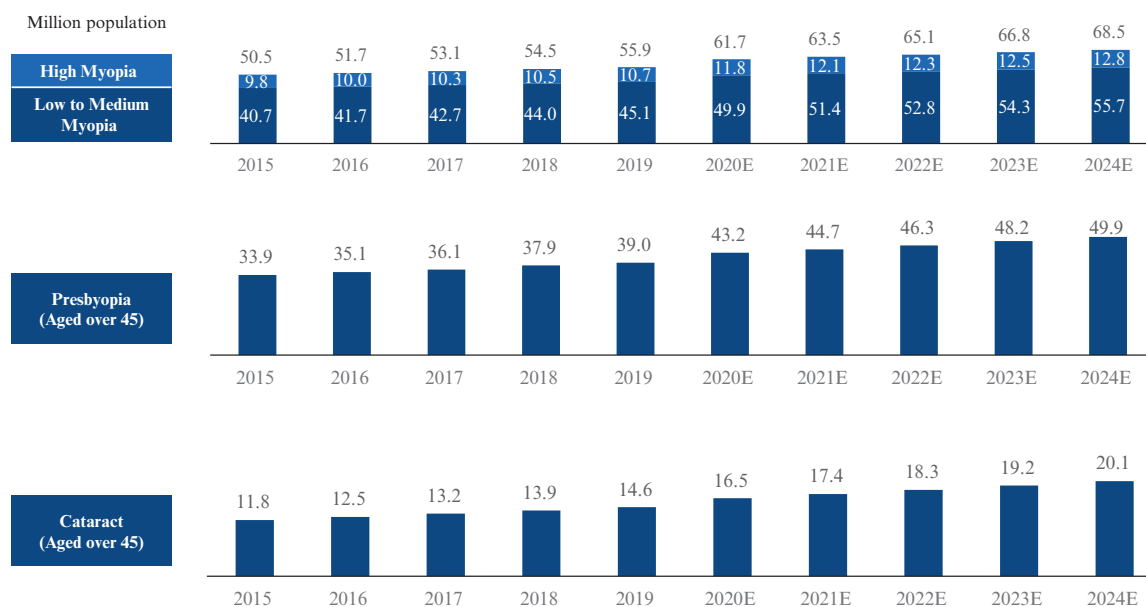
Market Analysis of Ophthalmic Healthcare Service in the Greater Bay Area

Greater bay area comprises of two Special Administrative Regions of Hong Kong and Macao, and 9 municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

INDUSTRY OVERVIEW

Prevalence of ophthalmic diseases in Guangdong Province

The following charts set out the prevalence of selected ophthalmic diseases in Guangdong for the period indicated.



Note: 2019 is the latest available figure.

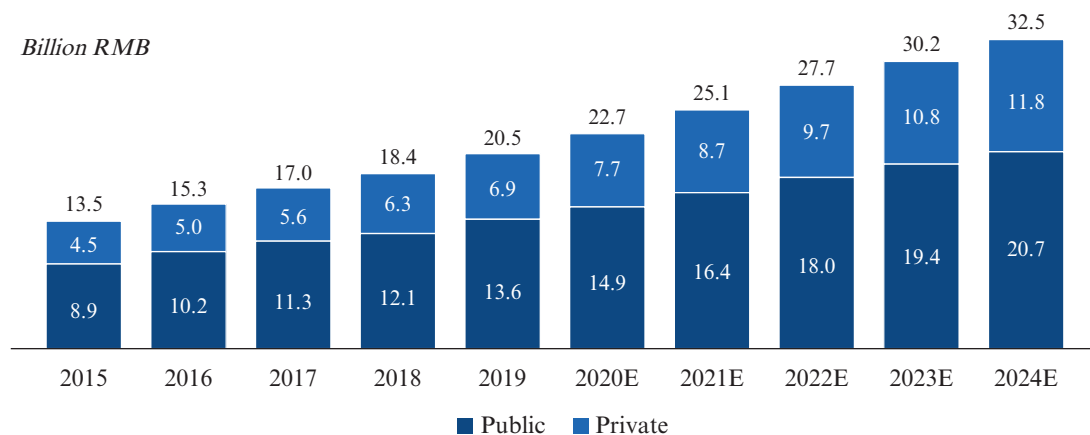
Sources: Literature research, National Health Commission of the PRC, Frost & Sullivan analysis

INDUSTRY OVERVIEW

The total market size of ophthalmic healthcare service in Greater Bay area grew from RMB13.5 billion in 2015 to RMB20.5 billion in 2019, representing a CAGR of 11.0%. The market size is expected to reach RMB32.5 billion by 2024 with a CAGR of 9.5% from 2020 to 2024 with the continual growth of ophthalmic healthcare service demand. The public segment is sharing a larger portion of the total market size while private segment of the ophthalmic healthcare service market will be growing at a higher rate.

Breakdown of Market Size of Ophthalmic Healthcare Service Market in the Greater Bay Area by Public and Private Sectors, 2015–2024E

Period	CAGR (Public)	CAGR (Private)	CAGR (Total)
2015–2019	11.0%	11.1%	11.0%
2020E–2024E	8.5%	11.3%	9.5%



Note: 2019 is the latest available figure.

Source: National Health Commission of the PRC, Frost & Sullivan analysis

Competitive Landscape of Ophthalmic Healthcare Service Market in the Greater Bay Area

The ophthalmic healthcare service market in the PRC region under Greater Bay Area (i.e. excluding Hong Kong and Macau) is highly fragmented. According to Frost & Sullivan's analysis, there were approximately over 5,000 ophthalmic medical institutions, comprising mainly ophthalmic hospitals and clinics in the PRC region under Greater Bay Area in 2020, with approximately 40 private ophthalmic hospitals. Among such private ophthalmic hospitals, they are primarily located in Guangzhou (9), Shenzhen (7), Foshan (6), Dongguan (5) and Zhongzhan (4), respectively.

Market Drivers of Private Ophthalmic Healthcare Service in the PRC

1. Higher Demands by Aging Population and Increasing Prevalence of Eye Diseases

The prevalence of Chinese eye diseases has gradually increased due to various factors, including population ageing and increased accessibility of digital products. The growing number of patients has increased demand for eye care services. Private eye care providers have advantages in service portfolio, management team and business model, which will help them to expand their market share.

2. Technology Stimulates Demands: Innovation and Advancement

Technological advancement in ophthalmic surgery in the last century has improved the quality of life of patients with eye diseases and given them more options for treatment. For example, for cataract treatment, PHACO technology is currently the mainstream of clinical surgery, and patients can choose from a variety of intraocular lenses at different prices. In addition, compared with previous surgery, SMILE has the advantages of accurate cutting, measurable results and high safety.

3. Rising Affordability: Improvement of Living Standards

The living standards of Chinese residents have continuously improved, with per capita disposable income has rising from RMB33,616 in 2016 to RMB43,834 in 2020. Along with the improvement of living standards, the residents' awareness of health care and the requirements for eye health will also increase, thus driving the growth of the private eye care service market in the PRC and the Greater Bay Area.

4. Favorable Government Policies

In the new round of medical reform, the government strongly supports the development of medical services of some major eye diseases, such as cataracts. The Health and Family Planning Commission has developed a series of preferential policies to help cataract patients recover their eyesight through surgery. For example, more eye diseases are covered by medical insurance and hospitals are encouraged to build better ophthalmology infrastructure, making eye care more affordable and accessible to the vast majority of people. Private eye care providers will benefit from government support policies.

Entry Barriers of Private Ophthalmic Healthcare Service Market in the PRC

1. Insufficient Qualified Medical Staff

In the PRC, to establish a private ophthalmic clinic requires that at least one employee holds the doctor certification and has five years ophthalmology experience. The pass rate of doctor certification examination is approximately 20% to 25% per year, and it is a long periodicity of cultivating medical professionals, which makes ophthalmologists still scarce resources in the PRC. In addition, a large number of experienced ophthalmologists prefer to work in the public hospitals because they worry about the clinic team structure and operation in private medical institutions. Therefore, the serious shortage of Chinese ophthalmology professionals and long-periodic cultivating process for professionals lead to insufficient qualified ophthalmologists available for the private ophthalmic healthcare service market.

INDUSTRY OVERVIEW

2. *Capital-intensive Nature of the Industry*

Better eye care services rely heavily on advanced ophthalmic equipment and professionals. High-tech equipment not only makes faster and more accurate eye surgery possible, but also helps earlier and more accurate diagnosis. New entrants usually need abundant initial capital to purchase essential medical devices and medical products. Because in the PRC, patients prefer to go to medical institutions with famous doctors for treatment, it is necessary to hire high-priced ophthalmologists for their reputations. However, due to lack of funds, many ophthalmic medical services in the PRC do not have enough advanced equipment and professionals to in the early stage.

3. *Complexity of Application for Medical Licenses*

In the PRC, there are few detailed regulations on private ophthalmic healthcare service market, which makes the approval process for medical licenses more complex. Because of the lack of standard for reference, local government may reject or postpone the new application of private ophthalmic institutions due to the regional protectionism. Without the governmental resources as endorsement, it is difficult for the private ophthalmic institutions to apply for the medical license.

HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 February 2019. As a result of the Reorganisation, our Company became the holding company of our Group with our business conducted through Saintford, our indirect wholly-owned subsidiary. Our Group introduced 3W Partners, WuXi AppTec and Mr. Wu by way of the pre-IPO investment in 2016, 2018 and 2019 respectively and as of the Latest Practicable Date, 3W Partners is the controlling shareholder of our Company.

The history of our Group can be traced back to August 2005, where Dr. Tse founded Saintford which commenced our ophthalmic business in November 2005. Dr. Tse is an ophthalmologist and has accumulated over 20 years of medical practising experience. He was the head of the Medical Services Committee of our Company before stepping down in October 2019. Our senior management, Dr. Lau and Dr. Hui, joined our Group in April 2011 and March 2013 respectively, and they formed the Partnership with Dr. Tse for the purposes of our operation in April 2015. After the completion of the 2016 Pre-IPO Investment by 3W Partners, through its wholly owned subsidiary, Clear Lead in August 2016, Mr. Wong joined our Group in November 2016 and acted as the chief executive officer of our Company. Mr. Wong has over 17 years' experience in banking and finance, especially in the areas of corporate finance and mergers and acquisitions. During his tenure, he has been involved in the strategic planning, business development and operations, and brand building of our Group.

As of the Latest Practicable Date, we operated two Medical Centres in Hong Kong providing a wide range of ophthalmic consultation and treatment services, with the support of 11 Medical Practitioners and 98 employees in Hong Kong. We are a private healthcare institution specialising in ophthalmology and we ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. We provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services including SMILE surgeries, multifocal IOL replacements and ICL implantations. In addition, we also provide different treatments for other eye problems, such as standard cataract surgeries, laser procedures, PPV surgeries, other treatments and surgeries, medical consultation and examination services and sales of prescriptions and others to our patients. We ranked (i) the first in SMILE surgery; (ii) the second in multifocal IOL replacement; and (iii) the first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020, according to Frost & Sullivan.

The following is a summary of the important events in the development of our Group:

- | | |
|------|---|
| 2005 | Saintford was established |
| | We commenced to provide ophthalmic services at the Central Medical Centre in November 2005 |
| 2006 | We introduced Premium IOL to our clients in March 2006 |
| | The gross floor area of our Central Medical Centre increased from 1,230 sq.ft. to 2,460 sq.ft. by leasing and combining the neighbouring unit in October 2006 to cater for the growth in our business |

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- 2009 We commenced to provide ophthalmic services at the Mong Kok Medical Centre, which had 3,891 sq.ft. in gross floor area in January 2009
- We introduced LASIK surgery to our clients in January 2009
- 2010 We introduced ICL implantation surgery to our clients in April 2010
- 2013 We purchased WaveLight™ EX500 Excimer Laser (*Note*) in August 2013 for enhancing our LASIK surgery
- 2014 We purchased LensAR Laser System (*Note*) in April 2014 for enhancing our cataract surgery
- We purchased and introduced VisuMax Femtosecond Laser System 90° (*Note*) in June 2014 for SMILE surgery
- 2016 We expanded our Mong Kok Medical Centre to 5,968 sq.ft. in gross floor area
- We expanded our Central Medical Centre to 4,235 sq.ft. in gross floor area
- 3W Partners, through its wholly-owned subsidiary, Clear Lead, invested in Clarity Medical by way of pre-IPO investment
- 2017 We treated the 1,000th SMILE patient in July 2017
- We purchased one additional VisuMax Femtosecond Laser System 90° (*Note*) for SMILE surgery
- We renamed one of our trade name to “Clarity SMILE LASIK CENTRE”
- We expanded our Central Medical Centre to 5,235 sq.ft. in gross floor area
- 2018 WuXi AppTec invested in Clarity Medical by way of pre-IPO investment
- Saintford was accredited ISO 9001 in May 2018
- We expanded our Central Medical Centre to 7,366 sq.ft. in gross floor area
- We expanded our Mong Kok Medical Centre to 7,295 sq.ft. in gross floor area
- 2019 Mr. Wu invested in Clarity Medical by way of pre-IPO investment
- We further expanded our Mong Kok Medical Centre by renting the location for our medical centre at Rooms 703-706, 7th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong, with the gross floor area of approximately 3,891 sq.ft.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

2020	We treated the 10,000th SMILE patient in January 2020
	Clear Lead, WuXi AppTec and Mr. Wu participated in the Rights Issue
	We purchased one additional VisuMax Femtosecond Laser System 90° (<i>Note</i>) for SMILE surgery in September 2020

Note: For further information regarding the medical devices, please refer to the section headed “Business — Our Medical Centres — Medical Devices” of this prospectus.

Our Business Operation

Historically, we provided ophthalmic services to our clients through Medical Practitioners engaged by the Partnership at our Medical Centres managed and controlled by our Group. Since April 2015, Saintford and the Partnership has entered into a management agreement to regulate the Partnership’s provision of ophthalmic services at our Medical Centres, pursuant to which our Group shall (a) provide the use of trade names, premises, equipment and management services in exchange for management fee equals to all income and receipt of the Partnership, and (b) pay the Partnership a sum equal to the total remuneration payable to the Medical Practitioners engaged by the Partnership (including its partners); and the Partnership shall pay to our Group a monthly sum equal to all income and receipt of the Partnership from its business. The monthly remuneration payable to each of our Medical Practitioners was equal to the sum calculated on the basis set out in the consultancy agreements and/or employment agreements payable to them personally and/or their respective service companies, subject to such revision as may be agreed in writing between Saintford and the Partnership from time to time. For major terms of the Management Agreement and the Partnership Deed, please refer to the section headed “Statutory and General Information — B. Further Information about Our Business — 3. Management Agreement and Partnership Deed” in Appendix IV to this prospectus.

As a result of our review of the business structure, on 1 May 2020, (i) Saintford and the Partnership entered into the Termination Agreement to terminate the Management Agreement, and to release and discharge each other from any further liabilities and obligations in relation thereto on the terms set out in the Termination Agreement; and (ii) the Partnership transferred to Saintford all its rights and obligations under the employment agreements and consultancy agreements entered into by the Partnership and the Medical Practitioners personally or their respective service companies under the Novation Agreements. The Partnership was dissolved on 2 May 2020. As a result, Saintford employs the Medical Practitioners in providing the medical services through the employment agreements or consultancy agreements entered into with the Medical Practitioners personally or their respective service companies and shall pay to the Medical Practitioners personally or their respective service companies in accordance with the relevant employment agreements and consultancy agreements. The engagement arrangement of our Medical Practitioners through employment agreements and consultancy agreements do not have an effect on the tax implications from our Group’s perspective as we pay consultancy fees to our Medical Practitioners under both engagement arrangements would be recognised as deductible expenses incurred by our Group when we calculate our Group’s corporate tax. For those Medical Practitioners who were directly employed by our Group, the Medical Practitioners are subject to salaries tax. On the other hand, the service companies engaged by our Group are subject to profits tax. To the best knowledge of our Directors after making all reasonable enquiries, our Group, our Medical Practitioners and the service companies had not received any queries from the Inland Revenue Department of Hong Kong in

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

relation to the employment arrangement. For details of the reasons for the termination of the Management Agreement and the Partnership Deed, please refer to the paragraph headed “Reasons for the change in business structure” of this section.

Reasons for the change in business structure

Our Group adopted the medical practices of our Medical Centres conducted through the Partnership to which our Group provides premises, equipment and management services under the terms of the Management Agreement in April 2015. We reviewed our business structure in 2020 and consulted with our Legal Counsel, who advised that (i) the aforesaid partnership structure adopted by our Group was not in contravention of the MC Ordinance, the MR Ordinance and the Code of Professional Conduct; (ii) on balance the MC Ordinance does not apply to the Medical Centres and (iii) both the MR Ordinance and the Code of Professional Conduct does not prohibit the Partnership/Saintford from employing doctors to provide medical services, nor doctors from being employed to provide medical services. Therefore, to streamline the business structure of our Group and enable Saintford to have direct relationship with the Medical Practitioners, our Group determined to terminate the Management Agreement and Partnership Deed and adopted the current business structure, i.e. the Medical Practitioners are directly engaged by Saintford to provide the medical services through the employment agreements and consultancy agreements entered into with the Medical Practitioners personally or their respective service companies. Our Legal Counsel advised that the current business structure of our Group is not in contravention of the MC Ordinance, the MR Ordinance and the Code of Professional Conduct.

For more details on the statutory exemption and the registration requirement under the MC Ordinance and our Legal Counsel’s views in relation to the current business structure, please refer to the section headed “Regulatory Overview — Regulations on Medical Practitioners — MC Ordinance” of this prospectus.

Corporate history of our Group

Our Group consists of our Company, Clarity International and Saintford.

Clarity International

Clarity International was incorporated in the BVI with limited liability on 21 February 2019 as a direct wholly-owned subsidiary of our Company. Upon completion of the Reorganisation, Clarity International has become the intermediate holding company of our Group. It is an investment holding company.

As of the Latest Practicable Date, Clarity International had an issued share capital of US\$1, comprising 1 ordinary share, which was held by our Company; and Clarity International is a wholly-owned subsidiary of our Company.

Saintford

Saintford, the operating subsidiary of our Group, was incorporated in Hong Kong on 31 August 2005 which was majority owned by Dr. Tse beneficially at incorporation. It principally engages in the provision of ophthalmic services.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 11 July 2007, Logmax became the sole shareholder of Saintford. Logmax was then wholly owned by Ms. Lin as a trustee for Dr. Tse. Ms. Lin subsequently transferred the entire issued share capital of Logmax back to Dr. Tse on 19 March 2015 at par.

On 29 April 2015, Dr. Lau acquired 1.667 shares in Logmax from Dr. Tse, and Dr. Hui acquired 1.333 shares in Logmax from Dr. Tse, representing 1.667% and 1.333% of the issued share capital of Logmax. For more information on Dr. Lau and Dr. Hui's shareholding in Logmax, please see the paragraph headed "Investments by Dr. Lau and Dr. Hui" of this section below.

On 1 August 2016, Clarity Medical acquired the entire issued share capital of Logmax from Dr. Lau, Dr. Hui and Dr. Tse at a consideration of 42.56 Clarity Shares (issued to Dr. Lau), 34 Clarity Shares (issued to Dr. Hui) and 2,472.44 Clarity Shares (issued to Ultimate Bliss as directed by Dr. Tse) respectively, in proportion to their then respective shareholdings in Logmax. The one Clarity Share issued to Ultimate Bliss on incorporation of Clarity Medical was credited as fully paid. The acquisition of Logmax by Clarity Medical was completed and settled on the same date. Saintford had then become an indirect wholly-owned subsidiary of Clarity Medical immediately prior to the Reorganisation.

On 20 March 2019, Logmax transferred the entire issued share capital of Saintford to our Company (through Clarity International) as part of the Reorganisation. For details, please refer to the paragraph headed "Reorganisation" below of this section.

As of the Latest Practicable Date, Saintford had an issued share capital of HK\$42,410,000, comprising 10,001 ordinary shares, all of which were held by Clarity International; and Saintford is a wholly-owned subsidiary of Clarity International.

Investments by Dr. Lau and Dr. Hui

On 29 April 2015, given the growth potential and prospects of Saintford and also in recognition of Dr. Lau's and Dr. Hui's continuous contribution and commitment, Dr. Lau acquired 1.667 shares of US\$1.00 each in Logmax from Dr. Tse at a total cash consideration of HK\$662,000, and Dr. Hui acquired 1.333 shares of US\$1.00 each in Logmax from Dr. Tse for a total cash consideration of HK\$529,000, representing 1.667% and 1.333% of the issued share capital of Logmax, respectively. The transfer of shares to Dr. Lau and Dr. Hui respectively from Dr. Tse were completed and settled by Dr. Lau and Dr. Hui from their own savings on 29 April 2015.

The considerations of their investments were arrived at after arm's length negotiations among the parties with reference to the earnings and growth prospect of Saintford. On 1 August 2016, these shares in Logmax held by Dr. Lau and Dr. Hui respectively were exchanged for 42.56 Clarity Shares and 34 Clarity Shares in proportion to their then respective shareholdings in Logmax, pursuant to the acquisition of the entire issued share capital of Logmax by Clarity Medical. Upon completion of the aforesaid acquisition, Clarity Medical was owned as to 1.667% by Dr. Lau, 1.333% by Dr. Hui and 97% by Ultimate Bliss.

In recognition of the continuous contribution and commitment to the Clarity Group by Dr. Lau and Dr. Hui, and considering the adjustment to a fixed monthly remuneration by Dr. Lau and Dr. Hui as stated in the section headed "Business — Our Medical Practitioners and Frontline Staff — Remuneration of Dr. Lau, Dr. Hui and Dr. Tse" of this prospectus and to bring the interests of Dr. Lau and Dr. Hui in the Group more aligned with that of 3W Partners following the 2016 Pre-IPO Investment, in around April 2016, Dr. Tse had verbally agreed to transfer to each of Dr. Lau and Dr. Hui 3.5% of the then total issued share capital of Clarity Medical held by him and

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

subsequently in July 2016, the parties verbally agreed that the consideration for such transfer shall be at the same purchase cost per Clarity Share invested by 3W Partners, at a date to be agreed upon by the parties. Such percentage was determined based on arm's length negotiation among Dr. Lau, Dr. Hui and Dr. Tse taking into account of then personal financial conditions of Dr. Lau and Dr. Hui and the valuation of the consideration of such share transfer. In light of the change of remuneration structure of Dr. Lau and Dr. Hui and the then intention of Dr. Lau and Dr. Hui to retain their liquidity flexibilities given the amount of investment consideration involved, it was therefore the mutual agreement of Dr. Lau, Dr. Hui and Dr. Tse that the legally binding verbal agreement would be formalised in writing. To formalise the aforementioned legally binding verbal agreement in anticipation of the Listing, on 20 February 2019, Dr. Tse entered into a sale and purchase agreement with each of Dr. Lau and Dr. Hui, pursuant to which he agreed to transfer 89.25 Clarity Shares to each of Dr. Lau and Dr. Hui at a consideration of US\$920,103 in each case, which was paid and settled by Dr. Lau and Dr. Hui from their personal saving on 5 March 2019 and 6 March 2019, respectively. Such number of Clarity Shares was arrived at based on aforementioned 3.5% of total issued share capital of Clarity Medical agreed in around April 2016, and as diluted by the 2018 Pre-IPO Investment and 2019 Pre-IPO Investment. The transfers of Clarity Shares to Dr. Lau and Dr. Hui respectively from Dr. Tse were completed on 6 March 2019. The consideration was determined at the same purchase cost per Clarity Share invested by 3W Partners on 30 July 2016. Upon completion of the transfers and taking into account the new Clarity Shares issued under the Pre-IPO Investments (other than the Rights Issue), Clarity Medical was owned as to approximately 2.96% by Dr. Lau and approximately 2.77% by Dr. Hui.

Save as their respective shareholding interest in our Company, and being a Medical Practitioner and the senior management of our Group, neither Dr. Lau nor Dr. Hui has any other relationship with our Company, our Shareholders, or any connected persons of our Company. Our Directors believe that Dr. Lau and Dr. Hui's investment demonstrated their commitment to the Clarity Group, in particular, Saintford, and our Company could benefit from their expertise and experience in the ophthalmic practise. Dr. Lau and Dr. Hui are not entitled to any special rights or privileges in connection with their investments in the Clarity Group.

PRE-IPO INVESTMENTS

2016 Pre-IPO Investment

On 30 July 2016, 3W Partners, through its wholly owned subsidiary, Clear Lead, agreed to acquire 388 Clarity Shares from Ultimate Bliss at a total consideration of US\$4,000,000 pursuant to a share purchase agreement between Clear Lead (as purchaser) and Ultimate Bliss (as vendor) (the **"2016 SPA"**). On the same date, Clear Lead agreed to subscribe for 970 Clarity Shares at a total consideration of US\$10,000,000 pursuant to a share subscription agreement entered into among Clarity Medical (as issuer), Clear Lead (as subscriber), Dr. Tse and Ultimate Bliss (the **"2016 Subscription Agreement"**), together with the 2016 SPA, the **"2016 Pre-IPO Investment Agreements"**). The considerations for the aforesaid share acquisition and subscription which were completed and fully settled by Clear Lead on 15 August 2016 were arrived at after arm's length negotiations among the parties with reference to the net profits of Clarity Medical for the year ended 31 March 2015 and 2016.

Upon completion of the 2016 Pre-IPO Investment, Clarity Medical was owned as to approximately 59.25% by Ultimate Bliss, approximately 38.58% by Clear Lead, approximately 0.96% by Dr. Hui and approximately 1.21% by Dr. Lau.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following table sets forth details of the 2016 Pre-IPO Investment:

	<u>Clear Lead</u>
Date of the 2016 Pre-IPO Investment Agreements:	30 July 2016
Number of shares in Clarity Medical acquired/subscribed by Clear Lead:	1,358
Total consideration:	US\$14,000,000
Valuation of Clarity Medical:	US\$36,288,232
Date of completion of transfer/subscription:	15 August 2016
Date of payment:	15 August 2016
Percentage of shareholding of Clear Lead in Clarity Medical upon closing of the 2016 Pre-IPO Investment (approximately):	38.58%
Percentage of shareholding of Clear Lead in our Company upon Listing (approximately) (assuming Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme) ⁽¹⁾ :	33.16%
Purchase cost per Share in relation to the 2016 Pre-IPO Investment (approximately) ⁽²⁾ :	HK\$1.36
Discount to the Offer Price of HK\$2.30 (approximately) ⁽³⁾ :	40.87%

Clear Lead

Use of Proceeds from the 2016 Pre-IPO Investment:

Pursuant to the 2016 Pre-IPO Investment Agreements, the proceeds shall be used for Clarity Medical's working capital and acquisition and development of ophthalmology related business in the Greater China or other purposes as Clear Lead may unanimously approve in advance in writing, and shall not be used to repay any debt of any group company of Clarity Medical or any of its affiliates, to repurchase, redeem or cancel any equity securities or to make any payments to any shareholder, officer, director, or employee of a group company of Clarity Medical (or any affiliate or associate of any of the foregoing) or for any other purpose, unless with the prior written approval of Clear Lead. All of the proceeds were utilised for Clarity Medical's working capital and business development in 2016 and 2017.

Strategic benefits brought by Clear Lead:

Our Directors believe that the 2016 Pre-IPO Investment demonstrates the confidence of Clear Lead in the operations of Saintford particularly and serves as an endorsement of its performance, strengths and prospects. Our Directors were also of the view that 3W Partners, being a professional investor in the healthcare industry, could help promote our Group's development and help us achieve business synergies through its network in the industry.

Notes:

- (1) On 6 March 2019, Clear Lead transferred 14.54 Clarity Shares to Mr. Wu under the 2019 Pre-IPO Investment. Please refer to the paragraph headed "2019 Pre-IPO Investment" in this section for further details.
- (2) At the time of 2016 Pre-IPO Investment, the major asset of Clarity Medical was its entire interest in Saintford, which has become the principal operating subsidiary of our Group as a result of Reorganisation for the purpose of Listing.
- (3) Assuming the Offer Price is fixed at HK\$2.30, being the mid-point of the indicative Offer Price range.

Clear Lead is a company incorporated in the BVI with limited liability on 28 May 2014. Clear Lead is wholly owned by 3W Partners, which is a Cayman Islands exempted limited partnership established in January 2014 and managed by 3W Partners GP Limited as its general partner. As of the Latest Practicable Date, (i) 3W Partners has 15 limited partners and the limited partnership interests in 3W Partners are ultimately beneficially owned by institutional investors, family offices and high net worth individuals; (ii) there are 5 limited partners of 3W Partners who hold 10% or

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

more partnership interests in 3W Partners; and such 5 limited partners hold 10%, 10.11%, 10.11%, 25.28% and 25.28% partnership interests respectively; and (iii) all of the limited partners of 3W Partners are independent from each other and are independent third parties. 3W Partners seeks long-term capital appreciation primarily through privately-negotiated equity and equity-related investments. 3W Partners GP Limited was incorporated in the Cayman Islands in January 2014 by 3W Partners Holdings Limited. As of the Latest Practicable Date, 3W Partners is ultimately controlled by Mr. Goh Lu Hong and Mr. Chan Hoi Hin William, who indirectly hold majority of the equity interests of 3W Partners GP Limited, the general partner of 3W Partners. Both Mr. Goh and Mr. Chan have extensive experience in investment analysis and portfolio investment. 3W Partners Holdings Limited and its affiliates focus primarily on investment opportunities in privately-owned companies with growth potential, and currently have about US\$400 million of assets under management and the portfolio companies include market leaders in their respective business segment, some of which are already listed including CStone Pharmaceuticals (stock code: 2616), Hua Medicine (stock code: 2552), WuXi AppTec Co., Ltd. (stock code: 2359 and 603259), and Maoyan Entertainment (stock code: 1896). Clear Lead invested in Clarity Medical after assessment of the financial performance, growth potential and prospects of Saintford.

Save for its nomination of Mr. Ng Roy as a Director and its shareholding in our Company, to the best knowledge and belief of our Directors, Clear Lead, its holding company, its controlling shareholder and its ultimate beneficial owners do not have any other relationship with our Company, our Shareholders, and any connected persons of our Company.

On 11 August 2016, Clear Lead, Clarity Medical, Ultimate Bliss, Dr. Lau, Dr. Hui and Dr. Tse entered into a shareholders' agreement (the "**2016 Shareholders Agreement**") to regulate the business, affairs and management of the Clarity Group and the relationship among the then shareholders of Clarity Medical.

Pursuant to the terms of the 2016 Pre-IPO Investment Agreements and the 2016 Shareholders Agreement, Clear Lead was granted the following special rights:

Nomination right	Out of eight board seats in Clarity Medical, five directors shall be appointed by Dr. Tse, one director shall be appointed by Clear Lead, and the remaining two directors (which shall be independent non-executive directors) shall be appointed by Clear Lead subject to Dr. Tse's consent
Anti-dilution protection	In the event of the issuance of new shares (or any share equivalent which may be converted into shares) by Clarity Medical at a price of less than the original purchase price (after adjustment for any share splits, reverse share splits, share dividends, recapitalisations or similar arrangements) (" Share Dilutive Issuance "), unless agreed otherwise by Clear Lead, Ultimate Bliss shall transfer, on the same date as the Share Dilutive Issuance, for an aggregate purchase price of US\$1.00, additional new shares to Clear Lead to avoid dilution of its shareholding in Clarity Medical. Clear Lead did not exercise its anti-dilution protection right provided herein at the time of 2018 Pre-IPO Investment and 2019 Pre-IPO Investment

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Information and inspection right	Clear Lead shall have the right to (i) receive periodic financial statements of the Clarity Group, annual budget and such other information as it shall reasonably request; and (ii) inspect accounts, facilities, records and books of each group company on reasonable prior notice to Clarity Medical; and (iii) discuss the business, operations and conditions of each group company with its directors, officers, employees, accountants, legal counsel and investment bankers
Participation right	Clear Lead shall have the right of first refusal to subscribe for any new Clarity Shares issued by Clarity Medical proportionate to its shareholding in Clarity Medical
Transfer restriction	If any shareholder of Clarity Medical proposes to dispose of its/his/her shares or securities of Clarity Medical at a given price, the other shareholder(s) shall have the first right to purchase such shares at the same price
Co-sale right	In connection with the transfer restriction, to the extent that Clear Lead has not exercised its first right to purchase, it shall have the right to participate in such sale of the share disposal

There is no lock-up clause in either the 2016 Pre-IPO Investment Agreements or the 2016 Shareholders Agreement.

2018 Pre-IPO Investment

On 12 January 2018, WuXi AppTec (as subscriber) entered into a share subscription agreement with Clarity Medical (as issuer), Dr. Tse and Ultimate Bliss (the “**2018 Pre-IPO Investment Agreement**”), pursuant to which, Clarity Medical allotted and issued a total of 926.32 Clarity Shares at a total cash consideration of US\$10,000,000, which was completed and fully settled by WuXi AppTec on 8 February 2018. The amount of the consideration for the 2018 Pre-IPO Investment was arrived at after arm’s length negotiations among the parties with reference to Saintford’s historical financial performance in 2017.

Upon completion of the 2018 Pre-IPO Investment, Clarity Medical was owned as to approximately 46.9% by Ultimate Bliss, approximately 30.54% by Clear Lead, approximately 20.83% by WuXi AppTec, approximately 0.77% by Dr. Hui and approximately 0.96% by Dr. Lau.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following table sets forth details of the 2018 Pre-IPO Investment:

	<u>WuXi AppTec</u>
Date of the 2018 Pre-IPO Investment Agreement:	12 January 2018
Number of shares in Clarity Medical subscribed for by WuXi AppTec:	926.32
Total consideration:	US\$10,000,000
Valuation of Clarity Medical:	US\$48,007,681
Date of completion of subscription:	8 February 2018
Date of payment:	8 February 2018
Percentage of shareholding of WuXi AppTec in Clarity Medical upon closing of the 2018 Pre-IPO Investment (approximately):	20.83%
Percentage of shareholding of WuXi AppTec in our Company upon Listing (approximately) (assuming Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme):	15.63%
Purchase cost per Share in relation to the 2018 Pre-IPO Investment (approximately) ⁽¹⁾ :	HK\$1.42
Discount to the Offer Price of HK\$2.30 (approximately) ⁽²⁾ :	38.26%

WuXi AppTec

Use of Proceeds from the 2018 Pre-IPO Investment:

Pursuant to the 2018 Pre-IPO Investment Agreement, the proceeds shall be used for Clarity Medical's working capital and acquisition and development of ophthalmology related business in the Greater China or other purposes as WuXi AppTec may unanimously approve in advance in writing, and shall not be used to repay any debt of any group company of Clarity Medical or any of its affiliates, to repurchase, redeem or cancel any equity securities or to make any payments to any shareholder, officer, director, or employee of a group company of Clarity Medical (or any affiliate or associate of any of the foregoing) or for any other purpose, unless with the prior written approval of WuXi AppTec. All of the proceeds were used for Clarity Medical's working capital and business development.

Strategic benefits brought by WuXi AppTec:

Our Directors believe that the 2018 Pre-IPO Investment by WuXi AppTec demonstrates its commitment to and confidence in the operations of Saintford particularly and serves as an endorsement of its performance, strengths and prospects. Our Directors are also of the view that our Company can benefit from WuXi AppTec's business networks and relevant expertise related to our business, which can help us achieve business synergies through enhanced business cooperation.

Notes:

- (1) At the time of 2018 Pre-IPO Investment, the major asset of Clarity Medical was its entire interest in Saintford, which has become the principal operating subsidiary of our Group as a result of Reorganisation for the purpose of Listing.
- (2) Assuming the Offer Price is fixed at HK\$2.30, being the mid-point of the indicative Offer Price range.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

WuXi AppTec is a company incorporated in Hong Kong with limited liability on 26 March 2012. WuXi AppTec is wholly owned by WuXi AppTec Parent. WuXi AppTec Parent is a joint stock limited company established under the laws of the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and its H shares are listed on the Main Board of the Stock Exchange (stock code: 2359). WuXi AppTec Parent is a global pharmaceutical research and development services platform which provides integrated research and manufacturing services throughout the discovery, development and manufacturing spectrum for small molecule drugs. It also provides development and manufacturing services for cell and gene therapies as well as testing services for medical devices. WuXi AppTec is principally engaged in the sales and marketing of the products of WuXi AppTec Parent overseas. WuXi AppTec invested in Clarity Medical after assessment of the performance of Saintford in respect of its financial performance, business operation, our Medical Practitioners' expertise in ophthalmic practise and our Group's expansion plan.

Save for its nomination of Ms. Zhao Wei as a Director and its shareholding in our Company, to the best knowledge and belief of our Directors, WuXi AppTec, its holding company, its controlling shareholder and its ultimate beneficial owners do not have any other relationship with our Company, our Shareholders and connected persons of our Company.

On 12 January 2018, WuXi AppTec, Clear Lead, Clarity Medical, Ultimate Bliss, Dr. Lau, Dr. Hui and Dr. Tse entered into a shareholders agreement (the “**2018 Shareholders Agreement**”) to regulate the business, affairs and management of the Clarity Group and the relationship among the then shareholders of Clarity Medical. The 2018 Shareholders Agreement, which supersedes the 2016 Shareholders Agreement, only applies to the shareholders of Clarity Medical, which does not form part of our Group upon completion of the Reorganisation, in respect of their rights and obligations in Clarity Medical.

Pursuant to the terms of the 2018 Pre-IPO Investment Agreement and the 2018 Shareholders Agreement, in addition to the same information and inspection right, participation right, transfer restriction and co-sale right as provided in the 2016 Shareholders Agreement, WuXi AppTec was granted the following special rights:

Nomination right	Out of eight board seats in Clarity Medical, four directors shall be nominated by Dr. Tse, one director shall be appointed by each of Clear Lead and WuXi AppTec, and the remaining two directors (which shall be independent non-executive directors) shall be jointly appointed by Clear Lead and WuXi AppTec subject to Dr. Tse's consent
Anti-dilution protection	In the event of the Share Dilutive Issuance by Clarity Medical at a price of less than the original purchase price (after adjustment for any share splits, reverse share splits, share dividends, recapitalisations or similar arrangements), unless agreed otherwise by WuXi AppTec, Clarity Medical shall issue and/or Dr. Tse shall transfer, on the same date as the Share Dilutive Issuance, for an aggregate purchase price of US\$1.00, additional new shares to WuXi AppTec to avoid its dilution of shareholding in Clarity Medical. WuXi AppTec did not exercise its anti-dilution protection right provided herein at the time of 2019 Pre-IPO Investment

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

There is no lock-up clause in either 2018 Pre-IPO Investment Agreement or the 2018 Shareholders Agreement.

2019 Pre-IPO Investment

On 21 February 2019, Mr. Wu entered into a sale and purchase agreement (the “**2019 SPA**”) with Clear Lead, pursuant to which Mr. Wu agreed to acquire 14.54 Clarity Shares from Clear Lead, at a total cash consideration of US\$500,000, which was fully settled on 26 February 2019 and completed on 6 March 2019. The consideration was arrived at after arm’s length negotiations among the parties with reference to the earnings and growth prospect of our Group. Mr. Wu held approximately 0.33% of the share capital in Clarity Medical immediately after such acquisition.

Upon completion of the 2019 Pre-IPO Investment, Clarity Medical was owned as to approximately 42.89% by Ultimate Bliss, approximately 30.22% by Clear Lead, approximately 20.83% by WuXi AppTec, approximately 2.96% by Dr. Lau, approximately 2.77% by Dr. Hui and approximately 0.33% by Mr. Wu.

The following table sets forth details of the 2019 Pre-IPO Investment:

	<u>Mr. Wu</u>
Date of the relevant agreement:	21 February 2019
Number of shares in Clarity Medical acquired by Mr. Wu:	14.54
Total consideration:	US\$500,000
Valuation of Clarity Medical:	US\$151,515,152
Date of completion of transfer:	6 March 2019
Date of payment:	26 February 2019
Percentage of shareholding of Mr. Wu in Clarity Medical upon closing of the 2019 Pre-IPO Investment (approximately):	0.33%
Percentage of shareholding of Mr. Wu in our Company upon Listing (approximately) (assuming Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme):	0.75%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

	<u>Mr. Wu</u>
Purchase cost per Share in relation to the 2019 Pre-IPO Investment (approximately) ⁽¹⁾ :	HK\$4.53
Premium to the Offer Price of HK\$2.30 (approximately) ⁽²⁾ :	96.96%
Use of Proceeds from the 2019 Pre-IPO Investment:	Our Group did not receive any proceeds from the 2019 Pre-IPO Investment.
Strategic benefits brought by Mr. Wu:	Our Directors believe that our Company could benefit from Mr. Wu's industry expertise and experience in the medical practice.

Notes:

- (1) At the time of 2019 Pre-IPO Investment, the major asset of Clarity Medical was its entire interest in Saintford, which has become the principal operating subsidiary of our Group as a result of Reorganisation for the purpose of Listing.
- (2) Assuming the Offer Price is fixed at HK\$2.30, being the mid-point of the indicative Offer Price range.

Save as Mr. Wu's shareholding interest in our Company, and that he serves as a non-executive Director of our Company, to the best knowledge and belief of our Directors, Mr. Wu does not have any other relationship with our Company, our Shareholders and connected persons of our Company. Mr. Wu is not entitled to any special rights in connection with his investment in Clarity Medical. For biographical details of Mr. Wu, please refer to the section headed "Directors and Senior Management" of this prospectus.

Shareholders Agreement

As set forth in more details under the paragraph headed "Reorganisation" in this section, our Company (through Clarity International) acquired the entire issued share capital of Saintford on 20 March 2019. Immediately after completion of the said acquisition, on 20 March 2019, our Company, Ultimate Bliss, Clear Lead, WuXi AppTec, Dr. Lau, Dr. Hui, Dr. Tse and Mr. Wu entered into a shareholders agreement (the "**Shareholders Agreement**") which replicates the material terms of the 2018 Shareholders Agreement, to regulate the business, affairs and management of our Group and the relationship among our Shareholders.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The Shareholders Agreement is the only relevant agreement regulating the corporate governance and rights and obligations of the Shareholders in our Company. The table below summarises the special rights granted to Clear Lead and WuXi AppTec under the Shareholders Agreement, and such Shareholders Agreement will be terminated upon consummation of the Listing.

Nomination right	Out of eight board seats in our Group, four directors shall be appointed by Dr. Tse, one director shall be appointed by each of Clear Lead and WuXi AppTec, and the remaining two directors (which shall be independent non-executive directors) shall be jointly appointed by Clear Lead and WuXi AppTec subject to Dr. Tse's consent
Anti-dilution protection	In the event of the Share Dilutive Issuance by our Company at a price of less than the respective original purchase prices of Clear Lead and WuXi AppTec (after adjustment for any share splits, reverse share splits, share dividends, recapitalisations or similar arrangements), unless agreed otherwise by Clear Lead and/or WuXi AppTec (as the case may be), our Company shall issue and/or Dr. Tse shall transfer, on the same date as the Share Dilutive Issuance for an aggregate purchase price of US\$1.00, additional new shares to Clear Lead and/or WuXi AppTec (as the case may be) to avoid dilution of their respective shareholding in our Company
Information and inspection right	Clear Lead and WuXi AppTec shall have the right to (i) receive periodic financial statements of our Group, annual budget and such other information as they shall reasonably request; (ii) inspect accounts, facilities, records and books of each member of our Group on reasonable prior notice to our Company; and (iii) discuss the business, operations and conditions of each member of our Group with its directors, officers, employees, accountants, legal counsel and investment bankers
Participation right	Clear Lead and/or WuXi AppTec (as the case may be) shall have the right of first refusal to subscribe for any new Shares issued by our Company proportionate to its shareholding
Transfer restriction	If any Shareholder proposes to dispose of its/his/her shares or securities of our Company at a given price, the other Shareholder(s) shall have the first right to purchase such shares at the given price
Co-sale right	In connection with the transfer restriction, to the extent that Clear Lead and/or WuXi AppTec has not exercised their first right to purchase, they shall have the right to participate in such sale of the share disposal

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Anti-dilution protection
in connection with
qualified public offering

Upon a qualified public offering and subject to the granting of relevant waivers from the relevant stock exchanges, Clear Lead and WuXi AppTec are entitled to subscribe from our Company, and our Company is obligated to issue to the Clear Lead and WuXi AppTec, certain number of Shares at the Offer Price such that the percentage shareholding in our Company of Clear Lead and WuXi AppTec immediately after the qualified public offering is not less than the percentage shareholding immediately prior to such qualified public offering, subject to applicable laws and regulations.

Both WuXi AppTec and Clear Lead have confirmed that they will not exercise their anti-dilution right pursuant to the Shareholders Agreement at the Global Offering.

There is no lock-up clause in the 2019 SPA or the Shareholders Agreement.

Rights Issue

In 2020, our Company conducted the Rights Issue for the purpose of business expansion and development and for general working capital pursuant to which a total of 1,920 Shares (the “**Rights Shares**”) has been issued and allotted at the subscription price of HK\$28,619.79 per Rights Share (the “**Subscription Price**”), which was completed on 25 February 2020. The Subscription Price was arrived at after arm’s length negotiations among the Shareholders with reference to (a) the historical financial performance of our Group and (b) assessment of our Group in respect of its future financial performance and business operations based on the then macroeconomy and market sentiments and conditions, including, among others, the impact of the outbreak of COVID-19 at the material time. The gross proceeds to our Company under the Rights Issue amounted to approximately HK\$54.95 million.

The Rights Issue was offered to all the then Shareholders of our Company, namely Ultimate Bliss, Clear Lead, WuXi AppTec, Dr. Lau, Dr. Hui and Mr. Wu, on a pro-rata basis. Pursuant to the Shareholders Agreement, our Company is required (i) to notify the Shareholders of the total amount of the Rights Shares, the Subscription Price and the terms of the Rights Issue and to invite the Shareholders to subscribe for the Rights Shares by issuing a first participation notice, and (ii) if any Shareholder fails or declines to exercise its right of participation in the Rights Issue pursuant to the terms of the first participation notice, to notify the other Shareholders who have exercised their right of participation in full to invite them to subscribe the outstanding Rights Shares by issuing a second participation notice.

Clear Lead, WuXi AppTec and Mr. Wu participated in the Rights Issue and subscribed for 1,470.88 Shares, 400 Shares and 49.12 Shares, respectively.

Upon the completion of the Rights Issue, our Company was owned as to approximately 29.95% by Ultimate Bliss, approximately 44.21% by Clear Lead, approximately 20.83% by WuXi AppTec, approximately 2.07% by Dr. Lau, approximately 1.94% by Dr. Hui and approximately 1% by Mr. Wu.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following table sets forth details of the Rights Issue:

	<u>Clear Lead</u>	<u>WuXi AppTec</u>	<u>Mr. Wu</u>
Date of the first participation notice:	29 January 2020	29 January 2020	29 January 2020
Date of acceptance form of the first participation notice:	10 February 2020	10 February 2020	31 January 2020
Date of the second participation notice:	18 February 2020	18 February 2020	18 February 2020
Date of acceptance form of the second participation notice:	24 February 2020	N/A	21 February 2020
Number of Shares subscribed for under the first participation notice:	580.13	400	6.28
Number of Shares subscribed for under the second participation notice:	890.75	N/A	42.84
Total consideration under the first participation notice:	HK\$16,603,199	HK\$11,447,916	HK\$179,733
Total consideration under the second participation notice:	HK\$25,493,078	N/A	HK\$1,226,072
Valuation of our Company:	HK\$182,202,741	HK\$182,202,741	HK\$182,202,741
Date of completion of the Rights Issue:	25 February 2020	25 February 2020	25 February 2020
Date of payment under the first participation notice:	11 February 2020	12 February 2020	4 February 2020
Date of payment under the second participation notice:	24 February 2020	N/A	24 February 2020
Percentage of shareholding in our Company upon closing (approximately):	44.21%	20.83%	1%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

	<u>Clear Lead</u>	<u>WuXi AppTec</u>	<u>Mr. Wu</u>
Percentage of shareholding in our Company upon Listing (approximately) (assuming Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme):	33.16%	15.63%	0.75%
Purchase cost per Share in relation to the Rights Issue (approximately):	HK\$0.49	HK\$0.49	HK\$0.49
Discount to the Offer Price of HK\$2.30 (approximately) ^(Note) :	78.70%	78.70%	78.70%
Use of Proceeds from the Rights Issue:	The proceeds shall be used for the purpose of business expansion and development and for general working capital. All of the proceeds from the Rights Issue have been utilized for general working capital.		

Note: Assuming the Offer Price is fixed at HK\$2.30, being the mid-point of the indicative Offer Price range.

For the information about Clear Lead, WuXi AppTec and Mr. Wu, please refer to the paragraphs headed “2016 Pre-IPO Investment”, “2018 Pre-IPO Investment” and “2019 Pre-IPO Investment” of this section respectively. Save as disclosed above, no other special rights have been granted to Clear Lead, WuXi AppTec or Mr. Wu and the Rights Shares are not subject to any lock-up arrangement under the terms of the Rights Issue.

For illustration purposes only, based on the aggregate purchase cost (after deducting the sales proceeds) and Shares to be held by each of the pre-IPO investors immediately upon Listing, the purchase cost per Share of Clear Lead, WuXi AppTec and Mr. Wu were HK\$0.89, HK\$1.14 and HK\$1.41 respectively, representing a discount to the Offer Price (assuming the Offer Price is fixed at HK\$2.30 per Offer Share, being the mid-point of the indicative Offer Price range) of 61.30%, 50.43% and 38.70% respectively. Upon the completion of the Pre-IPO Investments and Rights Issue, our Company was owned as to approximately 44.21% by Clear Lead, 20.83% by WuXi AppTec, and 1.00% by Mr. Wu.

Public float

Since each of Ultimate Bliss, Clear Lead and WuXi AppTec will be holding more than 10% of the total issued share capital of our Company 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 to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme) and hence will be a substantial Shareholder under the Listing Rules, the Shares held by them will not be counted as part of the public float for the purpose of the Listing Rules.

As Mr. Wu is a non-executive Director and therefore a core connected person of our Company, the Shares held by Mr. Wu will not be counted as part of the public float for the purpose of the Listing Rules.

Sole Sponsor's view

Since the Pre-IPO Investments were unconditionally completed and the considerations for each of the Pre-IPO Investments were fully settled more than 28 clear days before the date of our Company's submission of the Listing application form to the Stock Exchange and all the special rights granted to Clear Lead and WuXi AppTec under the Shareholders Agreement shall be terminated upon Listing, the Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on pre-IPO investments (HKEx-GL29-12) issued by the Stock Exchange in January 2012 (as updated in March 2017) and the Guidance on pre-IPO investments (HKEx-GL43-12) issued in October 2012 (as updated in July 2013 and March 2017).

PREVIOUS LISTING APPLICATIONS

Our Company had made two listing attempts on the Stock Exchange, once on GEM (the "**GEM Listing Application**") and once on the Main Board (the "**2019 Listing Application**", together with the GEM Listing Application, the "**Previous Listing Applications**").

The GEM Listing Application

In July 2015, Clarity Medical, the then listing vehicle of our Group, submitted the listing application to the Stock Exchange for the proposed listing of its shares on GEM; and the GEM Listing Application had proceeded to the listing hearings in April 2016. At that time, Clarity Medical decided to delay the GEM Listing Application due to the investment by 3W Partners, which Clarity Medical considered as a valuable opportunity for its business expansion. Details of such investment are set out in the paragraph headed "2016 Pre-IPO Investment" of this section. The GEM Listing Application subsequently lapsed in August 2016 before any approval in principle is granted by the Stock Exchange.

The 2019 Listing Application

In April 2019, our Company submitted the listing application to the Stock Exchange for the proposed listing of its shares on the Main Board. Having considered the then social events in Hong Kong in relation to the extradition law which caused uncertainties to the economic and social environment, our Company, after discussion with the Shareholders, decided to put the 2019 Listing Application on hold. The 2019 Listing Application subsequently lapsed in October 2019.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Company confirms the lapse of the Previous Listing Applications were not due to the suitability of the listing of our Group on the Stock Exchange.

PRE-CONSULTATION WITH SGX-ST

After the lapse of the Previous Listing Application, our Company had explored a listing on The Singapore Exchange Securities Trading Limited (the “SGX-ST”). In that respect, our Company had engaged an issue manager and other professional parties to submit a pre-clearance letter to the SGX-ST for pre-consultation on our Company’s suitability for listing on the SGX-ST. A pre-clearance letter was submitted by the issue manager on behalf of our Company in May 2020 which includes the basic background information of our Company and background relating to the Previous Listing Applications. Our Company had decided not to submit a formal listing application on the SGX-ST as our Company had conducted research in relation to the potential investors base, fundraising strategy and potential bookrunners in Singapore during the pre-consultation with the SGX-ST and was of the view that the potential investors base in Singapore was relatively limited and it would be difficult for our Group, which has its sole business operation in Hong Kong at the material time and less known to investors in Singapore, to raise sufficient funds for a successful listing on the SGX-ST. As a result, our Company did not further proceed with the pre-consultation with the SGX-ST in September 2020.

Our Directors and the Sole Sponsor confirm that there were no major issues raised by the SGX-ST during the pre-consultation with the SGX-ST and there are no other matters relating to the pre-consultation with the SGX-ST which are required to be brought to the attention of the Stock Exchange.

REORGANISATION

In order to prepare for the Listing, we completed the Reorganisation involving the following steps:

- On 19 February 2019, our Company was incorporated in the Cayman Islands with limited liability. The authorised share capital of our Company is HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon its incorporation, one Share was allotted and issued for cash at par to an independent third party and such Share was on the same date transferred to Ultimate Bliss by cash at par.
- On 21 February 2019, Clarity International was incorporated in the BVI with limited liability. Clarity International is authorised to issue a maximum of 50,000 shares of a single class without par value. Upon its incorporation, one share was allotted and issued for cash at par as fully paid to our Company.
- On 20 March 2019, our Company (through Clarity International) acquired the entire issued share capital of Saintford from Logmax for a consideration of HK\$90,500,000, based on the net asset value of Saintford as of 31 January 2019. The consideration was satisfied by the allotment and issue of new Shares by our Company to Ultimate Bliss, Clear Lead, WuXi AppTec, Dr. Lau, Dr. Hui and Mr. Wu, as to 1,905.94 Shares, 1,343.46 Shares, 926.32 Shares, 131.81 Shares, 123.25 Shares and 14.54 Shares respectively, all credited as fully paid, in proportion to their respective shareholdings in Clarity Medical. The acquisition was properly and legally completed and settled on 20 March 2019. Upon completion of the aforesaid acquisition, Saintford has become the indirect wholly-owned subsidiary of our Company through Clarity International while Clarity Medical does not

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

form part of our Group. As at the Latest Practicable Date, Clarity Medical invests in businesses engaging in retail sales of spectacles, provision of optometric services and professional eye care services in Hong Kong through its indirect operating subsidiary, Eyecare Hong Kong Holding Limited⁽¹⁾. Such businesses are fundamentally different from the core business of our Group, and therefore are excluded from our Group in order to streamline and rationalise our Group structure with an aim to focus on our core business of provision of ophthalmic services.

- Pursuant to the written resolutions of our Shareholders passed on 26 January 2022, the authorised share capital of our Company was increased from HK\$380,000 of 38,000,000 Shares to HK\$50,000,000 of 5,000,000,000 Shares by creation of additional 4,962,000,000 Shares.

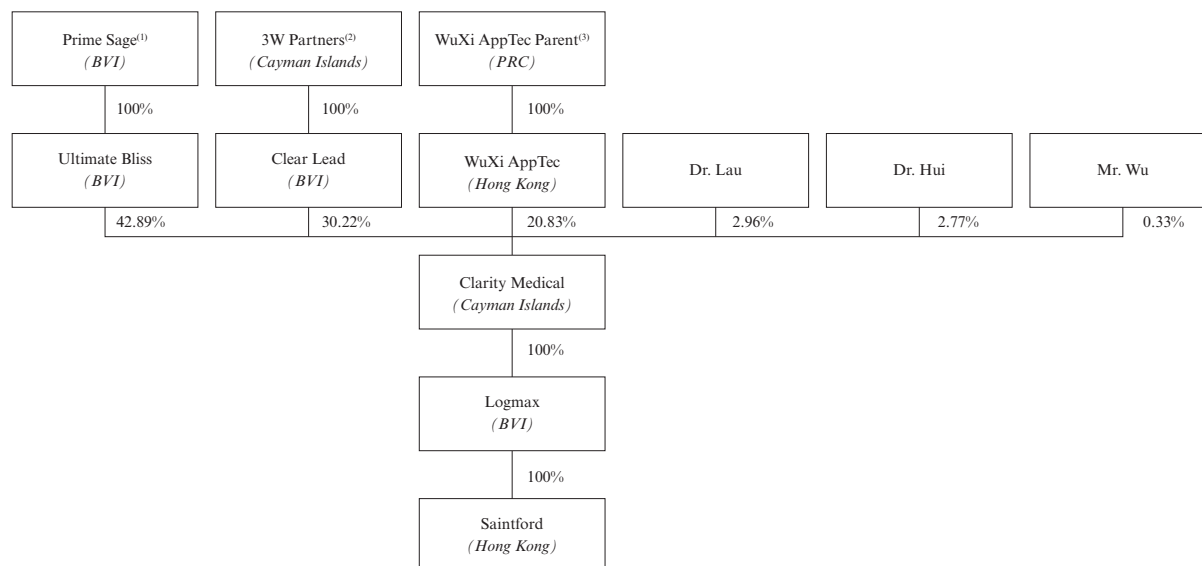
Notes:

- (1) As of the Latest Practicable Date, Clarity Medical also holds interests in the following subsidiaries which are either investment holding companies or do not have any business operation: (i) Logmax; (ii) Clarity Medical International Limited; (iii) Champ Zone Limited; (iv) Harvest Merit Corporation Limited; (v) Eyecare Hong Kong Holding Limited (formerly known as City Vigor Limited); (vi) Hong Kong International Eye Centre Limited; (vii) Hong Kong Cataract Centre Limited; (viii) National Medical Group Limited; and (ix) Peerless Limited.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE REORGANISATION

The following chart sets forth the corporate structure of Clarity Medical immediately before the Reorganisation:



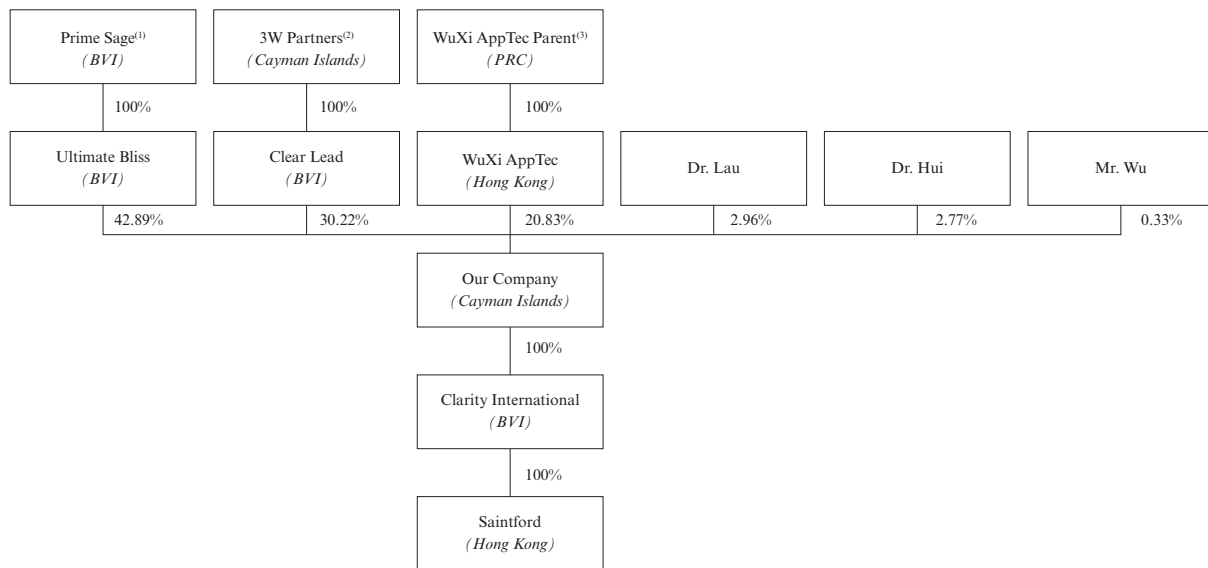
Notes:

- (1) Prime Sage, a company incorporated in the BVI with limited liability, is wholly owned by TMF (Cayman) Ltd. under the Awareness Trust, which was established by Dr. Tse.
- (2) 3W Partners is a Cayman Islands exempted limited partnership managed by 3W Partners GP Limited as its general partner. The limited partners of 3W Partners are institutional investors, family offices and high net worth individuals.
- (3) WuXi AppTec Parent is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2359).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE AFTER THE REORGANISATION

As of the Latest Practicable Date, the Reorganisation has been legally completed. The following chart sets forth our Group's corporate structure immediately after the Reorganisation:



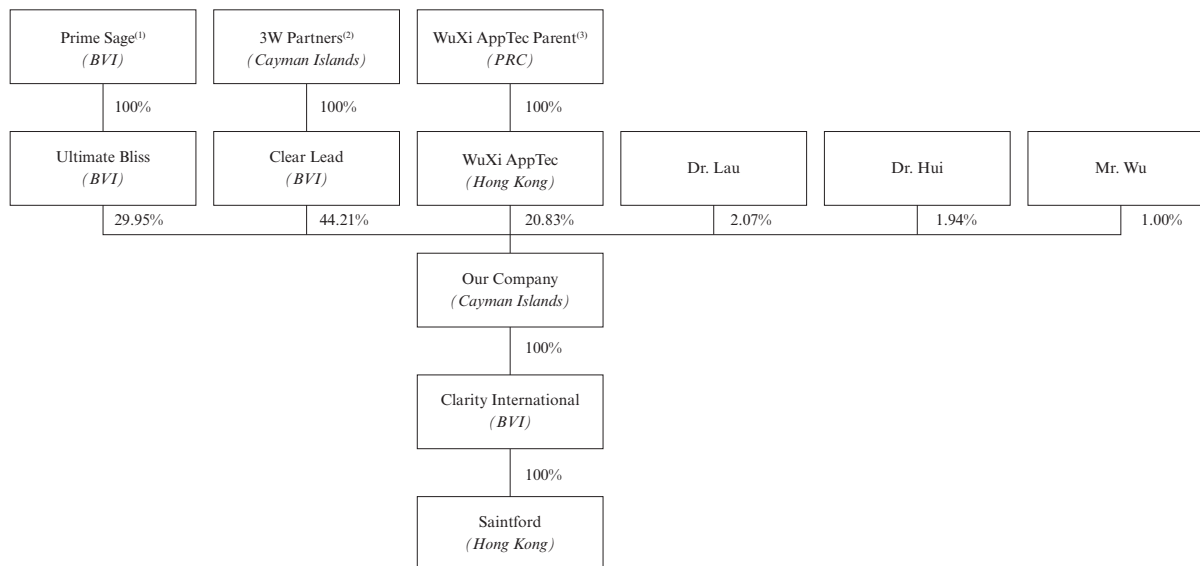
Notes:

- (1) Prime Sage, a company incorporated in the BVI with limited liability, is wholly owned by TMF (Cayman) Ltd. under the Awareness Trust, which was established by Dr. Tse.
- (2) 3W Partners is a Cayman Islands exempted limited partnership managed by 3W Partners GP Limited as its general partner. The limited partners of 3W Partners are institutional investors, family offices and high net worth individuals.
- (3) WuXi AppTec Parent is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2359).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE AFTER THE REORGANISATION AND RIGHTS ISSUE

The following chart sets forth our Group's corporate structure immediately after the Reorganisation and the Rights Issue:



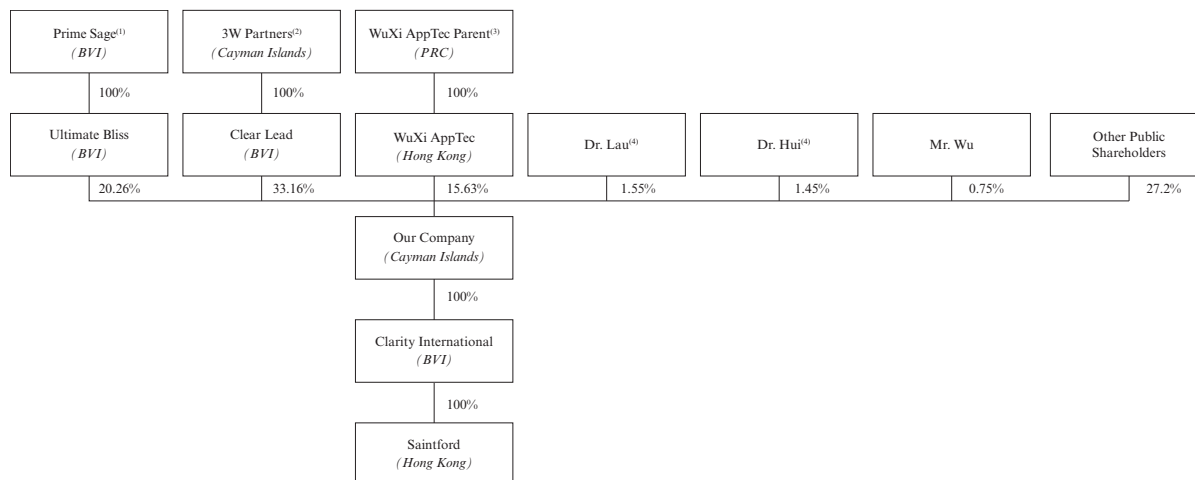
Notes:

- (1) Prime Sage, a company incorporated in the BVI with limited liability, is wholly owned by TMF (Cayman) Ltd. under the Awareness Trust, which was established by Dr. Tse.
- (2) 3W Partners is a Cayman Islands exempted limited partnership managed by 3W Partners GP Limited as its general partner. The limited partners of 3W Partners are institutional investors, family offices and high net worth individuals.
- (3) WuXi AppTec Parent is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2359).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING AND THE CAPITALISATION ISSUE

Set out below is the corporate structure of our Group immediately after completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme):



Notes:

- (1) Prime Sage, a company incorporated in the BVI with limited liability, is wholly owned by TMF (Cayman) Ltd. under the Awareness Trust, which was established by Dr. Tse.
- (2) 3W Partners is a Cayman Islands exempted limited partnership managed by 3W Partners GP Limited as its general partner. The limited partners of 3W Partners are institutional investors, family offices and high net worth individuals.
- (3) WuXi AppTec Parent is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2359).
- (4) Each of Dr. Lau and Dr. Hui is not a core connected person, hence the Shares held by them will be counted as part of the public float for the purpose of the Listing Rules.

BUSINESS

OVERVIEW

We are a private healthcare institution specialising in ophthalmology and we ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. We provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services, including SMILE surgeries, multifocal IOL replacements and ICL implantations. In addition, we also provide different treatments for other eye problems, such as standard cataract surgeries, laser procedures, PPV surgeries, other treatments and surgeries, medical consultation and examination services and sales of prescriptions and others to our patients. We ranked (i) the first in SMILE surgery; (ii) the second in multifocal IOL replacement; and (iii) the first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020, according to Frost & Sullivan. In 2020, we accounted for approximately 38.0% of Hong Kong's SMILE surgery market by revenue, approximately 6.0% of Hong Kong's multifocal IOL replacement market by revenue and approximately 46.4% of Hong Kong's ICL implantation market by revenue, according to Frost & Sullivan.

The table below sets forth the breakdown of our revenue by types of treatments and services and their respective percentage of revenue:

	For the year ended 31 March						For the four months ended 31 July					
	2019	% of	2020	% of	2021	% of	2020	% of	2021	% of	(Unaudited)	
	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue		
Refractive Treatments	154,754	74.9	166,801	76.4	161,668	72.7	48,475	74.1	49,676	63.4		
SMILE surgeries	97,822	47.4	112,424	51.5	100,104	45.0	29,786	45.5	26,964	34.4		
LASIK surgeries	2,735	1.3	2,808	1.3	3,654	1.6	1,067	1.6	1,119	1.4		
Multifocal IOL replacements	49,227	23.8	43,343	19.8	49,064	22.1	14,962	22.9	17,833	22.8		
ICL implantations	4,970	2.4	8,226	3.8	8,846	4.0	2,660	4.1	3,760	4.8		
Treatments for other eye problems	36,283	17.6	36,841	16.9	44,751	20.1	12,261	18.7	22,097	28.1		
Standard cataract surgeries	16,826	8.1	16,326	7.5	18,658	8.4	5,482	8.4	6,453	8.2		
Laser procedures	8,151	4.0	7,364	3.4	10,302	4.6	2,801	4.3	5,424	6.9		
PPV surgeries	7,246	3.5	8,795	4.0	10,369	4.7	2,619	4.0	6,799	8.7		
Other treatments/surgeries	4,060	2.0	4,356	2.0	5,422	2.4	1,359	2.0	3,421	4.3		
Consultation and examination services	9,244	4.5	8,510	3.9	9,100	4.1	2,688	4.1	3,803	4.9		
Sales of prescriptions and others	6,320	3.0	6,224	2.8	6,862	3.1	2,024	3.1	2,822	3.6		
Revenue	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths enable us to achieve the success of our business:

We are a private healthcare institution specialising in ophthalmology in Hong Kong with comprehensive ophthalmic service offerings and ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong.

We are a private healthcare institution specialising in ophthalmology and we ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. We provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services. According to Frost & Sullivan, for private refractive treatment services, we ranked (i) first in SMILE surgery; (ii) second in multifocal IOL replacement; and (iii) first in ICL implantations, in terms of revenue generated from the respective type of treatment in Hong Kong in 2020, according to Frost & Sullivan.

We ranked first in terms of revenue generated from SMILE surgeries performed in Hong Kong in 2020, representing a market share of approximately 38.0% according to Frost & Sullivan. Compared with LASIK surgery, SMILE surgery is an advanced type of refractive treatment surgery which enhances the treatment for complicated cornea conditions, causes less damage to eyes during the surgery procedure and reduces the incidents of dry eye disease subsequent to surgery. As such, SMILE surgery has increasingly gained popularity among patients. According to Frost & Sullivan, it is estimated that the number of SMILE surgeries performed by private healthcare institutions in Hong Kong will increase to more than 45,000 cases and the market size of SMILE surgery in terms of revenue will increase to approximately HK\$998.4 million by 2025. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we generated revenue from SMILE surgeries in the amount of approximately HK\$97.8 million, HK\$112.4 million, HK\$100.1 million and HK\$27.0 million, which accounted for approximately 47.4%, 51.5%, 45.0% and 34.4% of our total revenue for the corresponding periods, respectively.

Further, we ranked second in terms of revenue generated from multifocal IOL replacements performed in Hong Kong in 2020, representing a market share of approximately 6.0% according to Frost & Sullivan. Multifocal IOLs are implanted into the eyes during refractive surgeries after extraction of the lens and have two to three focal points to provide proper vision for near, far and intermediate distances. Multifocal IOL replacements can correct near, intermediate and distance vision simultaneously. As such, there is a growing demand of multifocal IOL replacements. According to Frost & Sullivan, it is estimated that the number of multifocal IOL replacements performed by private healthcare institutions in Hong Kong will increase to 32,500 cases and the market size of multifocal IOL replacement in terms of revenue will increase to approximately HK\$1,170.7 million by 2025. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we generated revenue from our multifocal IOL replacements in the amount of approximately HK\$49.2 million, HK\$43.3 million, HK\$49.1 million and HK\$17.8 million, which accounted for approximately 23.8%, 19.8%, 22.1% and 22.8% of our total revenue for the corresponding periods, respectively.

In addition, we ranked first in terms of revenue generated from ICL implantations performed in Hong Kong in 2020, representing a market share of approximately 46.4% according to Frost & Sullivan. ICL implantation is an alternative choice to LASIK surgery or SMILE surgery by placing an implantable lens in the eye behind the iris and in front of the natural lens. It is suitable for those

patients with myopia, hyperopia and astigmatism. According to Frost & Sullivan, it is estimated that the number of ICL implantations performed by private healthcare institutions in Hong Kong will increase to 1,112 cases and the market size of ICL implantation in terms of revenue will increase to approximately HK\$46.9 million by 2025. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we generated revenue from our ICL implantations in the amount of approximately HK\$5.0 million, HK\$8.2 million, HK\$8.8 million and HK\$3.8 million, which accounted for approximately 2.4%, 3.8%, 4.0% and 4.8% of our total revenue for the same periods, respectively.

Leveraging our strong capabilities and leading market position in the provision of refractive treatment services in Hong Kong, we believe we are well-positioned to expand our customer base and capture more market opportunities in the ophthalmic service market.

We have high reputation in the industry for continuous provision of advanced ophthalmic services through application of latest technology and medical knowledge.

We were one of the first batch of private healthcare institutions in Hong Kong to introduce VisuMax Femtosecond Laser System 90° device, an advanced medical device for the provision of SMILE surgery in Hong Kong, according to Frost & Sullivan. This device provides a single step femtosecond laser to cut the pre-calculated lenticule in the stromal layer inside the intact cornea and uses minimum incision to remove such lenticule without creating any corneal flap. Given higher safety level, lower damage caused to eyes and quicker recovery compared to LASIK surgery, our introduction of SMILE surgery has attracted patients who require refractive treatments in Hong Kong and the number of patients who received SMILE surgery at our Medical Centres increased rapidly from 3,711 for the year ended 31 March 2019 to 4,302 for the year ended 31 March 2020 and slightly decreased to 4,063 for the year ended 31 March 2021. We have recorded a slight decrease in number of patients who received SMILE surgery at our Medical Centres for the four months ended 31 July 2021 as compared to the same period in 2020 from 1,144 to 1,089 representing approximately 4.8%.

With a history of over 15 years in providing ophthalmic services to patients in Hong Kong, we have steadily accumulated extensive operating experience and gained in-depth knowledge of the local market. As such, we believe our brand has been well recognised by the local market as a leading provider of high quality ophthalmic services in Hong Kong.

We seek to continuously provide advanced ophthalmic services to our patients, especially through the introduction of improved technology in conjunction with the application of the state-of-the-art medical knowledge. We closely monitor technology advancements in the industry through regular interactions with medical device manufacturers and sales agents and are devoted to introducing new medical devices in order to improve our ophthalmic services. During the Track Record Period, we introduced various medical devices, such as PXL Platinum 330 Corneal Crosslinking for strengthening the corneal stromal tissue, iTrace Wavefront Aberrometer/Topographer for assisting the selection of suitable IOL and Oculus Pentacam for measuring the anterior and posterior corneal surfaces. We also purchased an additional VisuMax Femtosecond Laser System 90° device dedicated for SMILE surgery in our Central Medical Centre in September 2020, making a total of three VisuMax Femtosecond Laser System 90° device. As of the Latest Practicable Date, we possessed three of 13 such devices operating in healthcare institutions in Hong Kong, according to Frost & Sullivan. These medical devices enable us to improve the overall accuracy and safety of our ophthalmic services.

In addition to the utilisation of advanced ophthalmic medical devices, we also encourage all our Medical Practitioners to attend continuous trainings to equip them with the up-to-date professional knowledge and necessary skills required for their duties. Other than mandatory professional trainings provided by local medical education institutions, our Medical Practitioners also attend conferences, such as the Congress of the European Society of Cataract and Refractive Surgeons, the Asia Pacific Refractive and Cataract Symposium and the Annual Scientific Meeting, which keep us abreast with the latest developments of the ophthalmic theories and technologies. Further, we encourage our Medical Practitioners to attend various training sessions provided by the medical device manufacturers, especially those relating to our existing medical devices, to ensure that they have sufficient knowledge of the relevant device. Equipped with the latest knowledge in the ophthalmic industry and related treatments, as well as the skills of operating new medical devices, our Medical Practitioners can better apply their existing extensive clinical experience and medical know-how gained from daily practise and make more accurate professional judgment during the diagnosis and treatment process, which enable them to adhere to the international standards of professionalism, ethics and responsibility in providing ophthalmic services.

We adopt standardised clinical practises and utilise information technology for the provision of satisfactory ophthalmic services.

We have been accredited ISO 9001:2015 since May 2018, which made us one of the very few private healthcare institutions in Hong Kong which had adopted ISO 9001:2015 as of 31 December 2020, according to Frost & Sullivan. ISO 9001 standards are widely recognised and utilised by institutions in various industries to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. Through the adoption of a well-regarded quality management system under ISO 9001:2015, we have established a strong corporate governance structure, working duty allocation, management procedures, record filing supervision and quality policies, which have in turn enabled us to formulate highly-standardised diagnosis, treatment, follow-up and internal review procedures focusing on patient outcomes and service quality. We have also set up a quality management system committee, which comprised seven senior officers who are responsible for coordinating and leading the operations of the quality management system. For details, please refer to the sub-section headed “— Medical Service Quality Control” in this section. By adopting the ISO 9001:2015, we have demonstrated our commitment to pursuing a sound and comprehensive quality management system, our systematic and effective control of operations by consistently meeting the applicable requirements and our ability to deliver satisfactory services and outcomes for our patients.

In order to improve the efficiency of our Medical Centres, we have also adopted a centralised information technology system, the Medical Centre Management System, for the management of our daily operations, covering the entire process of our ophthalmic services, from appointment management and treatment record filing to prescription tracking and billing arrangement. By utilising the Medical Centre Management System, we can easily have access to personalised medical files for each of our patients, update those files in a timely manner and retrieve information instantly. Our Directors believe that the adoption of this centralised information technology system can help us improve the efficiency and quality of our internal administration.

Our business model is supported by our well-established, standardised operating procedures and efficient information technology system adopted for the provision of consistent ophthalmic services to our patients. As a result, we do not solely rely on the reputation or expertise of any particular Medical Practitioner for our daily business operations. As such, our business model has enabled us to mitigate the risks involved in daily business operations and facilitate the sharing of our know-how, in particular our standardised operating procedures in healthcare institution

management, for rapid network expansion. In over 15 years, we have successfully developed and become a leading private refractive treatment service provider in Hong Kong, with a total of patient visits of more than 46,000 for the year ended 31 March 2021.

Our brand of “Clarity” is well recognised in Hong Kong and we adopt various measures to continuously enhance our brand and quality of service.

Our brand — “Clarity” — is well recognised in Hong Kong as a leading provider of ophthalmic services. We received “Hong Kong’s Most Outstanding Business Awards 2020” from Corphub, “2018 Hong Kong Top Service Brand” from the Chinese Manufacturers’ Association of Hong Kong and Hong Kong Brand Development Council in March 2019, “Outstanding Brand Awards” from Economic Digest Magazine in 2018 and “The Voice of Business in Hong Kong — Most Valuable Services Awards in Hong Kong” from Mediazone Group in 2017, which collectively evidence the high recognition from our patients and the Hong Kong local market.

We have started to promote the use of the unified brand of “Clarity” since 2017. Our Medical Centres are now operated under the names including “Clarity Medical Group (清晰醫療集團)”, “Clarity Ophthalmologists (清晰眼科)”, “Clarity SMILE LASIK Centre (清晰微笑激光矯視中心)”, “Clarity Eye & Surgery Centre (清晰眼科全科及手術中心)”, “Clarity Cataract Centre (清晰白內障中心)”, “Clarity Cornea Transplant and Crosslink Centre (清晰眼角膜移植及交聯手術中心)”, “Clarity Oculoplastic Centre (清晰眼部整形外科中心)”, “Clarity Medical (清晰醫療)” and “Clarity Retina Institute (清晰視網膜及黃斑點專科手術中心)”. The unified brand of “Clarity” promotes a clear business image to our patients. We also invest resources in the design of our website, which concisely presents the various information in relation to our ophthalmic services and enables the general public to contact us regarding their general queries. Further, we hired professionals to design our logo, which is explicitly shown both on our website and in our Medical Centres. As such, we believe that our patients can clearly see our logo once stepping into our reception areas which leaves them with a distinctive impression.

In addition to our brand enhancement efforts, we also actively undertake measures to further enhance the quality of our ophthalmic services. We encourage our patients to provide direct feedbacks on our services. Our frontline staff provide service evaluation questionnaires to our patients after the completion of all diagnosis and treatments and actively encourage them to complete the questionnaires. All the feedbacks from patients are duly handled and followed up by our client service team as appropriate. In addition, we provide various customer relationship trainings for our frontline staff. Such trainings provide our frontline staff with the necessary customer service skills and help create an overall compassionate and patient-centric values in our operations. We also organise various eye care educational talks for the general public at our Medical Centres, which helps promote the awareness of our brand to the potential patients. For details of our efforts for brand building, please refer to the sub-section headed “— Brand Building” in this section. The adoption of these image and service enhancement measures has helped us strengthen the recognition of our brand “Clarity” to the public.

We have a professional and visionary senior management team and strong support from our Shareholders.

We have a professional senior management team with in-depth understanding of the industry, clear vision of the market trend and innovative mindset for business development and operations. Dr. Lau and Dr. Hui, who had been members of our senior management team throughout the Track Record Period, have extensive experience in the provision of ophthalmic services and the operation and management of healthcare institutions. Dr. Lau is also our Head of Medical Services who is primarily responsible to ensure the day-to-day management of our Medical Centres are in line with the general direction of brand building. In addition, Mr. Wong, our executive Director and chief executive officer, has over 17 years' experience in banking and finance, especially in the areas of corporate finance and mergers and acquisitions. Mr. Wong has joined our Group for more than four years and during his tenure, he has been involved in the strategic planning, business operations and building the brand of our Group and gained vast experience and knowledge in our operations. Mr. Wong's expertise in business and finance has been beneficial for the enhancement of our overall corporate management as a medical group, which is vital for our continued leadership in providing ophthalmic services in the healthcare sector. For details of the qualifications and experience of our senior management team, please refer to the section headed "Directors and Senior Management" of this prospectus.

Our Controlling Shareholder, 3W Partners, is a professional investor in the healthcare industry. 3W Partners first invested in our Group in 2016 and made further investment in our Group in 2020 through the Rights Issue. For further details of 3W Partners, please refer to the section headed "History, Reorganisation and Corporate Structure — Pre-IPO Investments — 2016 Pre-IPO Investments" of this prospectus. Our Directors believe that 3W Partners can help promote our Group's development and help us achieve business synergies through its network in the industry. In addition, our substantial shareholder, WuXi AppTec Parent, is a global pharmaceutical research and development service platform which provides comprehensive and integrated research and development services for small molecule drugs and is listed on both the Shanghai Stock Exchange (stock code: 603259) and the Hong Kong Stock Exchange (stock code: 2359). Our Directors believe that through leveraging WuXi AppTec Parent's business network, as well as its relevant healthcare service expertise, we will be able to effectively promote our ophthalmic services and capture market share. Through their investments in our Company, 3W Partners and WuXi AppTec Parent demonstrate their commitments to and confidence in our business operations, our performance, strengths and prospects. Furthermore, our Shareholder and chairman of the Board, Mr. Wu, has substantial management experience in the healthcare industry, which our Directors believe will be a great asset to our business development.

OUR STRATEGIES

We intend to enhance our Shareholders' value and profitability by leveraging our expertise in the provision of ophthalmic services with a view of increasing our market share in Hong Kong and to establish our brand in the PRC, in particular, the Greater Bay Area. To achieve these goals, we are pursuing the following key strategies:

A. Increasing our market share in Hong Kong

During the Track Record Period, we build our patient base by word-of-mouth referrals from our existing patients who have high recognition and trust of our brand of "Clarity" and we intend to continue to leverage on our brand to capture the market demand in Hong Kong. The market size of private ophthalmic healthcare service market in Hong Kong is expected to grow further, from HK\$4,587.9 million in 2021 to HK\$5,872.0 million in 2025, with a CAGR of 6.4%. It is also expected that the myopia population in Hong Kong will increase to 4.0 million in 2025 due to increasing social behaviour and prevalence of digital products. The relatively lower penetration rate of ophthalmic medical service in Hong Kong at 9.3% in 2019 as compared to other developed countries is expected to drive the demand for ophthalmic medical services.

Our Group is well equipped and positioned in capturing the expected growth in the Hong Kong market based on our established brand, our track record and quality of services rendered by our experienced and seasoned Medical Practitioners. We ranked fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong with a market share of 5.0% and ranked (i) first in SMILE surgery; (ii) second in multifocal IOL replacement; and (iii) first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020. We also accounted for approximately 38.0% of Hong Kong's SMILE surgery market by revenue, approximately 6.0% of Hong Kong's multifocal IOL replacement market by revenue and approximately 46.4% of Hong Kong's ICL implantation in 2020.

We will continue to strengthen our market position in Hong Kong by establishing new medical centres and acquisition

We ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%. We intend to expand and strengthen our presence in Hong Kong so as to strengthen our current market position and enhance our business prospects and profitability.

As of the Latest Practicable Date, our Group operated two Medical Centres, namely Central Medical Centre and Mong Kok Medical Centre. In August 2019, we have expanded our Mong Kok Medical Centre by leasing an additional property located on 7th Floor of Wai Fung Plaza with an approximate gross floor area of 3,891 sq.ft.. Despite the expansion of our Medical Centres, our Directors are of the view that the operating capacity of our Group has been optimized from both human resources and infrastructure's perspectives, in particular, the expansion capacity is primarily effected by (i) the utilization rate of our Medical Practitioners; and (ii) the number of consultation rooms that we have at our Medical Centres. Such limitations are set out below in details:

Given that the consultation and examination services and treatments services are provided by our Medical Practitioners, the availability of our Medical Practitioners would be an appropriate factor in determining and assessing the utilization rate of our Group's existing Medical Centres. For

BUSINESS

illustration purposes, we set out below an analysis on the utilization rate of our Group with reference to the estimated time spent by our Medical Practitioners divided by the total estimated available time of our Medical Practitioners for provision of services to our Group during the relevant periods:

	For the year ended 31 March			For the four months ended 31 July		For the eight months ended 30 November
	2019	2020	2021	2020	2021	2021
Estimated time spent by our Medical Practitioners during the year <i>(Note 1)</i> <i>(in minutes)</i>	778,501	811,852	823,949	247,026	286,041	588,837
Total estimated available time of our Medical Practitioners for the provision of services to our Group during the year <i>(Note 2)</i> <i>(in minutes)</i>	944,640	936,000	921,600	302,400	340,800	688,320
Utilization rate	82%	87%	89%	82%	84%	86%

Notes:

1. Estimated time spent by our Medical Practitioners represents the sum of their time spent on conducting (i) refractive treatments and treatments for other eye problems; (ii) consultation and examination services; and (iii) eye care educational talks organised by our Group to the general public at our Medical Centres.
2. Total estimated available time of our Medical Practitioners for the provision of services to our Group during the year/period is calculated on an annual basis by multiplying the number of our Medical Practitioners during the year/period by the total working hours of them for the relevant year/period subject to the commencement of tenure with our Group. During the three years ended 31 March 2021, the estimated available time of our Medical Practitioners for the provision of services to our Group had decreased. The estimated time available for the year ended 31 March 2019 is higher than the same period in 2020 as the one of our Medical Practitioners only joined our Group in March 2020. The further decrease during the year ended 31 March 2021 is because one of our Medical Practitioners (i.e. Doctor A) had left our Group in April 2020. The estimated available time of our Medical Practitioners for the provision of services to our Group had increased from the four months ended 31 July 2020 to the same period of 31 July 2021 since Doctor I joined our Group in April 2021.

According to Frost & Sullivan, it is not uncommon for utilisation rate of an ophthalmic healthcare service provider to be determined based on the utilization rate of the Medical Practitioners given that the capacity of providing certain refractive treatments such as LASIK and SMILE surgeries depends mainly on the availabilities of qualified medical practitioners (i.e. ophthalmologists), while it is generally not limited by other factors such as bed capacity as the aforesaid surgeries are performed in day surgery setting and in-patient care is generally not required.

As illustrated above, the utilization rate of our Group based on the working hours of our Medical Practitioners had increased during for the three years ended 31 March 2021, from 82% to 89% and from the four months ended 31 July 2020 to the same period on 31 July 2021, from 82% to

84%. Notwithstanding the expansion of the Mong Kok Medical Centre during the year ended 31 March 2020, the utilization rate of our Group had continued to rise during the years ended 31 March 2020 and 2021 and the four months ended 31 July 2020 to 2021. Furthermore, we did not record a significant increase in revenue for the year ended 31 March 2020 despite the expansion of the Mong Kok Medical Centre since our revenue generated is largely dependent on the number of Medical Practitioners. We only had one more Medical Practitioner as of 31 March 2020 as compared to the same period in 2019. During the period, one Medical Practitioner had left our Group and two had joined us and one of the new joiners only commenced his tenure in March 2020. In addition, we had 11 Medical Practitioners and there were only an aggregate of 12 consultation rooms at our Medical Centres. In the circumstance that all our Medical Practitioners had appointment at the same period of time, the existing number of consultation rooms can only allow us to recruit one additional Registered Medical Practitioner to provide ophthalmic services as of the Latest Practicable Date and has significantly limited the expansion of our operation and ability to capture growing market demand for ophthalmic healthcare services in Hong Kong.

Based on that foregoing, we plan to establish two new medical centres in Hong Kong to ease our utilization rate and to enhance our capability for the provision of ophthalmic services in order to capture the growing market demand for ophthalmic services in Hong Kong. We intend to finance approximately HK\$110.0 million from the net proceeds from the Global Offering, or 44.8% of the net proceeds of the Global Offering, to establish the two medical centres in Hong Kong for the provision of ophthalmic services.

According to Frost & Sullivan, the market size of ophthalmic service for private healthcare institutions in Hong Kong is expected to increase, in particular the market size of SMILE surgery is expected to increase from HK\$414.4 million in 2021 to HK\$998.4 million in 2025, with a CAGR of 24.6% and the market size of ICL implantation is expected to increase from HK\$23.5 million in 2021 to HK\$46.9 million in 2025, representing a CAGR of 18.8%. The penetration rate of ophthalmic healthcare services in Hong Kong was 9.3% in 2019. The new medical centres are expected to be located in Yau Tsim Mong District and Eastern District or Wanchai District, respectively. We target to establish the new medical centres in these districts as they are easily accessible and can diversify and expand our customer coverage on Hong Kong Island and Kowloon, respectively. The Eastern District has become a new central business district on Hong Kong Island in recent years and had the third highest median monthly household income among Hong Kong in 2020 which provides a good opportunity for our Group to capture potential customers in the area. As to Wanchai District, it ranked second in the median monthly household income among Hong Kong in 2020 and the area is popular among younger generations which is in line with our Group's positioning as we target mainly customers aged between 21 to 30. Our Group also intends to establish a new medical centre in Yau Tsim Mong District to expand our network in Kowloon and to leverage the comprehensive transport network and capture the younger population in the area. The new medical centre in Yau Tsim Mong District will not be established in Mong Kok where our Mong Kok Medical Centre is located to avoid cannibalisation between our Medical Centres. In deciding the specific locations of the new medical centres, we will consider various factors, including the suitability of the premises under current laws and regulations, in particular the requirements under the Private Healthcare Facilities Ordinance (Chapter 633 of the Laws of Hong Kong), the accessibility of the premises and its approximation to our existing network and the rental rate. In line with the expansion of our network, we will also actively recruit additional qualified Medical Practitioners and frontline staff and invest in advanced medical devices and information technology system in order to maintain our overall capability to continue providing high quality ophthalmic services to our patients and to differentiate our Group with our competitors and capture market share in the ophthalmic services industry in Hong Kong. We intend to recruit an aggregate of six Registered Medical Practitioners in

anticipation of establishing the two new medical centres and we expect that the six medical practitioners will increase the total annual estimated available time for provision of services from 1,152,000 minutes^(Note) to 1,843,200 minutes, representing an increase of approximately 60%. Furthermore, we expect that the two new medical centres will increase the number of consultation rooms by 10 to 12 rooms and, depending on the needs and demand of ophthalmic services, we will recruit addition Registered Medical Practitioners in the future.

We also plan to acquire majority and/or minority interests in one to two private ophthalmic healthcare institutions in Hong Kong. We will mainly target healthcare institutions with not less than three Registered Medical Practitioners which have conducted business in areas with substantial demand for ophthalmic services from local communities. There were 12 private hospitals and over 20 private eye centres and other healthcare institutions that offer ophthalmic healthcare services in Hong Kong as of 31 December 2020, according to Frost & Sullivan. We aim to identify suitable acquisition targets through the business network of our Shareholders and Directors who have ample experience in the medical healthcare services industry and we will also constantly discuss with other professional parties, including but not limited to financial advisers, to seek and capture any acquisition opportunities and through them to approach potential vendors. After the acquisition of such healthcare institutions, we expect to rapidly expand into the relevant areas, which are not covered by our existing network, and can fully utilise the various resources, including the knowledge of their medical practitioners, patient networks and other business connections of such private ophthalmic healthcare institutions. In evaluating the potential acquisition targets, we will prudently consider various factors where applicable, including and without limitation to, (i) their existing scope of ophthalmic services and key medical devices, in particular that they shall provide ophthalmic services which are substantively in line with ours, (ii) their operating scale and key licences and permits that they possess, in particular the capacity for enhancement in order to deliver quality ophthalmic services which are consistent with those provided by the Medical Centres, (iii) their past financial performance, in particular the profit and indebtedness position, (iv) location, in particular that the potential acquisition targets shall be located at easily accessible locations that are not covered by the Medical Centres and in a relatively less intensive competing environment, (v) the reputation and compliance record of the healthcare institutions and their Registered Medical Practitioners, and (vi) their corporate culture, in particular its compatibility with ours. After the acquisition, should we be able to acquire the majority interests of the target entities and have control over its operation and management, we plan to actively integrate these private ophthalmic healthcare institutions into our existing network to deliver consistent ophthalmic services to our patients. We expect to be able to strengthen our current market position by further increasing our market share in Hong Kong.

We intend to finance the acquisition of majority and/or minority interests of private ophthalmic healthcare institutions in Hong Kong by using internal cash flows and/or future potential equity raising and/or external borrowings. As of the Latest Practicable Date, we had not identified any specific suitable target for acquisition or had any specific acquisition plans or entered into any definitive agreements with any potential targets.

Assuming that the target healthcare institutions has not less than three Registered Medical Practitioners, each of whom can provide general consultation and examination service to patients and on average approximately 40 to 60 refractive treatments monthly, and approximately 15 to 20 frontline staff (including optometrists, registered and enrolled nurses and nursing staff), which have conducted business in areas with substantial demand for ophthalmic services from local communities, we estimate that it will take an average of two and a half years to achieve

Note: Based on the annual estimated available time of our 11 Medical Practitioners as of the Latest Practicable Date.

investment payback when the cash flow generated will be equal to the initial costs of acquisition of the two private ophthalmic healthcare institutions and that the two private ophthalmic healthcare institutions will reach breakeven within one year of operations when the monthly revenue will be equal to the monthly operating expenses (excluding finance costs, income tax expense, depreciation and amortisation).

B. Establishing our brand in the Greater Bay Area

As compared to the Hong Kong market, the market size of private ophthalmic healthcare services in the Greater Bay Area is substantially larger with RMB6.9 billion recorded in 2019 and the market size of Guangzhou and Shenzhen represent one-third of the Greater Bay Area. The growth rate of Guangzhou and Shenzhen market has a higher growth rate than that of Hong Kong and is expected to increase at a CAGR of 17.3% and 16.0% from the year 2020 to 2024, respectively. The higher growth rate is attributable to various market drivers, such as higher demands by aging population and increasing prevalence of eye diseases, improvement of living standards and favourable government policies on medical services. The expected increase in demand for private ophthalmic healthcare services in Guangzhou and Shenzhen indicates that there will be a shortage of ophthalmic healthcare services in the area which justifies our Group's expansion plan in the Greater Bay Area.

Our network established in the PRC will assist our Group's development in the Greater Bay Area. Over the years, we have established network in the PRC through our Shareholders and on business occasions. We had commenced to establish our brand in the PRC by demonstrating the experience and professional knowledge of our Medical Practitioners through online healthcare education platforms which target at more than 2.2 million users including medical practitioners in the PRC. We are also determined to ensure our expansion plans in the Greater Bay Area will be executed effectively and efficiently by establishing the Strategic Committee comprising members which have ample experience and are authoritative in the ophthalmic healthcare industry and pharmaceutical industry in the PRC. Our Directors are of the view that these steps taken will allow our Group to effectively tap into the PRC market.

Our Directors consider that the PRC market provides our Group with the opportunity to expand our business operations and source of revenue. Although our Group did not have any operations in the PRC during the Track Record Period, our Directors had carefully considered various factors when formulating the expansion plan in the PRC. Our Group intends to establish our brand in the Greater Bay Area, in particular in the cities of Guangzhou and Shenzhen in the PRC as the first step of our expansion plan in the PRC.

According to the Frost & Sullivan Report, the penetration rate of ophthalmic healthcare services in the PRC was approximately 9.8% in 2020 which is generally lower than other developed countries. In addition, the number of ophthalmic hospitals per million population in the PRC was only 0.8 in 2020, which was lower as compared to developed countries in neighbouring countries such as Japan (18.9) and western countries, namely the United States (2.0) and the United Kingdom (4.4). The number of ophthalmologists per million population in the PRC was approximately 32.5 in 2020 which is significantly lower than Japan (128), United States (72.2) and Europe (56.2). On the other hand, the number of common ophthalmic disease cases in the Guangdong Province had gradually increased due to various factors, including increase in the ageing population and increased access and use of digital products especially by the youth. Myopia, presbyopia and cataract are the three most common ophthalmic diseases in the Guangdong Province, with an aggregation patients population already over 95 million in 2015, according to Frost & Sullivan. In particular, population in the Guangdong Province with myopia increased from 50.5 million in 2015 to 55.9 million in 2019,

and is expected to reach 68.5 million in 2024. Population in the Guangdong Province aged over 45 with presbyopia increased from 33.9 million in 2015 to 39.0 million in 2019 and is expected to reach 49.9 million in 2024. For contract patients aged 48 or above in Guangdong Province, the population recovered on 2019 was 14.6 million and is expected to increase to 20.1 million in 2024.

The relatively low ratio of population to ophthalmic hospitals and ophthalmologists in the PRC coupled with the expected increase in number of patients suffering from major eye-related diseases in the Guangdong Province reflects that there is strong growth potential in the future in the Guangdong Province. Furthermore, as a major development area in the Guangdong Province, the per capita disposable income in the Greater Bay Area had significantly increased since 2016 according to Frost & Sullivan and the residents in the area are more aware of healthcare. The government policies for medical reform and its stance to support the development of medical services will also provide driving forces for medical institutions like our Group to tap into the ophthalmic healthcare services market. In particular, the Supplementary Provision II of the Interim Measures for the Administration of Sino-foreign Equity Joint and Cooperative Joint Medical Institutions and the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, promulgated in February 2019, establish the foundation for Hong Kong and Macau medical institutions service providers to establish medical institutions within the Greater Bay Area and further promotes close cooperation of high-quality medical and health resources. For further details of the relevant government policies, please refer to the section headed “Regulatory Overview — Laws and Regulations Related to the Healthcare Service Sector in the PRC — Policy Support for Foreign Investors Investing Medical Institutions in the Greater Bay Area” of this prospectus.

Our Group intends to establish our brand mainly in the cities of Guangzhou and Shenzhen at the early stage of the expansion plan. In order to capture the anticipated demands and expand our market share and presence into the PRC, in particular in the Greater Bay Area, we have conducted market research, regulatory review, operational and financial studies before we devise the plan to invest and collaborate in the Greater Bay Area, which are set out below:

- (i) ***Close geographical location and similar cultural background:*** When devising the plan to develop our Group’s ophthalmic healthcare practice in the Greater Bay Area, our management team had considered the nexus to our principal place of operation. The close proximity between Guangzhou and Shenzhen, the cities where our Group primarily intends to establish our brand, and Hong Kong will allow our Group to manage and oversee the operation in the Greater Bay Area in a more efficient and effective manner. The proximity of locations will allow our management team and our Medical Practitioners to supervise and manage the operation of the business in Guangzhou and Shenzhen in a more effective and efficient manner. Furthermore, the similarities in culture between Guangzhou, Shenzhen and Hong Kong and being more familiar and receptive to the good and services from Hong Kong by citizens in Guangzhou and Shenzhen and minimal language barrier will allow our Group to establish our reputation and our Medical Practitioners to better ascertain the needs of the patients when providing ophthalmic services and establishing our brand;
- (ii) ***Projection of revenue and operating costs:*** In formulating the projection of revenue for the expansion plan in the PRC, our Group had taken into account two major factors, namely, the expected charge for our Group’s ophthalmic services and the number of patients visits. For the fees to be charged by our medical centres in the PRC, our management team had (i) conducted independent research on fees charged by other key market players who have operation in the PRC; (ii) consulted our Strategic Committee (defined below) which comprise practising medical practitioners in the PRC in relation to the latest pricing trend

for ophthalmic services in the PRC; and (iii) obtained pricing information from the network of our Medical Practitioners. Our management team had taken a prudent approach in estimating the number of patient visits making reference to the number of patient visits for our Medical Centres and taking into account our Group had no presence in the PRC previously and the reputation of our Group had not been established during the early stage of our expansion plan.

As to operating costs, our management team had taken into account the key costs components in the operation of medical centres, such as, employee benefit expenses, consultation fees paid to medical practitioners, costs of medical consumables and other inventories and rental costs. Our Group had independently obtained quotations for medical consumables for the operation of the PRC ophthalmic centres from key suppliers and had carefully considered the historical fluctuations in costs of the medical consumables. We have also obtained information as to the consultation fees of medical practitioners and salary of frontline staff in the PRC and based on the information obtained, the consultation fees of medical practitioners and salary of frontline staff in the PRC are generally lower than their counterparts in Hong Kong and is expected to make up approximately 20% and 15% of the estimated revenue to be generated by the ophthalmic centres, respectively. We have also consulted the Strategic Committee as to the major operating costs and their historical fluctuation in formulating our plan;

- (iii) **Industry landscape:** According to Frost & Sullivan, the market of private ophthalmic medical service in the PRC had increased from RMB14.6 billion in 2015 to RMB31.4 billion in 2019, with a CAGR of 21.1% and it is estimated that the market size will continue to grow and will reach RMB70.7 billion in 2024. In the Greater Bay Area, where our Group's expansion plan will mainly focus on, the market size of private ophthalmic healthcare services grew from RMB4.5 billion in 2015 to RMB6.9 billion in 2019, representing a CAGR of 11.8%. The increasing trend is expected to continue from RMB7.7 billion in 2020 to RMB11.8 billion in 2024, representing a CAGR of 11.3%. There has been an increasing demand for private ophthalmic services in the PRC due to the factors set out in the section headed "Industry Overview — Market Drivers of Private Ophthalmic Healthcare Service in the PRC" of this prospectus. The disposal income in Guangzhou and Shenzhen are higher than each of the other cities in the Greater Bay Area located in the PRC according to Frost & Sullivan. The per capital disposable income in Guangzhou and Shenzhen in 2019 was approximately RMB60,074 and RMB62,522, respectively, where other cities in the Greater Bay Area located in the PRC only range from approximately RMB27,500 to RMB55,500. Given that the Greater Bay Area only comprises two special administrative regions and nine cities with an overall population of approximately 6% of all of the PRC (including Hong Kong and Macau Special Administrative Region), the market size of private ophthalmic medical service market in the Greater Bay Area, which represents approximately 22.0% of the total market size of the PRC in 2019, indicates that there are ample opportunities for our Group to establish our brand in that area and capture the demand. The majority of our patients are aged between 21 to 30 and we also target such age group of patients for our ophthalmic services in the Greater Bay Area. According to Frost & Sullivan, the average age of the population in Guangzhou and Shenzhen is lower among the PRC. In 2020, the average age of population in Guangzhou and Shenzhen was 35.4 and 32.5, respectively, which is lower than that recorded in the PRC at 38.8. Our Directors believe that establishing our brand in cities in the PRC with younger age group such as Guangzhou and Shenzhen will help us to tap into the PRC market and therefore will be more effective. Our Directors have also

assessed the industry trend in the PRC and had discussed with the Strategic Committee as to the latest industry landscape and expected trend and demand for ophthalmic services and are of the view that our Group's expansion plan will be benefited by the expected growth in the PRC private ophthalmic service market;

- (iv) **Legal and regulatory requirements:** When formulating our expansion plan in the PRC, our Directors had considered the legal and regulatory requirements in establishing and acquiring medical centres, clinics and hospital in the PRC and the on-going legal compliance requirements for operating the medical centres. Our Group is required to comply with requirements in relation to, among others, (i) qualification of investors; (ii) investment amount; and (iii) standards of medical institutions. Details of key legal and regulatory requirements for acquiring and establishing medical institutions in the PRC are set out in the section headed “Regulatory Overview — Laws and Regulations Related to the Healthcare Service Sector in the PRC” of this prospectus. Our Directors are of the view that our Group can satisfy the requirements based on the current regulatory requirements for (a) the qualification as a “Hong Kong service supplier”; and (b) the qualifications of investors, investment amount and standards of medical institutions, which are set out in details in the section headed “Regulatory Overview — Laws and Regulations Related to the Healthcare Service Sector in the PRC — Restrictions on Foreign Investment Access and Requirements of Investors”, due to the following reasons:
- (a) **Qualification as a “Hong Kong service supplier”:** Saintford is a company incorporated under the Companies Ordinance and has obtained a valid business registration certificate. Saintford should be able to satisfy as a supplier, as required, which is engaged in substantive business operations in Hong Kong as it has sole operation in Hong Kong for more than three years and had paid profits tax in accordance with the laws of Hong Kong and can match the criteria relating to the business premises and employment of staff in Hong Kong; and
- (b) **Qualifications of investors, investment amount and standards of medical institutions:** based on the allocation of proceeds from the Listing as set out in the section headed “Future Plans and Use of Proceeds” in this prospectus, our Company should be able to satisfy the investment requirements as to the investment amount. Furthermore, our Group had been accredited ISO 9001:2015 since May 2018 which recognises our ability to consistently provide products and services that meet customer and regulatory requirements. Our Directors believe that we can satisfy the requirements as to the standards of medical institutions.

Therefore, as advised by the PRC Legal Adviser, should the regulatory framework remain unchanged, there will be no material legal impediments for our Group's proposed expansion in the PRC. Furthermore, as advised by the PRC Legal Adviser, the medical healthcare industry falls into the Catalogue of Industries for Encouraging Foreign Investment (which was updated in December 2020 and became effective in January 2021) and therefore is a permitted industry for foreign investment.

Our Group will also engage PRC legal advisers as appropriate to advise on the regulatory requirements to ensure compliance with the relevant laws and regulations of the PRC;

- (v) **Patient source:** We will conduct brand building activities in the PRC primarily through social media platforms in order to allow potentials patients to understand, among others, the background of our Group, the track record that our Group had built in Hong Kong,

the advanced technology possessed by our Group and the awards that our Group had been awarded. We are confident that we can maintain our service quality in the PRC and that we will be able to build our patient base in the PRC by word-of-mouth referrals from our patients who have high recognition and trust of our brand of “Clarity” and our Medical Practitioners. We had closely followed up with members of the Strategic Committee in relation to the latest trend and preference of patients in the PRC and had formulated plans to capture market share in the PRC. We have also monitored the marketing strategies of our major competitors who have operations in the PRC;

- (vi) ***Customer preference:*** Our Directors believe that medical healthcare service providers from Hong Kong has an edge over the counterparts in the PRC in terms of quality of operations and/or treatments and policies on patient safety. According to Frost & Sullivan, the ophthalmic service market in the PRC is devoted and accustomed to adhering to the international standard of service provision. Hong Kong medical healthcare service providers are more familiar with the healthcare standards, knowledge and skills of advanced Western healthcare systems, while being able to understand local Chinese culture and communicate with local patients effectively. The practice of internal control standard by Hong Kong medical service providers allow a higher service quality, indicating the competitiveness and preference of Hong Kong service provider by Chinese consumers in the region; and
- (vii) ***Demographics of the Greater Bay Area:*** there is an increasing number of Hong Kong resident staying in Mainland China, especially in the Greater-Bay Area. According to the Censuses and Statistics Department in Hong Kong, the number of Hong Kong residents that usually stay in Guangdong province increased from approximately 514,800 in 2015 to 557,900 in 2020, representing a CAGR of 1.6%. Hong Kong medical service providers will be able to bring in their international standard and western healthcare system when expanding into the Mainland China, and thus could be a more preferred option for Hong Kong residents that has already adapted to the healthcare practice in Hong Kong.

We plan to acquire equity interests in eye-related clinics (眼科診所), outpatient department (眼科門診部) or hospitals (眼科醫院) in the PRC to expand our presence into the PRC under our brand of “Clarity”.

Subject to the negotiations with the potential vendors and the prospect of the targets, we plan to acquire majority and/or minority equity interests of one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area with strong consumer spending power, which will enable us to expand our presence into the PRC market under our brand of “Clarity”. We intend to finance approximately HK\$80.3 million from the net proceeds from the Global Offering, or 32.0% of the net proceeds of the Global Offering, to acquire majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area.

We will focus on the eye-related clinics, outpatient department or hospitals which provide premium ophthalmic services in the PRC, especially those in selected cities that have similar demographic features and strong consumer spending power as those of Hong Kong. There were more than 50 hospitals and more than 200 clinics which provide ophthalmic healthcare services in cities in the Greater Bay Area, respectively, as of 31 December 2020, according to Frost & Sullivan. In addition, the needs of ophthalmic services from the PRC have proved to be strong and the spending on private healthcare services in the PRC had increased in the past few years. The market size of private ophthalmic service industry in the PRC in terms of revenue increased from RMB14.5 billion in 2016 to RMB29.2 billion in 2020 at a CAGR of 19.1%, and is expected to reach RMB59.0 billion in 2025, according to Frost & Sullivan. Furthermore, the total non-government healthcare expenditure, including medical insurance and out-of-pocket health expenditure, increased from RMB2,206.8 billion in 2015 to RMB4,078.3 billion in 2019 at a CAGR of 16.6%, and is expected to reach RMB7,149.6 billion in 2024.

During the Track Record Period, our Group did not have any operation in the PRC. However, some of our Medical Practitioners, our management team and investors have extensive experience and network in the PRC which our Directors believe will allow our Group to establish our presence in the PRC. Dr. Lau and Dr. Hui, members of our senior management team and our Medical Practitioners, had both obtained qualification licences from the public administrative authority of the PRC and had completed registration for a place of practising and scope of profession in the PRC for more than six years. In addition, Dr. Ho Chun Ho (“**Dr. Ho**”), who is qualified to practise in both Hong Kong and the PRC (upon registration with the relevant authority) had joined our Group in August 2018. If required, each of Dr. Lau, Dr. Hui and Dr. Ho can provide ophthalmic services to patients in the PRC and share their experience with medical practitioners in the PRC to facilitate and manage the operation of the newly acquired eye-related clinics, outpatient department or hospitals in the PRC. Moreover, our Medical Practitioners had participated in ophthalmic presentations and attended academic and medical conferences in the PRC to further our understanding of the PRC ophthalmic service industry. We also plan to actively encourage medical skill exchange between our Medical Practitioners in Hong Kong and medical practitioners in the PRC through various meetings, conferences and visits to be arranged by us from time to time. In addition to enhancing the understanding of the ophthalmic services of our Medical Practitioner in the PRC, our Directors will also leverage the extensive network of our management team and our Shareholders. In particular, Mr. Wu, our chairman of the Board and one of our non-executive Directors, had served as the chairman of the Hospital Authority for more than nine years and had led the implementation of various medical and public health policies for the Government of Hong Kong. We believe that Mr. Wu had over the years established strong network with medical practitioners and medical supply companies in the PRC which is vital to our Group’s development in the PRC.

During the Track Record Period, Dr. Lau, Dr. Hui and Dr. Ho had been sharing their experience and latest updates in the ophthalmic healthcare industry with other counterpart medical practitioners in the PRC through an online healthcare education platform called “Yunqueyi” (云鹊醫), a platform introduced to us by our substantial Shareholder, WuXi AppTec. We were invited by the operator of the platform, PICA Medical Technology (Shanghai) Co., Ltd., to provide educational content on the platform and we have arranged our Medical Practitioners, including but not limited to, Dr. Lau, Dr. Hui and Dr. Ho to share their experience on ophthalmology. The users of the platform are mainly medical practitioners in the PRC and it has more than 2.2 million registered users as of the Latest Practicable Date. The platform connects medical practitioners and facilitates information and skill sharing where educational talks and other contents on medical knowledge are uploaded on this platform and we are able to establish our reputation by demonstrating the experience and expertise in ophthalmology of our Medical Practitioners among

the counterparts in the PRC. In addition, since 2019, our Group has also been exploring potential opportunities in the PRC and our management team has been meeting with medical practitioners and management personnel in the healthcare sector in the PRC to discuss the market development and regulatory updates to keep our Group abreast with the PRC market and be prepared for our expansion strategies. In order to facilitate these discussions and implement our Group's development in the PRC effectively and efficiently, our Group had set up a strategic committee (the "**Strategic Committee**") in March 2021. The committee comprises six persons, including Mr. Wu, Mr. Wong, Dr. Lau, Mr. Liu Ye, Dr. Shi Weiyun and Mr. Zhang Jian. Mr. Liu Ye, Dr. Shi Weiyun and Mr. Zhang Jian were neither a director of any member of our Group nor a staff of our Group and their participation in the Strategic Committee is voluntary in nature and each of the members does not receive any remuneration from our Group for his/her service as member of the Strategic Committee. Each member of the Strategic Committee had entered into an agreement for the appointment as an advisor for the provision of advisory services on a voluntary basis and each of them has ample experience and is authoritative in the ophthalmic healthcare industry and pharmaceutical industry in the PRC, for example, Mr. Zhang is the chairman of company based in the PRC which engages in the supplier of ophthalmic pharmaceuticals and consumables. Dr. Shi is the director of Shandong Eye Hospital (山東省眼科醫院) and the director of the Shandong Eye Research Institution (山東省眼科研究所), while Mr. Liu is the chief executive officer of Ocumension Therapeutics, a China-based ophthalmic pharmaceutical platform company which is listed on the Stock Exchange (stock code: 1477) and has over 20 years of experience in the pharmaceutical industry. The purpose of the establishment of the Strategic Committee is to ensure the quality and effectiveness of our Group's future development in the PRC and the value for investment. The Strategic Committee will meet regularly to discuss, including but not limited to, the latest trends and developments in the medical sector in the PRC include policies and directions, recruitment of medical practitioners in the PRC who are specialised in the provision of ophthalmic service, licensing requirements and regulatory compliance matters in the PRC. In addition, the Strategic Committee will discuss and assess the feasibility of investment and/or acquisition opportunities in the PRC and their potential benefits. The Strategic Committee can invite representatives from 3W Partners and WuXi AppTec to attend its meetings to provide insights and suggestions as needed and the committee will report to the Board on a regular basis and execute its development plans and strategies in the PRC with reference to the advice of the committee.

In order to establish our brand of "Clarity" in the PRC, we intend to hold various brand building activities utilising the growing social media platforms and to hold seminars to target patients in order to raise awareness of eyecare and other ophthalmic related information. Such brand building activities are vital for our Group to establish in the ophthalmic services market in the PRC.

Furthermore, we will actively recruit qualified management representatives who will assist our senior management with daily operation of our eye-related clinics, outpatient departments or hospitals in the PRC. Such management representatives shall have extensive experience in management of medical premise in the PRC and will be required to station at our eye-related clinics, outpatient departments or hospitals in the PRC. These qualified management representatives are readily available in the PRC. According to Frost & Sullivan, there was a total of 13.5 million workers in the healthcare sector and 0.6 million in managerial position in 2020. In particular, the number of healthcare workers in the ophthalmic healthcare service sector was approximately 91,200 and 10,200 were in managerial position. In Guangdong provinces, the number of workers in the healthcare sector and those in managerial position was approximately 1,006,200 and 36,900, respectively in 2020. Our senior management will have meeting with management representatives on weekly basis to understand the latest operation status. For any potential management issues which are beyond management representatives' authority, they are required to promptly report the same to

our senior management and assist our senior management to address issues through various practical solutions. Our senior management will also pay regular visits to our eye-related clinics, outpatient departments or hospitals in the PRC and grasp the actual operation situations through communications with the relevant medical practitioners and frontline staff. Considering the geographical proximity and convenient transportation between the PRC and Hong Kong, together with the support of advanced communication technology, we do not foresee any major difficulties for management of our eye-related clinics, outpatient department or hospitals in the PRC.

In evaluating our potential acquisition targets, which may include eye-related clinics, outpatient department or hospitals in the PRC, coupled with the advice from the Strategic Committee, we would prudently consider various factors where applicable, including without limitation to, (i) their key licences, approvals and permits, in particular that the target should possess Medical Institution Practising Licence (醫療機構執業許可證) issued by the National Health Commission of the PRC or its local counterpart, as we regard such licences would facilitate our business operations in the PRC as we will not be required to put additional resources and efforts to apply for such licence for targets which have not obtained the licence, (ii) the background of the potential target shareholders, (iii) their past financial performance, in particular that they shall have no substantive indebtedness and/or capital contribution obligations, (iv) their past compliance record in terms of provision of ophthalmic services, (v) their existing scope of ophthalmic services and key medical devices, in particular that they shall provide ophthalmic services which are substantively in line with ours, (vi) their operating scale, in particular the capacity for substantive upgrade and enhancement in order to deliver quality ophthalmic services which are consistent with those provided by the Medical Centres, (vii) location, in particular that the selected cities shall have strong consumer spending power with reasonably intensive competition environment and the potential acquisition targets shall be located in the core areas of the selected cities, (viii) the reputation of the potential acquisition targets and their medical practitioners; and (ix) the background, business networks, competitiveness and the potential cooperative synergies of such potential target shareholder(s) to ensure a mutually beneficial cooperation. Following acquisition of a majority interest of the target as appropriate, we would take certain integration measures to implement our own standards on the management system as well as the best practise for ophthalmic services and operations to ensure the acquired eye-related clinics, outpatient department or hospitals to be operated under the same standards of our “Clarity” brand and share the same value and culture. For details of the legal and technical requirements for acquiring eye-related clinics, outpatient department or hospitals, please refer to the section headed “Regulatory Overview — Laws and Regulations Related to the Healthcare Service Sector in the PRC” of this prospectus.

We plan to spend approximately three to six months to identify the proper acquisition targets in the PRC, in particular those holding the Medical Institution Practising Licences, after we start our acquisition plan in the PRC. Once an acquisition target is identified, we will engage professional parties and estimate to spend approximately two months on conducting comprehensive due diligence on such target. If the target is suitable, we will negotiate and enter into a sale and purchase agreement and make proper disclosure as required by the relevant laws, regulations and rules. Upon the satisfaction of the due diligence on the acquisition target as well as other conditions precedents and terms set out in the relevant sale and purchase agreement, we will proceed to complete the acquisition, obtain the necessary registration and filing in the PRC and make further disclosure where needed. After completion of the acquisition, we will spend approximately six to nine months on, among others and as applicable, renovation, purchase and installation of medical devices, recruitment of medical practitioners and frontline staff and implementation of our business model and standardised clinical practice for the newly acquired eye-related clinics, outpatient department or hospitals.

We believe that our acquisition of equity interests in selected eye-related clinics, outpatient department or hospitals in the PRC will help us gain in-depth understandings of and further penetrate into the local market and access to vast local resources, such as patient networks and business connections, which will complement our advanced medical know-how and high-standard medical practice. We will bring them in line with our high standard quality management and at the same time gain experience of operating medical centres in the PRC. Meanwhile, we can directly utilise our acquisition targets' various local resources to help us expand our presence into the PRC ophthalmic service market in a relatively short period of time. Such advantage is particularly evident when compared with organic growth through establishing new medical centres in the PRC, which is time-consuming and capital intensive.

As of the Latest Practicable Date, we had not identified any target eye-related clinics, outpatient department or hospitals for such acquisition in the PRC or had any specific acquisition plans or entered into any legally binding agreements for the purpose.

We plan to identify suitable collaboration partners for collaboration in setting up a eye-related clinic for the provision of ophthalmic medical services in the PRC.

We intend to explore opportunities for strategic partnerships and collaboration with our suppliers and hospitals based in the PRC in setting up a eye-related clinic for the provision of ophthalmic medical services in the PRC.

Our Directors believe that we can leverage the PRC-based suppliers or hospitals' well-established network and expertise in the healthcare industry to promote the ophthalmic services of our Group. In selecting our collaboration partners, we will take into considerations their reputation, operating history, compliance records, human resources and the synergy that the collaboration will be brought to our Group.

We have entered into a non-legally binding memorandum of understanding with one of the largest suppliers of ICL in the PRC in March 2021, major terms of the memorandum of understanding are set out as follows:

Date:	1 March 2021
Parties:	(a) our Company; and (b) the supplier of ICL in the PRC, an independent third party
Term:	Two years from 1 March 2021 to 28 February 2023
Scope of cooperation:	The supplier and our Group had agreed to explore the possibility to establishing a joint venture company in the PRC and to set up a eye-related clinic or hospital for the provision of ophthalmic services in cities of the Greater Bay Area
Definitive agreement:	The investment amount in the joint venture company by the parties, profit distribution ratio and management structure shall be negotiated in due course and will be subject to the investment agreement to be entered into by the parties and the articles of association of the joint venture company

As of the Latest Practicable Date, our Group had been in discussion with the supplier in respect of the operation model, however, no concrete plans had been arrived at and no definitive agreement had been entered into.

We expect that the eye-related clinic or hospital to be set up with the ICL supplier will be approximately three to five medical practitioners, approximately 35 to 40 frontline staff (including optometrists, registered and enrolled nurses and nursing staff) which will have a gross floor area of approximately 10,000 to 15,000 sq.ft. located in the Greater Bay Area.

The supplier of ICL was established in 2015 and is a private medical healthcare institution specialised in ICL implantations and has a registered capital of RMB30.0 million, based on publicly available information. The group which the supplier of ICL belongs to is the sole distributor of ICL in the PRC and owned over 30 trademarks for its operation of eye-related clinics and ophthalmic outpatient department and distribution of ICL products. It operates eye-related clinics and ophthalmic outpatient departments in various cities in the PRC, including Shanghai and Chongqing which are in operation under collaboration models where the supplier of ICL shall provide medical supplies and other consumables and the counterparty shall provide human resources and is responsible for management and operation of the eye-related clinics and/or ophthalmic outpatient departments.

Leveraging the ICL suppliers' experience, it is expected that, they will be primarily responsible for procurement, human resources and talents recruitment and location selection for setting up the eye-related clinic or hospital, which our Group shall also provide our advice and share our suggestions. Our Group will also share our brand with the collaboration partner and will also provide managerial personnel for decision making and management advisory work.

Considering that we generally would not have majority interests over the joint venture company, the financial information of the joint venture company would not be consolidated into our Group's, and therefore there would be no impact on our revenue. On the other hand, the Group would still account for its investment in a joint venture on its balance sheet. Further, if there are any profits gained from the operation of the eye-related clinics or hospitals, the Group shall recognise its share of joint venture profit and recorded on its income statement which may bring positive impact on the Group's financial performance. We believe that such cooperation, if materialises, will allow our Group to build our brand and to establish our Group's track record under the assistance of experienced collaboration partners in particular, based on the ICL supplier's track record of operation in the PRC, their business network and the operating scale, for provision of ophthalmic services in the PRC. Our Directors are also of the view that such cooperation will build and consolidate our experience for operating and managing eye-related clinic or hospitals in the PRC and be one of our stepping stones in tapping into the PRC market.

We intend to finance approximately HK\$36.0 million from the net proceeds from the Global Offering, or 14.7% of the net proceeds of the Global Offering, to set up a medical centre for the provision of ophthalmic medical services in PRC with the suitable collaboration partners.

As of the Latest Practicable Date, we had not entered into any definitive agreements with any collaboration partners.

We plan to acquire interests in ophthalmic-related businesses

Leveraging our established network in the industry and the substantial investment experience and network of our shareholders, 3W Partners, WuXi AppTec and Mr. Wu in the healthcare industry, we plan to acquire interests, majority or minority depending on negotiations, in ophthalmic-related businesses, in particular suppliers of equipment and devices for ophthalmic surgeries and examinations and/or suppliers of ophthalmic medicine. In selecting our potential targets, we will take into considerations their reputation, product quality, operating history, compliance records, and their ability to keep abreast with the latest technological and medical development. According to Frost & Sullivan, there were approximately 500 and 30 suppliers of equipment and devices for ophthalmic surgeries and examinations in the PRC and Hong Kong, respectively, as of 31 December 2020. On the other hand, there were more than 1,000 and 50 suppliers of ophthalmic medicine in the PRC and Hong Kong, respectively, as of 31 December 2020.

We believe that through acquiring interests in these ophthalmic-related businesses, we will be able to secure a stable supply of quality equipment and devices for our ophthalmic surgeries and examinations and/or ophthalmic medicine. Furthermore, our Directors are of the view that the acquisition will allow our Group to gain more control of the supply chain process and information along the supply chain and will provide cost synergies between our Group and the supplier. As advised by Frost & Sullivan, it is not uncommon for private healthcare services providers in Hong Kong to acquire interests in suppliers of medical consumables, medications and medical devices and equipment.

We intend to finance the acquisition of majority or minority interests in the ophthalmic-related businesses by internal cash flows and/or future potential equity raising and/or external borrowing. As of the Latest Practicable Date, we had not identified any specific acquisition targets or had any specific plans or entered into any definitive agreements with any potential targets.

OUR BUSINESS MODEL

Our Central Medical Centre and Mong Kok Medical Centre are located at easily accessible locations on Hong Kong Island and in Kowloon, respectively, and are well equipped with advanced medical devices for the provision of our services.

We serve patients of all age groups who suffer from various eye conditions, including refractive errors such as myopia, hyperopia, astigmatism, cataract and/or presbyopia, and other eye problems, such as retinal and macular diseases, glaucoma and amblyopia.

BUSINESS

OUR SERVICES

We principally engage in the provision of ophthalmic services in Hong Kong.

The table below sets forth a breakdown of revenue by our service offerings for the periods indicated.

	For the year ended 31 March						For the four months ended 31 July					
	2019		2020		2021		2020		2021			
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue		
Treatment services	191,037	92.5	203,642	93.3	206,419	92.8	60,736	92.8	71,773	91.5		
(i) Refractive treatments	154,754	74.9	166,801	76.4	161,668	72.7	48,475	74.1	49,676	63.4		
— Medical Centres	154,196	74.6	166,217	76.1	161,203	72.5	48,475	74.1	49,676	63.4		
— Private hospitals	558	0.3	584	0.3	465	0.2	—	—	—	—		
(ii) Treatments for other eye problems	36,283	17.6	36,841	16.9	44,751	20.1	12,261	18.7	22,097	28.1		
— Medical Centres	34,521	16.7	35,232	16.1	43,458	19.5	11,416	17.4	21,649	27.6		
— Private hospitals	1,762	0.9	1,609	0.8	1,293	0.6	845	1.3	448	0.5		
Consultation and examination services	9,244	4.5	8,510	4.1	9,100	4.1	2,688	4.1	3,803	4.9		
— Medical Centres	9,244	4.5	8,510	4.1	9,100	4.1	2,688	4.1	3,803	4.9		
— Private hospitals	—	—	—	—	—	—	—	—	—	—		
Sales of prescriptions and others	6,320	3.1	6,224	3.0	6,862	3.1	2,024	3.1	2,822	3.6		
— Medical Centres	6,320	3.1	6,224	3.0	6,862	3.1	2,024	3.1	2,822	3.6		
— Private hospitals	—	—	—	—	—	—	—	—	—	—		
Total Revenue	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

As a result of the increase in patient visits and increase on number of treatments and surgeries conducted, our revenue generated from refractive treatments increased from approximately HK\$154.8 million for the year ended 31 March 2019 to HK\$166.8 million for the year ended 31 March 2020. Our revenue generated from refractive treatments decreased by approximately HK\$5.1 million from HK\$166.8 million for the year ended 31 March 2020 to HK\$161.7 million for the year ended 31 March 2021. The decrease in revenue from refractive treatments for the year ended 31 March 2021 as compared to the same period in 2020 was mainly due to the revenue generated from SMILE surgery as a result of the decrease in number of SMILE surgeries during the year ended 31 March 2021. Our revenue generated from refractive treatments increased from approximately HK\$48.5 million for the four months ended 31 July 2020 to approximately HK\$49.7 million for the four months ended 31 July 2021. The increase was mainly due to the increase in revenue generated from multifocal IOL replacement driven by the increase in number of surgery conducted by 19.5% during the period. The decrease in number of SMILE surgeries conducted during the year ended 31 March 2021 is mainly attributable to the increased competition from other industry players who had adopted a more competitive pricing and marketing strategy.

According to Frost & Sullivan, the market size of SMILE in Hong Kong private healthcare institutions is expected to increase from HK\$263.8 million in 2020 to HK\$998.4 million in 2025. The expected increase in market size of SMILE surgeries is primarily due to changing social behavior and prevalence of digital products which result in the increase in myopia population in Hong Kong. Furthermore, with the impact of COVID-19 easing, the economy back on its recovery as well as the increased competition, our Directors and senior management team had implemented strategies to protect and capture market share, such as we had adopted pricing discount for SMILE surgeries, launched promotional campaigns to compete with other market players, we have also resumed our eye care educational talks at our Medical Centres with permitted number of attendees back to pre-pandemic level and had commenced online sessions for eye care education talks on social media platform, to protect our market share and capture the expected increase in market size of SMILE as

BUSINESS

abovementioned. Accordingly, our Directors are of the view that, it is expected that the downward fluctuations, if any, in number of SMILE surgeries conducted should stabilize gradually and will not have material adverse impact on our Group's operation and financial performance.

Revenue generated from treatment for other eye problems had increased during the Track Record Period, from approximately HK\$36.3 million for the year ended 31 March 2019 to approximately HK\$36.8 million which for the year ended 31 March 2020 which was generally consistent with an increase in total number of patient visits, and then further increased to HK\$44.8 million for the year ended 31 March 2021 which was mainly due to the increase in revenue recorded for our standard cataract surgeries and laser procedures. Revenue generated from treatment for other eye problems had increased during the Track Record Period, from approximately HK\$12.3 million for the four months ended 31 July 2020 to approximately HK\$22.1 million for the four months ended 31 July 2021, which was mainly due to the increase in revenue recorded for each of our standard cataract surgeries, laser procedures, PPV surgeries and other treatments/surgeries. As the majority of our Medical Practitioners had been providing ophthalmic services under our brand "Clarity" for more than three years, we were able to build up our patient base by word-of-mouth referrals from existing patients and as a result, our Directors are of the view that it had contributed to the increase in revenue generated from treatments for other eye problems during the four months ended 31 July 2021.

Revenue generated from our consultation and examination service decreased from approximately HK\$9.2 million for the year ended 31 March 2019 to HK\$8.5 million for the year ended 31 March 2020 and had subsequently increased to HK\$9.1 million for the year ended 31 March 2021. Revenue generated from the sales of prescription remained relatively stable during the Track Record Period, which amounted to approximately HK\$6.3 million, HK\$6.2 million and HK\$6.9 million, respectively. Revenue generated from our consultation and examination service increased from approximately HK\$2.7 million for the four months ended 31 July 2020 to HK\$3.8 million for the four months ended 31 July 2021 which was mainly due to the growth of member of patient visits. Revenue generated from the sales of prescription increased by approximately HK\$0.8 million, or 39.4%, from approximately HK\$2.0 million for the four months ended 31 July 2020 to HK\$2.8 million for the four months ended 31 July 2021. The increase in revenue generated from sales of prescriptions and others was generally in line with our overall increase in consultation and examination services provided during the period.

The table below sets forth the breakdown of our revenue by refractive treatments for the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July					
	2019		2020		2021		2020		2021			
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%		
	(Unaudited)											
Refractive treatments												
(a) SMILE surgeries	97,822	63.2	112,424	67.4	100,104	61.9	29,786	61.4	26,964	54.6		
(b) LASIK surgeries	2,735	1.8	2,808	1.7	3,654	2.3	1,067	2.3	1,119	2.2		
(c) Multifocal IOL replacements	49,227	31.8	43,343	26.0	49,064	30.3	14,962	30.9	17,833	35.6		
(d) ICL implantations	4,970	3.2	8,226	4.9	8,846	5.5	2,660	5.4	3,760	7.6		
Total	154,754	100.0	166,801	100.0	161,668	100.0	48,475	100.0	49,676	100.0		

BUSINESS

The table below sets forth the breakdown of our revenue by treatments for other eye problems for the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(Unaudited)</i>									
Treatments for other eye problems										
(a) Standard cataract surgeries	16,826	46.4	16,326	44.3	18,658	41.7	5,482	44.7	6,453	36.4
(b) Laser procedures	8,151	22.4	7,364	20.0	10,302	23.0	2,801	27.8	5,424	24.5
(c) PPV surgeries	7,246	20.0	8,795	23.9	10,369	23.2	2,619	21.0	6,799	29.2
(d) Other treatments/ surgeries	4,060	11.2	4,356	11.8	5,422	12.1	1,359	11.5	3,421	9.9
Total	36,283	100.0	36,841	100.0	44,751	100.0	12,261	100.0	22,097	100.0

Consultation and Examination Services

We provide medical consultation and examination services to our patients through our Medical Practitioners and optometrists, with support from our registered and enrolled nurses and/or nursing staff. Consultation and examination services mainly include assessments on eye conditions, such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. After the completion of consultation, examination and diagnosis based on our patients' specific conditions, needs and concerns, Medication may be prescribed and/or treatments may be recommended to the patients by our Medical Practitioners. Follow-up consultation and examination services may be provided depending on the condition of the patients after taking the recommended Medication and/or completion of treatment.

Treatment Services

We provide a range of ophthalmic treatments at our Surgery Centres or in the Private Hospitals, depending on the complexity of the treatment, the need of general anaesthesia and/or the choice of our patients. Treatment services may be recommended to our patients after the diagnosis through consultation and examination, taking into consideration a number of factors, in particular, the age and condition of the patient, the safety, effectiveness, risks and possible side-effects of the relevant treatment. One or more types of treatments may be recommended, depending on patients' eye problems. Our Medical Practitioners will explain to patients the associated benefits and potential risks of each recommended treatment and any alternative treatment choices. We record the details of patients' drug allergy information into our Medical Centre Management System and arrange relevant checks to ascertain the degree of myopia or hyperopia, or the curvature of corneas, before the provision of treatment services. All our patients are required to sign an operation consent form in the presence of the responsible Medical Practitioner and at least one nursing staff. Our treatment services are performed by our Medical Practitioners with assistance from frontline staff.

BUSINESS

The table below summarises the treatment services that may be recommended to our patients:

<u>Treatment Services</u>	<u>Eye Problems</u>	<u>Treatment Description</u>	<u>Note</u>
<i>Refractive Treatment</i>	<i>Refractive Error</i>	<i>Refractive error is corrected either by changing the shape thus the refractive angle of the cornea, or by changing intraocular refraction by various types of implants.</i>	
1. SMILE Surgery	Myopia and/or astigmatism	<p>A part of central cornea is cut by using a single step femtosecond laser without interrupting the corneal surface. No corneal flap is created. The lenticule is then removed through a 2mm partial incision.</p> <p>In general, the duration of this surgery is approximately 30 minutes on a binoculus basis.</p>	<p>Compared to LASIK surgery:</p> <p>1) SMILE surgery is a flapless procedure which minimizes the surgical impact on the corneal stability and enhances predictability of the refractive outcome.</p> <p>2) The wound is smaller and thus visual recovery is more rapid.</p> <p>3) Potential side effects of LASIK surgery, in particular dry eye syndrome, can generally be reduced significantly.</p>

BUSINESS

<u>Treatment Services</u>	<u>Eye Problems</u>	<u>Treatment Description</u>	<u>Note</u>
2. LASIK Surgery			
● microkeratome	Myopia, hyperopia and/or astigmatism	It is a common type of LASIK surgery in which a corneal flap is created by using surgical blade called microkeratome. The flap will be opened and excimer laser will then be used to ablate the lower corneal layer (corneal stroma) to achieve the required shape. After the laser surgery is completed, the flap is retuned to its original position.	
● femtosecond		<p>The aforementioned corneal flap is created by femtosecond laser instead of surgical blade.</p> <p>In general, the duration of this type of surgery is approximately 30 minutes on a binoculus basis.</p>	Compared to microkeratome LASIK surgery, femtosecond laser surgery achieves more accurate and safer result due to enhanced accuracy and consistency.

BUSINESS

<u>Treatment Services</u>	<u>Eye Problems</u>	<u>Treatment Description</u>	<u>Note</u>
3. Multifocal IOL Replacement	Cataract and/or other refractive error	<p>Cataract and/or other refractive error is corrected by extraction of lens from the eye, followed by replacement of multifocal IOL.</p> <p>In general, the duration of this treatment is approximately 30 minutes on a monocus basis.</p>	Patients choose the multifocal IOL for replacement in order to solve cataract and respective refractive errors.
4. ICL Implantation	Myopia, hyperopia and/or astigmatism	<p>Suitable for patients with myopia, hyperopia and astigmatism.</p> <p>In general, the duration of this treatment is approximately 45 minutes on a binocus basis.</p>	
<i>Treatment for Other Eye Problems</i>	<i>Macular degeneration, amblyopia, chalazion, pterygium, tear duct blockage, squint, dry eye and eyelid anomalies</i>	<i>Surgeries or treatments based on diagnosis.</i>	

BUSINESS

<u>Treatment Services</u>	<u>Eye Problems</u>	<u>Treatment Description</u>	<u>Note</u>
1. Standard Cataract Surgeries	Cataract	Cataract is corrected by extraction of the cataractous lens from the eye, followed by implantation of monofocal IOL.	
2. Laser Procedure	Eye problems including glaucoma, minor retinal tear, diabetic eye diseases and various retinal diseases	Treatments for narrow angle glaucoma, retinal degenerations including tears and holes, proliferative diabetic retinopathy and retinal vessel obstructions.	
3. PPV Surgeries	Eye problems including damaged blood vessels in retina, infection inside eyes, serious eye injuries, retinal detachment and macular pucker	It is a microscopic surgery to remove the vitreous humour or gel-like substance in the interior party of the eye. In general, the duration of this treatment is approximately 90 minutes on a monocus basis.	
4. Other Treatments/ Surgeries	Other eye problems, mainly include: macular degeneration, amblyopia, chalazion, pterygium, tear duct blockage, squint, dry eye and eyelid anomalies	Surgeries or treatments based on diagnosis.	

Prescription Services

Medication will be prescribed by our Medical Practitioners to our patients following diagnosis after the consultation and examination or treatment services. Our Medical Practitioners are required to adhere to the following procedures upon prescription of Medication to patients:

- Full prescription, including patients' drug allergy information, shall be recorded in the patient's medical record in chronological sequence with notes of the consultation and examination;
- Prescription shall be written clearly and legibly, with indication of the name of medicine, dosage information, treatment period, name of Medical Practitioner and date of prescription, which shall also be recorded into the patients' medical records in our Medical Centre Management System, without showing the name of medicine manufacturer or the brand; and
- Prescription date shall be clearly stated with the signature of our responsible Medical Practitioner.

We follow our established procedures and conduct several checks to ensure that proper Medication is dispensed to our patients. Our responsible staff at Medical Centres are required to check the expiry dates, information on the labels and patient's identities during dispensation. The prescribed Medication is also delivered to the relevant Medical Practitioner for checking and signing. Then the responsible staff at our Medical Centres will conduct final check of the Medication and explain to the patients the correct methods for using the Medication.

Complaint Handling Procedures

We have adopted standard procedures to handle complaints from our patients. Our nursing staff attend trainings for complaint handling and ordinary complaints are immediately handled by our nursing staff when raised in our Medical Centres. If the complaints are more serious or require close follow-up, such complaints will be transferred to our client service team. Our client service team will liaise with the patients for further complaint details and properly record all the information in writing. If a complaint requires us to take further actions, our client service team will discuss the details of the complaint with our operation supervisors and Medical Centre managers, who will follow up with the progress and take effective actions. A follow-up response will also be communicated to the relevant patient when the complaint is duly handled and resolved. If there are any matters which are required to be reported to insurers, the Medical Centre managers will inform the relevant Medical Practitioners for the required reporting procedures under their relevant indemnity plan. Such complaints will also be reported to our management team and our Group will also inform the insurer under the medical malpractice indemnity plan. All documents and reports will be kept by us, and we aim to resolve all complaints in a timely manner.

Our Group had strictly followed the complaints handling procedures abovementioned in order to safeguard its reputation and quality control. Save as our nursing staff, client service team, our operation supervisors and Medical Centre managers, our Group's executive Director and chief executive officer, Mr. Wong is also responsible to review and investigate into the complaints against our Medical Practitioners and frontline staff of our Group, which are serious in nature, for example incidents relating to allegations of malpractice or medical negligence in order to ensure the quality of medical services provided to the patients of our Group.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, there were no material complaints against our Medical Practitioners and/or our Group which had a material adverse impact on our business, financial condition or results of operations.

OUR MEDICAL CENTRES

Our Central Medical Centre and Mong Kok Medical Centre are located at easily accessible locations on Hong Kong Island and in Kowloon, respectively, which enable us to provide services to our patients at convenient locations. Both Medical Centres provide consultation or examination services, treatment services (including refractive treatments or treatments for other eye problems) and prescription services. In August 2019, we have further expanded our Mong Kok Medical Centre by leasing an additional property located on 7th Floor of Wai Fung Plaza with an approximate gross floor area of 3,891 sq.ft.. We provide a range of ophthalmic treatments at our Surgery Centres or in the Private Hospitals, depending on the complexity of the treatment, the need of general anaesthesia and/or the choice of our patients.

Set forth below is the revenue breakdown for each of our Medical Centres and in the Private Hospitals during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July					
	2019		2020		2021		2020		2021			
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	(Unaudited)	
Central Medical Centre	76,574	37.1	78,493	35.9	74,721	33.6	21,627	33.0	23,383	29.8		
Mong Kok Medical Centre	127,707	61.8	137,690	63.1	145,903	65.6	42,976	65.7	54,567	69.6		
Private Hospitals	2,320	1.1	2,193	1.0	1,757	0.8	845	1.3	448	0.6		
Total	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

Medical Devices

We use various devices for the provision of our services at our Medical Centres. In particular, we owned a total of three VisuMax Femtosecond Laser System 90° as of the Latest Practicable Date for our provision of SMILE surgeries, of which one is located in our Central Medical Centre and two are in our Mong Kok Medical Centre. All of our medical devices are purchased from professional medical device manufacturers which, to the best knowledge, information and brief of our Directors, are independent third parties. We have formulated internal policies to perform routine check, periodic check and annual check for medical devices in accordance with the requirements as prescribed by laws as well as recommendations from medical device manufacturers. The maintenance work of our medical devices is carried out by the suppliers of the medical devices.

BUSINESS

The table below summarises the functions and characteristics of our major devices:

<u>Medical device</u>	<u>Year of purchase</u>	<u>Function</u>	<u>Description</u>
VisuMax Femtosecond Laser System 90°	June 2014, October 2017 and September 2020	SMILE surgery	This device provides a single step femtosecond laser used to cut the pre-calculated lenticule in the stromal layer inside the intact cornea and a small incision for removal of such lenticule. No corneal flap is created.
		Femtosecond LASIK	This device provides a femtosecond laser platform to assist bladeless LASIK surgery via creating corneal flap by femtosecond laser, and exposing the corneal stroma for LASIK treatment.
WaveLight™ EX500 Excimer Laser	August 2013	LASIK surgery	This device provides an advance LASIK platform which uses laser at 500Hz in LASIK surgery, including customised ablation profiles and advanced eye tracker systems.
LensAR Laser System	April 2014	Cataract	This device provides an advanced technology platform for cataract surgery, which provides a customised treatment by using femtosecond laser to create a small incision at the cornea and break the cataractous lens into tiny fragments to facilitate extraction.

BUSINESS

<u>Medical device</u>	<u>Year of purchase</u>	<u>Function</u>	<u>Description</u>
PXL Platinum 330 Corneal Crosslinking	June 2017	Corneal crosslinking	This device provides treatment strengthening the corneal stromal tissue through the formation of new chemical bonds between stromal fibres.
Alcon Constellation Vision System	April 2015	PPV	This device provides treatments for various vitreoretinal diseases, such as vitreous hemorrhage, retinal detachment, epiretinal membrane and macular hole.
Oculus Pentacam	April 2014 and October 2017	Measurement of the anterior and posterior corneal surfaces	This device provides an overall view of the anterior segment of the eye by even-paced rotating 360 degree scanning. Measurement of the anterior and posterior corneal surfaces supplies the true refractive power of the cornea for surgery and its evaluation. The data on the posterior surface also supports the detection of the early ectatic changes.
Daytona Fundus Camera	November 2014	Imaging of retina	This device provides imaging of retina by using ultra-widefield scanning laser technology.

BUSINESS

<u>Medical device</u>	<u>Year of purchase</u>	<u>Function</u>	<u>Description</u>
Cassini Total Corneal Astigmatism	December 2016	Measurement of astigmatism	This device provides precise measurements of cornea astigmatism for cataract surgery and multifocal IOL replacements.
iTrace Wavefront Aberrometer/ Topographer	October 2017	Measurement of internal aberration	This device integrates wavefront aberration with corneal topography and deduct cornea from the aggregate aberration to isolate the internal aberration which helps to select the suitable IOL.
Tearlab Osmolarity System	December 2016	Measurement of tear quality	This device provides precise measurement of osmotic pressure of tears in order to evaluate the quality of tears.

We have maintained a warranty plan which is generally renewed annually for VisuMax Femtosecond Laser System 90°, Wavelight EX500 Excimer Laser and LensAR Laser System. The remaining useful life of the medical devices, as estimated by our Directors based on their experience, is estimated to be not less than three years. We currently have no replacement schedule of them. Replacement may be considered when new and more advanced devices are introduced to the industry. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any malfunction or other issues with our medical devices which had materially and adversely affected our business operation and financial position.

BUSINESS

Our Medical Practitioners and Frontline Staff

Our Medical Practitioners and Their Qualifications

We had 11 experienced practising Medical Practitioners as of the Latest Practicable Date, two of them, namely Dr. Lau and Dr. Hui, are Shareholders and will hold approximately 1.55% and 1.45% of interests of our Company, respectively, upon Listing. The table below sets forth the movement and the number of our Medical Practitioners during the Track Record Period:

	For the year ended 31 March			For the period from 1 April 2021 to the Latest Practicable Date
	2019	2020	2021	
Movement of Medical Practitioners				
Total number of Medical Practitioners at the beginning of the year/period	7	9	10	9
Number of Medical Practitioners departed	—	1	1	—
Number of Medical Practitioners recruited	2	2	—	2
Total number of Medical Practitioners at the end of the year/period	9	10	9	11

All of our Medical Practitioners are Registered Medical Practitioners and Specialists in ophthalmology, whose qualifications can be viewed at the Medical Council's website. Details of the qualifications and experience of Dr. Lau and Dr. Hui are set out in the section headed "Directors and Senior Management" of this prospectus.

BUSINESS

The table below sets forth the revenue contributions from our Medical Practitioners for the three years ended 31 March 2021 and the four months ended 31 July 2021:

	Year ended 31 March						For the four months ended 31 July					
	2019		2020		2021		2020		2021			
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	(Unaudited)	
Dr. Lau	36,691	17.8	31,055	14.2	34,325	15.4	8,589	13.1	13,411	17.1		
Dr. Hui	31,344	15.2	30,291	13.9	27,643	12.4	8,292	12.7	9,864	12.6		
Dr. Tse ⁽¹⁾	9,946	4.8	1	0.0	—	—	—	—	—	—		
Other Medical Practitioners⁽²⁾	128,134	62.0	156,939	71.8	160,264	72.1	48,567	74.2	55,123	70.3		
Doctor A ⁽³⁾	26,404	12.8	22,450	10.3	263	0.1	285	0.4	—	—		
Doctor B	47,900	23.2	57,432	26.3	77,287	34.8	21,610	33.0	30,565	39.0		
Doctor C	19,431	9.4	18,170	8.3	18,440	8.3	6,077	9.3	5,839	7.4		
Doctor D	18,112	8.8	11,681	5.3	21,290	9.6	6,358	9.7	7,653	9.8		
Doctor E	10,871	5.2	24,231	11.1	22,287	10.0	6,870	10.5	6,729	8.6		
Doctor F	5,416	2.6	12,055	5.5	5,530	2.5	1,978	3.0	850	1.1		
Doctor G	—	—	10,777	4.9	12,728	5.7	4,355	6.7	2,314	2.9		
Doctor H	—	—	143	0.1	2,439	1.1	898	1.4	253	0.3		
Doctor I ⁽⁴⁾	—	—	—	—	—	—	—	—	920	1.2		
Others ⁽⁵⁾	486	0.2	90	0.1	149	0.1	136	0.2	—	—		
Total	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0		

Notes:

- (1) Dr. Tse left our Group in October 2019 due to health conditions.
- (2) Other Medical Practitioners include eight Medical Practitioners, the date of commencement of services to our Group by whom ranged from January 2017 to March 2020, with experience in medical practice from about eight years to about 28 years. All these Medical Practitioners hold qualifications from various professional bodies, such as the Royal College of Surgeons of Edinburgh and the College of Ophthalmologists of Hong Kong.
- (3) Doctor A left our Group in April 2020 to pursue other business opportunities.
- (4) Doctor I joined our Group in April 2021.
- (5) Others refer to the Registered Medical Practitioners who are not the Medical Practitioners of our Group and occasionally used our Group's facilities to perform surgeries during the year.

The revenue contribution by our Medical Practitioners are different during the Track Record Period as it is subject to various factors, including but not limited to, (i) the working hours may differ among our Medical Practitioners, where some have worked more during weekends and on public holidays; (ii) the types of surgeries and treatments the Medical Practitioners had conducted during the period depending on the medical conditions and requests of the patients, (iii) the types of surgeries and treatments the Medical Practitioners are specialized in, where some of these surgeries and treatments have higher list price, for example, ICL implantations, multifocal IOL replacements and PPV surgeries; (iv) the availability of our Medical Practitioners to perform these surgeries and treatments and (v) the preferences of our patients for the date and time in performing these surgeries and treatments.

During the Track Record Period, the majority of our revenue was generated from SMILE surgeries, multifocal IOL implantations and standard cataract surgeries comprising approximately 79.3%, 78.3%, 75.5% and 65.4% of our total revenue for each of the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Each of our Medical Practitioners is focused on SMILE surgeries and standard cataract surgeries. As to ICL implantations and multifocal IOL replacements, Dr. Lau, Dr. Hui, Doctor B, Doctor C, Doctor D, Doctor E and Doctor G are focused on these types of treatments and surgeries, while Doctor B, Doctor H and Doctor I, who joined our Group in April 2021, are focused on PPV surgeries.

Assignment of our patients to our Medical Practitioners

Generally, when patients come to our Medical Centres for treatment booking, our frontline staff would ask the patients if they have any preference on Medical Practitioner. If the visiting patients do not have any preference on Medical Practitioners, the Group will generally take into account of the following when making the assignment and allocation, (i) normally first accommodate the availabilities and preferred dates and times of the patients, (ii) the Group will normally try to even out the booking among the available Medical Practitioners. Should there are multiple Medical Practitioners who are available at the same time, our frontline staff would assign the patient to our Medical Practitioner on a random basis. However, according to our Directors after making all reasonable enquires, it is not common that the patient is randomly assigned to any of our Medical Practitioners as the chance that multiple Medical Practitioners are available at the same time is relatively low; and (iii) to the extent possible considering the quality of the treatments/surgeries previously conducted based on patients' feedbacks and the willingness of the newly joined Medical Practitioners in handling the refractive treatments and surgeries given that they do not have vast experience prior to joining our Group, will, first allocate the patients to newly joined Medical Practitioners after they have received training to get familiarized with our medical devices and products and to acquire the skills on relevant treatments. If the newly joined Medical Practitioner had established a good record of providing quality treatments and surgeries to our patients, our Group may progressively allocate more patients to the Medical Practitioner.

Substantial revenue contribution by Doctor B

Doctor B, aged 36 as of the Latest Practicable Date, joined our Group for approximately five years since March 2017 under a consultancy agreement entered into between her service company and Saintford. Under the consultancy agreement, Doctor B is engaged by our Group through her service company and is not regarded as our employee and she cannot directly or indirectly carry on or be engaged or interests in other private ophthalmic practices under an exclusivity clause in the consultancy agreement. The consultancy agreement does not contain a non-competition clause as we believe that Doctor B is only engaged by our Group as a Medical Practitioner and she is not a Shareholder and it is not reasonable to restrict her to provide ophthalmic healthcare services if she decides to leave our Group. Such non-competition clauses are also not included in other employment agreement or consultancy agreements with our other Medical Practitioners and such practice is also in line with the market practice, according to Frost & Sullivan. As Doctor B is not our employee under the consultancy agreement, we would not entitled to purchase any keyman insurance for her. Furthermore, our Group had not purchased any keyman insurance for our employees or Medical Practitioners since our inception as our Directors are of the view that in the unlikely event that any employees or Medical Practitioners had died or injured, we do not expect there are any material adverse impact on our operation and financial position.

During the Track Record Period, Doctor B was paid, the higher of (a) a fixed monthly remuneration, or (b) revenue based fee, being a share of revenue generated by her which varies depending on (i) the type of surgery performed and (ii) whether the clients are referred by her. The revenue share for each surgery is either in a fixed amount or an agreed percentage of the revenue net of costs. The remuneration basis for Doctor B is the same as other Medical Practitioners, other than Dr. Lau and Dr. Hui, and it is expected that such basis will remain unchanged after the Listing.

During the Track Record Period, no share incentive had been granted to Doctor B as she is only engaged by our Group as a Medical Practitioner and that none of our Medical Practitioners has been granted any share incentive as the Group believes that our Medical Practitioners are being appropriately remunerated through the current remuneration arrangement which is tied to revenue

BUSINESS

generated by the particular Medical Practitioner (except Dr. Lau and Dr. Hui), which itself is an incentive mechanism, and that this is the same for all our Medical Practitioners. Therefore, our Medical Practitioners, including Doctor B, have not been granted any share incentive and our Group currently does not think any share incentive would be granted to them after Listing.

Doctor B had the most revenue contribution to our Group for each of the three years ended 31 March 2021 and the four months ended 31 July 2021 that is 23.2%, 26.3%, 34.8% and 39.0%, respectively. The breakdown of the number of patients by existing and new patients of Doctor B during the Track Record Period is set out below:

	For the years ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		%		%		%		%		%
Number of patients of Doctor B										
— Existing patients	611	27.5	1,167	40.5	1,654	45.6	1,054	66.1	1,370	67.3
— New patients	1,611	72.5	1,714	59.5	1,973	54.4	540	33.9	667	32.7
Total	2,222	100.0	2,881	100.0	3,627	100.0	1,594	100.0	2,037	100.0

Note: For details of the definition of existing patients and new patients, please refer to paragraph headed “Our Patients” below.

During the Track Record Period, both the number of new patients and existing patients had experienced increase. For the year ended 31 March 2019, Doctor B had recorded existing patients and new patients of 611 and 1,611, respectively, and the number of existing patients and new patients increased to 1,654 and 1,973 for the year ended 31 March 2021, representing an increase of approximately 170.7% and 22.5%, respectively. For the four months ended 31 July 2020, Doctor B had recorded existing patients and new patients of 1,054 and 540, respectively, and the number of existing patients and new patients increased to 1,370 and 667 for the four months ended 31 July 2021, representing an increase of approximately 30.0% and 23.5%, respectively. The increase in the trend of the number of patient is generally in line with the increase in working hours and the corresponding revenue increase of Doctor B during the Track Record Period. The increase in number of existing patients of Doctor B is mainly attributed to (i) patients may re-visit our Medical Centres for regular checkups; and (ii) certain patients may visit us for checkups and examination at an early state which falls in previous financial years and decide to conduct surgery and treatments with us when medical conditions deteriorates, which is consistent with the increase in existing patients of our Group during the Track Record Period. For details, please refer to the paragraph headed “Business — Our Patients” of this prospectus.

It is common that patients may prefer and choose treatment booking to be on weekends and on public holidays or after working hours, as they would like to take some rest after surgeries and treatments. This is also common for the case of SMILE surgeries, with patients typically preferring to have the surgeries performed on weekends. The relatively larger proportion of revenue contributed by Doctor B was mainly attributable to (i) Doctor B worked longer hours as compared to other Medical Practitioners and, subject to patients’ appointments, is willing to work during weekends and on public holidays; (ii) the majority of the revenue generated by Doctor B was from provision of service which has a higher list price, such as, ICL implantations, multifocal IOL implantations and PPV surgeries; and (iii) after the departure of Doctor A in April 2020, patients who required services with higher pricing (i.e. ICL implantations, multifocal IOL implantations and PPV surgeries) were handled by Doctor B and our other Medical Practitioners, and in particular, the majority of the patients who required PPV surgeries were handled by Doctor B as other Medical Practitioners were not specialized in PPV surgeries.

In the event that Doctor B works less working hours or does not work on weekends, public holidays or after working hours, our Directors are of the view that, which the Sole Sponsor concurs, there will be no material adverse impact on our operation and financial position as our Group already have and has put in place arrangements since September 2021, for arranging the roster for our Medical Practitioners to work on weekends, public holidays or after working hours which, if needed can also be arranged to help take up work from Doctor B (or any other Medical Practitioners as the case may be) in such circumstances if and when they are not able to work on weekends, public holidays or after working hours. Our Medical Practitioners are required to follow the roster, which are pre-agreed by our Medical Practitioners and us, to attend to our Medical Centres as patient appointment are made according to the roster of individual Medical Practitioners.

Despite Doctor B had generated an increasing proportion of our Group's revenue during the Track Record Period, our other Medical Practitioners will also be able to provide similar services to our patients, for example, our Medical Practitioners are also specialised in ICL implantations (i.e. Dr. Hui, Dr. Lau, Doctor C, Doctor D, Doctor E and Doctor G) and multifocal IOL implantations (i.e. Dr. Hui, Dr. Lau, Doctor C, Doctor D, Doctor E, Doctor G and Doctor I). Our Directors are of the view that, our Group does not solely rely on the services of Doctor B and there will be no material adverse impact on our Group's operation and financial performance if Doctor B leaves our Group as:

- (i) *Nature of services:* our Group provides ophthalmic services to patients, which is of different nature to other types of healthcare services. Unlike other types of treatments, ophthalmic treatments and surgeries are often conducted on a one-off nature. For example, once a patient had conducted refractive treatments, the eye problems would generally be fully corrected and, save for post-treatment consultation and check-ups which was generally followed up by the same Medical Practitioners, no further treatments or surgeries will be required. Moreover, for each of the multifocal IOL, PPV surgeries and SMILE surgeries, our Group offers the surgery/treatment and the pre- or post-treatment consultation or follow-on checkups together as one bundled and packaged service to our patients. This is also generally in line with our Group's pricing, as the prices charged for the multifocal IOL, PPV surgeries and SMILE surgeries also include the pre- or post-treatment consultation or follow-on checkups. As such, our Directors are of the view that it is not likely that our Group's patients, who had refractive treatments or treatments for other eye problems before will require any further treatments or surgeries if Doctor B has left our Group; and
- (ii) *Recruitment of new Registered Medical Practitioners:* our Group is constantly recruiting Registered Medical Practitioners in order to expand our operation and increase our market share. At the same time, our Directors believe that the addition of new Registered Medical Practitioners can reduce our Group's risks on any reliance on a particular Medical Practitioners and can relieve the burden on our Medical Practitioners. Other than Doctor B who is specialised in PPV surgeries, our Group had recruited Doctor H and Doctor I during the Track Record Period both of which are also specialised in PPV surgeries in March 2020 and April 2021, respectively, and will be able to take up the responsibilities and provide services to our patients. For illustration purposes, Doctor B, Doctor H and Doctor I had contributed to revenue amounted to 34.1%, 0.5% and 2.7% for the eight months ended 30 November 2021. As to the new Medical Practitioner who joined our Group on 25 November 2021, the revenue generated was approximately HK\$26,700 for the month ended 30 November 2021. Although the revenue contribution from Doctor H and Doctor I was significantly lower than that recorded by Doctor B, the revenue contribution by Doctor B had decreased from 39.0% during the four months

ended 31 July 2021 to 34.1% for the eight months ended 30 November 2021. The relatively low revenue contribution from Doctor H and Doctor I are mainly attributable to (a) since joining our Group as a Medical Practitioner in March 2020, Doctor H has shortened her working days due to a temporary family reason. For illustration purposes, the number of working days of Doctor H had decreased by approximately 42.3% during the period from April to December 2021 as compared to the same period in 2020, from 149 working days to 86 working days; and (ii) Doctor I joined our Group in April 2021, she has been in the process of attracting patients and building up her reputation and her revenue contribution has been steadily increasing to allow them to get familiarized with our Group's medical devices and products and to acquire the skills on relevant treatments. According to our Directors' understanding, it may be typical and normal for newly joined Medical Practitioners to take some time to ramp up their revenue contribution to allow them to get familiarized with our Group's medical devices and products and to acquire the skills on relevant treatments. Since we generally recruit our Medical Practitioners from public hospitals in Hong Kong which generally do not offer refractive treatments such as SMILE surgeries and LASIK surgeries, as confirmed by Frost & Sullivan, thus, although our newly joined Medical Practitioners have the medical knowledge on such refractive surgeries, they would typically need some additional time, through working on the job, to get familiar with and to acquire the actual and practical skills in conducting such surgeries and treatments, to get familiarized with the functions of different medical devices, to get acquainted with various medical, surgical, pharmaceutical and vision care products that are commonly used in our services etc.

Our Directors are of the view that the relationship between our Group and our Medical Practitioners (including Doctor B) are not mutually dependent on each other but mutually beneficial and complimentary. Our Group provides a reputable and leading platform with a considerable market share in the private ophthalmic healthcare industry in Hong Kong to our Medical Practitioners for the provision of ophthalmic services and our Medical Practitioners are offered attractive remuneration package. On the other hand, our ability to generate revenue from the business and our business growth in the future will be impacted by the services of our Medical Practitioners. However, we are not dependent on any particular Medical Practitioner (including Doctor B) as we have and would have countermeasures in place to mitigate any dependence or concentration risk, if any.

Our Directors are of the view that, which Frost & Sullivan concurs, the remuneration package provide by our Group to Doctor B is commensurate with the market offer. To the best of the knowledge of our Directors after making all reasonable enquiries, during the Track Record Period, Doctor B was poached by another eye clinic in Hong Kong and she had declined such offer and remained as our Medical Practitioner. As of the Latest Practicable Date, to the best knowledge of our Directors after making all reasonable enquires based on (i) the discussion between our management team and Doctor B in respect of her career prospect with our Group; and (ii) our management team had not received any notice or aware that Doctor B has the intention to leave our Group, which the Sole Sponsor concurs based on the due diligence work conducted, that there was nothing which suggests that the relationship between our Group and Doctor B will materially adversely change or terminate. Our Directors believe that it is not likely that Doctor B will leave our Group to join another clinic or set up her own clinic because (i) based on the aforementioned discussion between our management team and Doctor B and that nothing has come to our attention that Doctor B has the intention to leave our Group; (ii) Doctor B had joined our Group for approximately five years and had established a stable and amicable working relationship with our Group without any material dispute and we understand that she is satisfied with such working

relationship; and (iii) the setting up of ophthalmic medical centres will require substantial financial and management resources, including purchase of advanced and high-precision instruments and devices, rental costs and staff costs, management and administrative input from her. For illustration purposes, it is expected that the investment costs for setting up a small size medical centre will be approximately HK\$20.0 million including the costs of acquiring advanced and high-precision instruments and devices and equipment for conducting the treatments and surgeries that Doctor B had conducted during the Track Record Period is approximately HK\$14.6 million. Also, the stringent regulation compliance requirements also pose a high entry barrier and high time costs for her to manage and operate the medical centres and will sacrifice and divert her time in and from the performance of surgeries and treatments.

There are no agreements entered into between our Controlling Shareholders and Doctor B as of the Latest Practicable Date.

In order to facilitate our business growth, we intend to recruit additional Medical Practitioners. The selection criteria include, *inter alia*, the practitioners' academic background and professional qualifications, reputation, years of experience and integrity in professional conduct. Although the number of Specialists in Ophthalmology in Hong Kong had recorded a relatively slower growth, from 279 in 2016 to 317 in 2021, the majority of such Specialists are engaged by public hospitals, according to Frost & Sullivan. Our Group intend to recruit Specialists in Ophthalmology from public hospitals as the remuneration package offered by our Group are generally more attractive than that offered by public hospitals. In addition, our Directors are of the view that, private healthcare institutions provide a more flexible working environment than public hospitals and possess better human resources in assisting Registered Medical Practitioners, which give us an advantage in recruiting Specialists in Ophthalmology and retaining our Medical Practitioners. In addition, we will also recruit Specialist in Ophthalmology from other private healthcare institution in Hong Kong by offering attractive remuneration package and a better working environment with abundant human resources. In addition, we believe that our brand "Clarity" and our platform can also attract Specialists in Ophthalmology to join us. During the Track Record Period and up to the Latest Practicable Date, our Group did not encounter any material issues in recruiting additional Medical Practitioners during the Track Record Period.

Terms of the employment agreements and consultancy agreements

Prior to the dissolution of the Partnership, the Partnership had transferred to Saintford all its rights and obligations under the employment agreements and consultancy agreements entered into by the Partnership and the Medical Practitioners personally or their respective service companies under the Novation Agreements on 1 May 2020. As a result, our Medical Practitioners are employed by Saintford in providing medical services through the employment agreements or consultancy agreements entered into with the Medical Practitioners personally or their respective service companies depending on the preference by our Medical Practitioners. As of the Latest Practicable Date, we have entered into ten and one consultancy agreements and employment agreement with the service companies and the Medical Practitioner, respectively. Medical Practitioners who are directly employed by Saintford under the relevant employment agreements are our employees and the counterparts who are engaged under the relevant consultancy agreements through their service companies are employed by the respective service companies and are not our employees and the Medical Practitioner engaged by the service companies cannot directly or indirectly carry on or be engaged or interested in other private ophthalmic practices according to the respective employment agreements and consultancy agreements. In either engagement arrangement, the remuneration of our Medical Practitioners is accounted for as consultancy fees under our financial statements. Our Medical Practitioners are bound by the terms under the respective employment agreement and

consultancy agreements to provide services to our Group under an exclusivity clause, except Doctor D, Doctor H and Doctor I, where, under mutual consent between our Group and the relevant Medical Practitioners, such Medical Practitioners can attend to public hospitals only to perform treatments for eye problems such as standard cataract surgery, laser procedures and PPV surgeries as part of a training to Register Medical Practitioners and medical staff for their professional development. According to Frost & Sullivan, the inclusion of an exclusivity clause in employment agreement and consultancy agreement for the engagement of Medical Practitioners are in line with the industry practice. Our Directors are of the view that the external work does not constitute direct competition against our Group as the clientele of our Group and public hospitals are different and the treatments are not provided to patients of other private ophthalmic healthcare service providers. Furthermore, to the best knowledge of our Directors after making all reasonable enquiries, these Medical Practitioners may only attend the public hospitals for not more than one day per week, and therefore, such external work did not and will not affect the time and effort of our Medical Practitioners devoted to our Group in a material respect. As of the Latest Practicable Date, none of our Medical Practitioners worked on a part-time basis. As advised by our Legal Counsel, both the MR Ordinance and the Code of Professional Conduct does not prohibit Saintford from employing our Medical Practitioners to provide medical services, nor our Medical Practitioners from being employed to provide medical services. In addition, the Legal Counsel is also of the view that given that patients are not parties to those service agreements, the capacity of the contracting parties would not affect the level of protection offered to them. Regardless of their contractual relationship with the Group, the Medical Practitioners who offer services to the patients would be regulated by the Code of Professional Conduct and the Medical Practitioners owe a duty of care to the patients which is imposed by law when a medical practitioner undertakes the task of providing advice, diagnosis or treatment. From a legal perspective, the level of protection offered to our Group where the service agreements are entered into with the Medical Practitioners' service companies rather than with the Medical Practitioners personally can be different as our Group would have recourse against the service companies but not the Medical Practitioners personally. However, the protection is not necessarily lower in the case where service agreements are entered into with the Medical Practitioners' service companies, since it depends, among others, on the financial situation of the service companies vis-à-vis the Medical Practitioners.

The following sets forth the principal terms of the employment agreements and consultancy agreements:

Date:	The employment agreements and consultancy agreements, were entered into on various dates ranging from 30 January 2013 to 8 November 2021.
Term:	The employment agreements and consultancy agreements are effective for a period of two years or on a continuous basis unless the employment agreements and consultancy agreements are terminated. The renewal of the employment agreements and consultancy agreements is subject to mutual consent.
Duties:	The Medical Practitioners agree to provide medical consultancy services to our Group at the Medical Centres subject to the terms and conditions contained in the employment agreements or the consultancy agreements.

BUSINESS

- Remuneration:
- (a) *Medical Practitioners other than Dr. Lau and Dr. Hui*: we pay our Medical Practitioners the higher of (a) a guaranteed monthly remuneration, or (b) revenue based fee, being a share of revenue generated by the Medical Practitioners which varies depending on (i) the type of surgery performed and (ii) whether the clients are referred by the Medical Practitioners. The revenue share for each surgery is either in a fixed amount or an agreed percentage of the revenue net of costs (the “**Defined Profit Sharing Arrangement**”); and
 - (b) *Dr. Lau and Dr. Hui*: a fixed monthly fee of HK\$200,000.
- Termination:
- The employment agreements and consultancy agreements may be terminated at any time:
- (a) by either party giving to the other party three months’ prior notice in writing of such intention; or
 - (b) if the Medical Practitioner shall cease to be a Registered Medical Practitioner under the MR Ordinance.

The revenue share for each surgery is either in a fixed amount or an agreed percentage of the revenue. The percentage of the revenue shared with our Medical Practitioners (excluding Dr. Lau, Dr. Hui and Dr. Tse who are entitled to fixed remuneration and other Medical Practitioners who were only paid a guaranteed monthly remuneration pursuant to the relevant terms of the consultancy agreements or employment agreements for certain months during the Track Record Period) as part of the consultancy fee paid generally ranges from 25.6% to 86.5%^(note) during the Track Record Period, and the average percentage of revenue shared with our Medical Practitioners as part of the consultancy fee paid were 28.7%, 28.8%, 31.8% and 38.0% for each of the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Save and except one of the Medical Practitioners who was entitled to fixed monthly remuneration which had distorted the range of revenue percentage during the Track Record Period, the average percentage of revenue shared with our Medical Practitioners as part of consultancy fee paid was relatively stable during the Track Record Period, our Directors are of the view that the fluctuation of revenue share percentage for the four months ended 31 July 2021 for one of our Medical Practitioners was one-off in nature and does not have a material impact on our Group’s financial performance going forward.

Our Directors are of the view that, which the Sole Sponsor concurs, the remuneration package provided by our Group (where we pay our consultancy fees in the form of a fixed monthly remuneration or a revenue-based fee, whichever is higher) is in line with the market practice.

The employment agreements and consultancy agreements entered into by our Group with our Medical Practitioners or their respective service companies do not contain any non-competition clause, which is in line with the market practice, according to Frost & Sullivan.

Note: The high revenue percentage was resulted from one Medical Practitioners during the four months ended 31 July 2021 who was only entitled to fixed remuneration as the Medical Practitioner just joined our Group in April 2021. For illustration purpose, the recorded revenue share percentage (excluding such Medical Practitioner) for the Track Record Period generally ranges from 25.6% to 34.7%.

The Medical Practitioners (other than Dr. Lau and Dr. Hui) are practising ophthalmologists with the platform provided by us. Apart from remuneration, they do not have other stake interest in our Group. The primary purpose of the Defined Profit Sharing Arrangement entered into between the Partnership or Saintford and the Medical Practitioners or their respective service companies, which is consistent with the industry norm in Hong Kong medical industry, according to Frost & Sullivan, is to provide incentives to the Medical Practitioners for the ophthalmic services rendered for us. We believe that the revenue sharing arrangement also enables us to attract and retain our Medical Practitioners.

Save as the abovementioned employment agreements and consultancy agreements and the Specified Undertaking (as set out below), there are no other arrangement entered into between our Group and our Medical Practitioners as of the Latest Practicable Date.

Remuneration of Dr. Lau, Dr. Hui and Dr. Tse

Dr. Lau, Dr. Hui and Dr. Tse had agreed to adjust their remuneration in light of the investment by 3W Partners in 2016. In 2016, 3W Partners was interested to invest in Clarity Medical. In order to give confidence to 3W Partners and to align the interests of 3W Partners with that of Dr. Lau, Dr. Hui and Dr. Tse, Dr. Lau, Dr. Hui and Dr. Tse had agreed to make certain adjustments to their remuneration. Since and including the financial year ended 31 March 2017, the remuneration of Dr. Lau and Dr. Hui was adjusted from a fix plus variable basis to a fixed monthly fee of HK\$200,000. Since and including the financial year ended 31 March 2018, Dr. Tse's remuneration was adjusted from a fixed monthly remuneration of HK\$200,000 to HK\$100,000. Such remuneration adjustment, together with the transfer of Clarity Shares from Dr. Tse to Dr. Hui and Dr. Lau as referred to in the section headed "History, Reorganisation and Corporate Structure — History and Development — Corporate history of our Group — Investments by Dr. Lau and Dr. Hui" of this prospectus, were a packaged arrangement to demonstrate to the then potential investor, 3W Partners, Dr. Lau and Dr. Hui's long term commitment to our Group and to bring their interests in our Group more aligned with that of 3W Partners following the 2016 Pre-IPO Investment.

During the Track Record Period and at present, each of Dr. Lau and Dr. Hui is entitled to a fixed monthly remuneration of HK\$200,000 while Dr. Tse (until he left our Group in October 2019) was entitled to a fixed monthly remuneration of HK\$100,000. Such fixed remuneration represents the total amount of compensation for all services (including services rendered as our senior management and ophthalmic services rendered as Medical Practitioners) rendered by them for our Group.

BUSINESS

The below table sets forth an illustration of the additional remuneration (without consideration of tax effect) would have been received by Dr. Lau, Dr. Hui and Dr. Tse (until he left our Group in October 2019) (the “**Additional Remuneration**”). The Additional Remuneration is calculated assuming that they were remunerated on the same basis as that of our other Medical Practitioners, i.e., revenue derived from the ophthalmic services provided by each of them times a benchmark of 30% minus the actual compensation received by them during the Track Record Period. The assumption of a benchmark of 30% was made based on the historical total compensation paid to and revenue derived from the provision of ophthalmic services by other Medical Practitioners during the Track Record Period, which is in line with the industry range of 20% to 40%, according to Frost & Sullivan:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dr. Lau	8,607	6,917	7,897	1,777	3,223
Dr. Hui	7,003	6,687	5,893	1,687	2,159
Dr. Tse	1,784	—	—	—	—
	<u>17,394</u>	<u>13,604</u>	<u>13,790</u>	<u>3,464</u>	<u>5,382</u>

Should each of Dr. Lau, Dr. Hui and Dr. Tse be entitled to the Additional Remuneration during the Track Record Period and taking into account the tax impact brought by the payment of the Additional Remuneration and expenses incurred in connection with the Listing, our Group would have recorded a net profit in the amount of HK\$32.0 million, HK\$19.8 million, HK\$27.9 million and HK\$7.7 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Accordingly, our Group’s ability to meet the minimum profit requirement under Rule 8.05(1)(a) of the Listing Rules would not be affected.

According to Frost & Sullivan, the range of fixed monthly remuneration received by shareholder-medical practitioners in the market generally ranges from HK\$100,000 to HK\$500,000.

Dr. Lau, Dr. Hui and Dr. Tse considered that, which Frost & Sullivan concurs, it is not uncommon in the ophthalmic service industry for the Registered Medical Practitioners who are also shareholders of the relevant company to receive a fixed monthly remuneration. Dr. Lau, Dr. Hui and Dr. Tse believed that, as a Shareholder, they would enjoy the potential dividend growth and possible long-term appreciation in the values of their Shares. For illustration purposes, based on the mid-point of the tentative price range of HK\$2.3 per Offer Share, the value of the Shares held by Dr. Lau, Dr. Hui and Dr. Tse upon Listing will be approximately HK\$17.9 million, HK\$16.7 million and HK\$258.3 million (including the value of the Sale Shares), respectively. According to Frost & Sullivan, it is common for the Registered Medical Practitioners in the private ophthalmic service industry to be the shareholders of the relevant company who would be entitled to dividend to share its profit and/or retained earnings. In February 2019, March 2021 and November 2021 our Group declared dividend of HK\$43.5 million, HK\$78.0 million and HK\$26.0 million respectively to its then shareholders, of which each of Ultimate Bliss, Dr. Lau and Dr. Hui was entitled to according to their respective share percentage. For details, please refer to note 24 to the Accountant’s report in Appendix I to this prospectus.

BUSINESS

Each of Dr. Lau and Dr. Hui entered into the Specified Undertaking with Saintford on 26 January 2022 and agreed as follows:

- (a) from the date of the Specified Undertaking until 31 March 2028, he/she shall provide ophthalmic services to Saintford on the terms and conditions of the Specified Undertaking and the relevant consultancy agreement entered into between Saintford and his/her respective service companies;
- (b) from the date of the Specified Undertaking until 31 March 2028, his/her remuneration from Saintford shall remain unchanged and he/she shall continue to receive a fixed monthly remuneration in the amount of HK\$200,000; and
- (c) after 31 March 2028, all proposed adjustment to such remuneration arrangement, including the basis and the amount of remuneration payable thereunder, shall be subject to the review by the Remuneration Committee of our Company and the approval of the independent non-executive directors appointed by our Company from time to time and as well as the independent Shareholders at the general meeting of our Company.

Following the Listing, the current remuneration arrangements and scope of services with Dr. Lau and Dr. Hui are subject to the Specified Undertaking and shall remain unchanged until 31 March 2028. By the end of the relevant year, the respective amount of remuneration to be received by Dr. Lau and Dr. Hui and the compliance with the Specified Undertaking will be subject to the annual review by the Remuneration Committee.

Medical Liability Arrangement

As our Medical Practitioners are Registered Medical Practitioners, they are required to adhere to the Code of Professional Conduct as well as to remain fit and proper (as considered by the Medical Council) throughout the period of their practice and they must not be subject to any suspension or removal from the General Register or other actions or proceedings which may affect their propriety or registration to act as Registered Medical Practitioners.

Negligence during the course of our business may result in claims for medical negligence and malpractice, which may cause an adverse impact on the reputation and operation of our Medical Practitioners and our Group. To minimise the potential impact of any claims and incidences of medical malpractice associated with our Medical Practitioners, each of our Medical Practitioners has purchased professional indemnity insurance at his/her own cost from the Medical Protection Society Limited, and therefore has medical indemnity insurance coverage against his/her own clinical negligence claims around the world. Our Directors believe that our current insurance coverage is sufficient for our business nature and is in line with industry standards. For details of the insurance policy, please refer to the sub-section headed “— Insurance” of this section.

Frontline Staff

Apart from our Medical Practitioners, we have a team of frontline staff, including optometrists, registered and enrolled nurses, pharmacists, customer service and nursing staff to support our Medical Centres' operation. As of the Latest Practicable Date, we had 68 frontline staff, including 12 optometrists, two registered nurses, two pharmacist, seven customer service staff and other 45 nursing staff. Optometrists are principally involved in providing optometric services and pre-operative assessment, including detailed eye measurement, and recording patients' medical data into our devices. The nursing staff and pharmacists are mainly responsible for assisting our Medical Practitioners in the provision of consultation, examination and treatment services, stock inspection, dispensation of Medication to patients according to our Medical Practitioners' instructions and daily operations of our Medical Centres, including management of patients' booking and appointment, registration and follow-up arrangements. Further details of our staff and remuneration policies are set out in the section headed "Directors and Senior Management" of this prospectus.

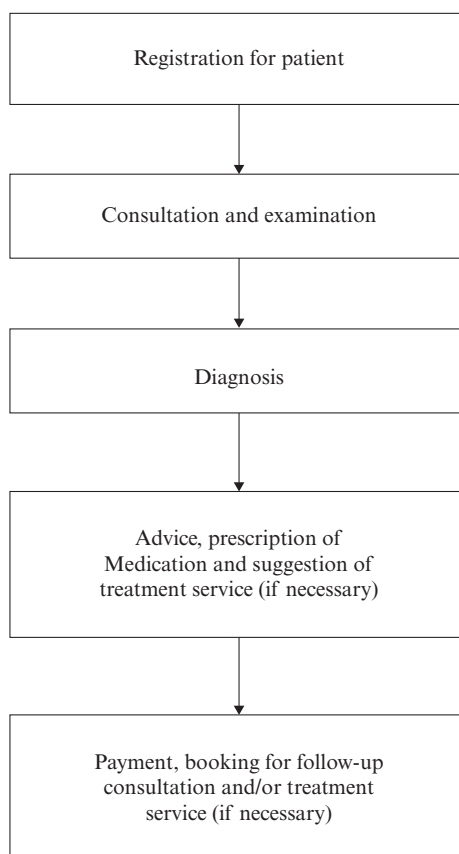
Private Hospitals

Besides performing treatment services in our Surgery Centres, our Medical Practitioners operate in operation theatres in the Private Hospital for our patients (i) whose procedures require general anaesthesia; and/or (ii) who are children or in weak physical conditions. Where operations are required to be performed in the Private Hospitals, our nursing staff will make arrangements with the Private Hospitals and reserve for surgical theatres and medical wards which the handling Medical Practitioner has admission rights.

For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from performing operations in the Private Hospitals amounted to HK\$2.3 million, HK\$2.2 million, HK\$1.8 million and HK\$0.5 million, representing 1.1%, 1.0%, 0.8% and 0.6% of our total revenue, respectively.

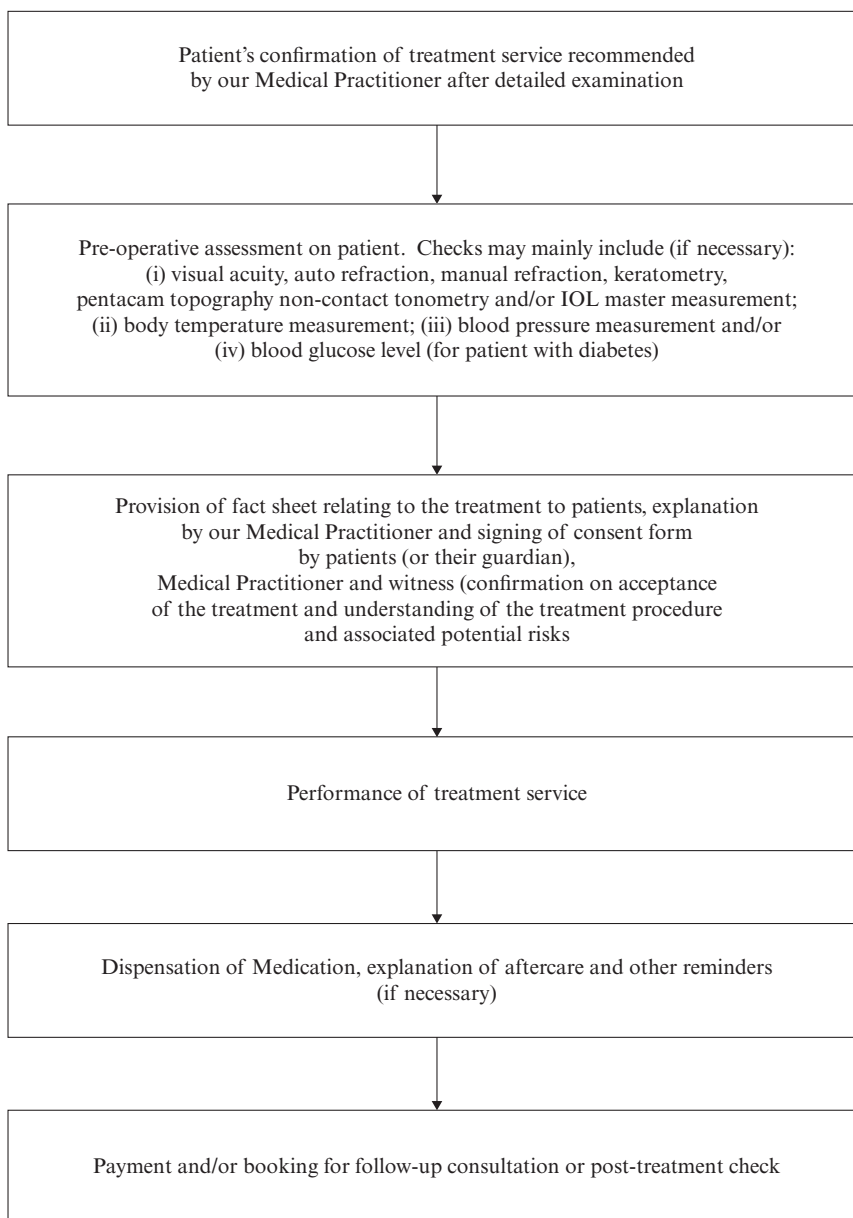
SERVICE PROCESS**Consultation and Examination Services and Prescription Services**

The following flowchart illustrates the key stages of the process of our consultation and examination services and prescription services:



Treatment Services

The following flowchart illustrates the key stages of the process of our treatment services:



Unless requested by our patients, once our patients had chosen a Medical Practitioner for the provision of ophthalmic services or where one of our Medical Practitioners had been assigned to our patients if he/she had no preference on Medical Practitioners, our services will be conducted by the same Medical Practitioners throughout the treatment services process.

BUSINESS

OUR PATIENTS

For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had recorded number of patients of 14,968, 15,831, 15,311 and 7,865, respectively. The tables below set forth breakdowns of (i) number of patients by existing and new patients; (ii) our patient visits by existing and new patients; and (iii) number of refractive treatment by type for the Track Record Period.

	For the years ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		%		%		%		%		%
Number of patients										
— Existing patients <i>(Note 1)</i>	4,228	28.2	5,961	37.7	6,713	43.8	4,245	62.5	4,978	63.3
— New patients <i>(Note 2)</i>	10,740	71.8	9,870	62.3	8,598	56.2	2,542	37.5	2,887	36.7
Total	14,968	100.0	15,831	100.0	15,311	100.0	6,787	100.0	7,865	100.0

Notes:

- Existing patients refer to patients who have received our treatment, operation or service in previous financial years.
- New patients refer to patients who have not received our treatment, operation or services in previous financial years.

The number of existing patients had increased throughout our Track Record Period, from 4,228 for the year ended 31 March 2019 to 5,961 for the year ended 31 March 2020 and reaching 6,713 for the same period in 2021. For the four months ended 31 July 2020, our number of existing patients was 4,245 and had increased by 17.3% to 4,978 for the same period in 2021. The increase in number of existing patients is because our patient base had continuously expanded over the years where (i) patients may re-visit our Medical Centres for regular checkups and such patients may have other needs to conduct other refractive treatments and/or other treatments for other eye problems due to different eye conditions; and (ii) certain patients may visit us for checkups and examination at an early state which falls in previous financial years and decide to conduct surgery and treatments with us when medical conditions deteriorates. Furthermore, our Group offers surgeries/treatments for multifocal IOL, PPV surgeries and SMILE surgeries with pre- and post-treatment consultation or follow-on checkups together as one bundled and packaged service to the patients. For certain types of surgeries, such as ICL implantations and PPV surgeries, the time span from pre-consultation check to the last follow up checkups may last for three to six months, depending on the progress of recovery and needs of our patients. As such, the long time span on the pre-consultation check to the last follow up checkups will also have an impact on the number of existing patients during the Track Record Period.

BUSINESS

Our number of new patients recorded had decreased during the Track Record Period, from 10,740 for the year ended 31 March 2019 to 9,870 to the year ended 31 March 2020 and further decreased to 8,598 for the same period in 2021. The decrease from the year 31 March 2020 to 31 March 2021 is primarily due to the increased competition from other industry players who had adopted a more competitive pricing and marketing strategy. For details of the competition faced by our Group, please refer to the section headed “Business — Competition” of this prospectus. The decrease of new patients recorded in the year 31 March 2019 to the year 2020 was attributable to the impact of the COVID-19 outbreak. The number of new patients had increased from 2,542 for the four months ended 31 July 2020 to 2,887 for the same period in 2021. The increase was because Hong Kong was experiencing the second wave of COVID-19 outbreak during the four months ended 31 July 2020 and that the impact of COVID-19 had alleviated during the same period in 2021.

	Year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	%		%		%		%		%	
Patient visit ^(Note 1)										
— Existing patients ^(Note 2)	9,488	22.2	13,116	28.5	14,548	31.2	6,847	48.4	8,402	51.9
— New patients ^(Note 3)	33,222	77.8	32,903	71.5	32,054	68.8	7,298	51.6	7,774	48.1
Total	42,710	100.0	46,019	100.0	46,602	100.0	14,145	100.0	16,176	100.0

Notes:

1. Number of patient visits refers to the number of times our patients had visited our Medical Centres during the financial year/period.
2. Existing patients refer to patients who have received our treatment, operation or services in previous financial years.
3. New patients refer to patients who have not received our treatment, operation or services in previous financial years.

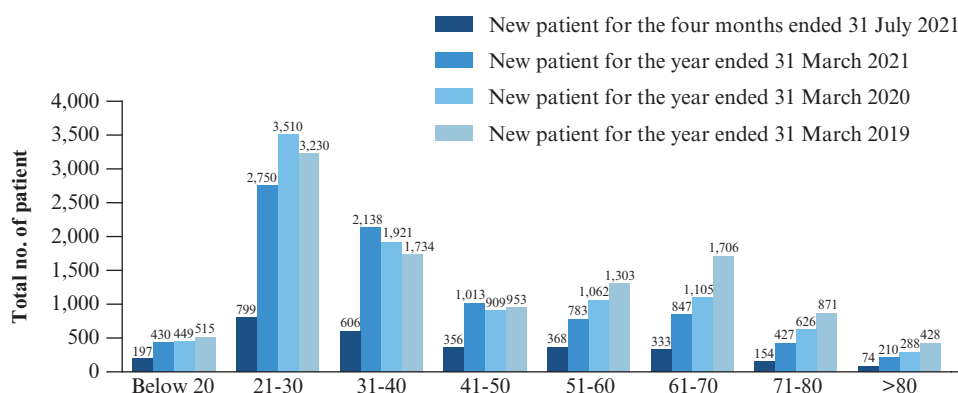
Both the number of new patients visits and number of patients had experienced a decrease, from 32,903 and 15,831 for the year ended 31 March 2020 to 32,054 and 15,311 for the year ended 31 March 2021, representing a decrease of 2.6% and 3.3%, respectively, which was caused by the economic downturn as a result of the social movement since June 2019 and the impact of COVID-19. The number of new patients had experienced an increase, from 7,298 for the four months ended 31 July 2020 to 7,774 for the four months ended 31 July 2021, representing an increase of 6.5%, which was because the impact of COVID-19 is generally under control during the four months ended 31 July 2021 while during the same period of 2020, Hong Kong was experiencing the second wave of COVID-19 outbreak.

	Year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	%		%		%		%		%	
Number of refractive treatment conducted										
SMILE surgeries	3,711	73.7	4,302	77.7	4,063	74.4	1,144	72.8	1,089	68.1
LASIK surgeries	150	3.0	144	2.6	187	3.4	55	3.5	59	3.7
Multifocal IOL replacements	1,111	22.1	988	17.8	1,104	20.2	338	21.5	404	25.3
ICL implantations	62	1.2	104	1.9	111	2.0	34	2.2	47	2.9
Total	5,034	100.0	5,538	100.0	5,465	100.0	1,571	100.0	1,599	100.0

Analysis of Our Patients

Our patients are individuals from different age groups. The following chart summarises the profile of our new patients by age groups for the three years ended 31 March 2021 and the four months ended 31 July 2021:

Years ended 31 March 2019 to 2021 and for the four months ended 31 July 2021
Number of new patients by age



Our Top Five Patients

All of our patients are individuals and our patient base is highly diversified. During the Track Record Period, our revenue derived from our top five patients accounted for less than 1.3% of our total revenue for each of the three years ended 31 March 2021 and the four months ended 31 July 2021. All of our top five patients during the Track Record Period are independent third parties.

Payment Channels

Our patients generally pay in Hong Kong dollars by cash, EPS, credit cards or health care vouchers provided by the Government. In general, no credit terms are offered to them. However, we may offer longer settlement period, which generally ranges from 90 days to 120 days, to patients that we consider premium. During the Track Record Period, there were an aggregate of 85 premium patients who are generally celebrities and key opinion leaders that can assist the building of our brand. There were no material difficulties in recovery payments from our premium patients during the Track Record Period and as at the Latest Practicable Date, all payments from the premium patients had been fully settled. For credit card and EPS payments, the relevant banks will normally settle the payment with us in one or two days after the date of transaction. In the event of surgeries or treatments performed in the Private Hospitals, the Private Hospitals will collect the surgery and other fees from our patients on our behalf and generally settle with us within the following month.

BUSINESS

The table below sets forth the amounts of our revenue settled in cash, EPS, credit cards and health care vouchers provided by the Government during the Track Record Period:

	For the year ended 31 March					
	2019		2020		2021	
	HK'000	% of revenue	HK'000	% of revenue	HK'000	% of revenue
Cash	31,535	15.3	14,969	6.9	11,080	5.0
EPS	26,017	12.6	12,507	5.7	12,635	5.7
Credit cards	147,907	71.6	189,384	86.7	197,163	88.7
Health care vouchers	1,142	0.5	1,516	0.7	1,503	0.6
Total	206,601	100.0	218,376	100.0	222,381	100.0

Our Information Technology System

We have adopted the Medical Centre Management System, which is a centralised information technology system for the management of our daily operations. Our Medical Centre Management System covers the entire process of our ophthalmic services from appointment management and treatment record filing to prescription tracking and billing arrangement. Upon a patient's first visit to our Medical Centres, our receptionist will require the patient to provide his or her personal details, referral letters, relevant medical reports and drug allergy information which will be recorded in a new medical file for such patient in our Medical Centre Management System. During the consultation and examination services, our nurses assist our Medical Practitioner with diagnosis and record relevant information, such as medicine instructions, nursing instructions and follow-up treatment arrangements, into the Medical Centre Management System. Before the provision of treatment service, our nurses must also check the available treatment details against the records in the Medical Centre Management System. In addition, before the delivery of prescription medicine to the patient, our nurses must record tracking information, including name of medicine, dosage information, treatment period, name of Medical Practitioner and date of prescription, into the Medical Centre Management System. The Medical Centre Management System links up various stages of our ophthalmic services and we believe that utilising this centralised information system can improve the efficiency and quality of our internal administration.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruption to our information technology system.

Our Personal Information Protection

We have implemented an information and personal data protection policy to ensure that our staff can strictly process information relating to our patients in compliance with the relevant laws and regulations.

Upon our patients' first visit to our Medical Centres, our receptionist will explain to them our service terms and our use of personal information statement, including terms of disclosure of patients' details to certain of our suppliers and ensure that they agree with such terms before receiving any ophthalmic services at our Medical Centres. All patients' records shall be numbered and properly stored in the filing cabinets in designated rooms which shall be locked up during out-of-office hours. Patients' records can only be accessed by the responsible Medical Practitioner, optometrist or nursing staff in the premises of our Medical Centres. No other persons, including the patients themselves, are allowed to gain access. A written request must be submitted to our Medical Centres when a patient intends to obtain a copy of his medical record and the responsible Medical

BUSINESS

Practitioner shall sign on such written request if he approves and instruct the responsible nursing staff to only photocopy the designated pages. The patient must also sign an acknowledgement letter upon receiving the copy of his medical record. No medical record can be disseminated to any other third parties, including the family members of the patient (except for guardians of minors), without the written consent and oral confirmation from the patient. We also screen medical records every six months in order to identify any medical records not being updated for more than three years for follow-up filing. If any medical record is stored for more than seven years, we will arrange it to be destructed.

In addition to the aforementioned measures, we also pay close attention to the security of personal information stored in our Medical Centre Management System. We grant appropriate access rights of our Medical Centre Management System to our staff, according to their work and responsibilities, and they are prohibited from disclosing their account information or password to any other third parties, including other staff in our Medical Centres. To safeguard our patients' medical records and personal data, our staff are required to log off the system when they leave their working spaces. The medical records stored in our Medical Centre Management System are protected by regular back-ups. We also update our information technology equipment from time to time to raise the security level and improve efficiency.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of patient confidential information or any other patient information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

PRICING POLICY

We set our fees for our consultation and examination services, treatment services and prescription services with reference to a number of factors, including the type of services, the duration and complexity of the services, the cost of service consumables, whether designated Medical Practitioner is required and the prevailing market prices.

The table below sets forth the list prices of the consultation and examination services and the refractive services provided by us as of the Latest Practicable Date:

	List price
	<i>HK\$</i>
Consultation and examination services	
Consultation services ⁽¹⁾	700 to 2,500
Examination services ⁽¹⁾	300 to 8,000
Refractive treatment services	
SMILE surgeries ⁽²⁾	22,800 to 27,800
LASIK surgeries ⁽²⁾	19,800
Multifocal IOL replacements ⁽³⁾	28,000 to 47,000
ICL implantations ⁽²⁾	80,500

BUSINESS

Notes:

- (1) The list price varies depending on the specific Medical Practitioner to provide service and the situation of the specific eye problem.
- (2) The list price will be charged on binocular basis.
- (3) The list price varies depending on the specific quality grade of the relevant multifocal IOL and will be charged on monocular basis.

The table below sets forth the average prices of the refractive treatment services and treatments for other eye problems provided by us for the Track Record Period:

	Year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Refractive treatment services					
SMILE surgeries	26,400	26,100	24,600	26,000	24,700
LASIK surgeries	18,200	19,500	19,500	19,400	19,000
Multifocal IOL replacements	44,300	43,900	44,400	44,300	44,100
ICL implantations	<u>80,200</u>	<u>79,100</u>	<u>79,700</u>	<u>78,200</u>	<u>80,000</u>
Treatment for other eye problems					
Standard cataract surgeries	24,200	25,800	31,200	31,500	30,700
Laser procedures	9,600	9,200	9,100	8,900	9,400
PPV surgeries	<u>78,800</u>	<u>73,900</u>	<u>76,200</u>	<u>72,800</u>	<u>76,400</u>

During the Track Record Period, the average price for SMILE surgeries had decreased, from approximately HK\$26,400 during the year ended 31 March 2019 to approximately HK\$24,600 for the year ended 31 March 2021. The decrease is mainly attributable to the increased competition from other industry players for conducting SMILE surgeries by adopting a more competitive pricing strategy during the Track Record Period. The decrease in average price of SMILE surgeries in the sum of approximately HK\$26,100 from 31 March 2020 to approximately HK\$24,600 was also because the price of medical device licences for conducting SMILE surgeries procured had decreased since February 2020 and we were able to lower our price for SMILE surgeries performed charged to our patients. Our Directors and the senior management team had been constantly monitoring the price charged by our major competitors with respect to SMILE surgeries which is subject to various factors, including the number of industry players, the macro economy and other social factors. Other than the relatively higher percentage of decrease in average price for SMILE surgeries from the year ended 31 March 2020 to the same period in 2021 due to the aforementioned increased in competition and drop in procurement costs, the historical average price charged for SMILE surgeries remained relatively stable since the financial period commencing from 1 April 2016. Accordingly, our Directors are of the view that, with the recovery of the economy, the improved situation from the impact of COVID-19, and our promotional efforts in face of increased competition, it is expected that the downward fluctuations, if any, in the average price of SMILE surgeries conducted by our Group should stabilize gradually and will not have material adverse impact on our Group's operation and financial performance.

In addition, the spending per patient visit for treatments for other eye problems during the Track Record Period primarily ranged from approximately HK\$500 to approximately HK\$189,000 and there was no substantive change in each of the financial years during the Track Record Period. The actual price of each of the treatments for other eye problems is determined on a case-by-case basis with reference to various factors, including the complexity of the relevant treatment, the requisite skills and expertise of the Medical Practitioners required for the relevant treatment and the conditions of the patient.


CASH RECEIPTS CONTROL AND MANAGEMENT POLICY

We receive cash from patients at our Medical Centres in our daily operations. We have implemented a check and balance system at our Medical Centres to ensure that fees are accurately received and recorded. Our designated staff conduct daily cash count and check against income reports and lock the cash in safes in our Medical Centres. Cash received is generally deposited into banks on the next Business Day. Our accounting department keeps records of the relevant amounts of cash transactions and movements.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any issues in connection with our credit control and management policy which would have had material impact on our business, financial condition or results of operations.

BRAND BUILDING

Pursuant to the Code of Professional Conduct and other professional guidelines prescribed by the Medical Council, several restrictions on promotion or dissemination of medical service information to the public apply to us. In particular, our Medical Practitioners are generally prohibited from promoting medical practice through advertisements. As such, we do not conduct any proactive marketing activities or advertisement of our services.

We build our patient base by word-of-mouth referrals from our existing patients who have high recognition and trust of our brand of “Clarity”. We have taken various image and service enhancement measures to build our brand. Prior to 2017, our business was operated under various trade names adopted by us at different business development stages. In order to promote a unified and clear business image to our patients, we started to change the various trade names under the brand of “Clarity” since 2017. Our Medical Centres are now operated under the names including “Clarity Medical Group (清晰醫療集團)”, “Clarity Ophthalmologists (清晰眼科)”, “Clarity SMILE LASIK Centre (清晰微笑激光矯視中心)”, “Clarity Eye & Surgery Centre (清晰眼科全科及手術中心)”, “Clarity Cataract Centre (清晰白內障中心)”, “Clarity Cornea Transplant and Crosslink Centre (清晰眼角膜移植及交聯手術中心)”, “Clarity Oculoplastic Centre (清晰眼部整形外科中心)”, “Clarity Medical (清晰醫療)” and “Clarity Retina Institute (清晰視網膜及黃斑點專科手術中心)”, where the use of the unified brand of “Clarity” further enhances our established reputation in the ophthalmic service industry. We also invest resources in the design of our website, which concisely presents various information in relation to our ophthalmic services to our potential patients. Such website also has a communication function which enables the general public to contact us regarding their queries. Further, we hired professionals to design our logo,  which is explicitly shown on our website, the walls of reception areas in our Medical Centres as well as the name tags of our frontline staff.

In addition to image enhancement measures, we also actively undertake measures to enhance the quality of our ophthalmic services. We encourage our patients to provide direct feedbacks to our ophthalmic services. Patients are provided with service evaluation questionnaires after completion of

BUSINESS

all our diagnosis and treatments and our frontline staff then carefully guide our patients to complete the questionnaires. Feedbacks from patients are reviewed and summarised by our client service team, which is then reported to our Medical Centre managers for review and consideration on a monthly basis. Medical Centre managers also need to report the results of our service evaluation during the regular senior management meeting. Our client service team will also actively follow up with patients regarding their feedbacks and timely report actions or improvements taken by us to them. We also arrange our frontline staff to receive customer service trainings provided by our client service team, which enable our frontline staff to provide premium customer services. Through attending these trainings, we advocate compassionate, patient-centric values in our operations, and implement the best practice guidelines of clinical and operating protocols adopted by successful overseas ophthalmic service providers. We have also engaged third party mystery shoppers who will provide evaluations of the performance of our frontline staff through visits by unidentified and unannounced evaluators. Our Directors believe that our frontline staff are able to uphold the quality of our ophthalmic services. Further, we also organise various eye care educational talks for the general public at our Medical Centres. Through interactions with the audience, we disseminate the knowledge of eye health and promote the public awareness of our brand. As a result of our brand building efforts, we have received various honours, awards and qualifications during the Track Record Period. The table below sets forth our honours, awards and qualifications for the periods as indicated:

<u>Year</u>	<u>Honour/ Award/ Qualification</u>	<u>Event/ Body/ Organiser/ Media</u>
2021	Hong Kong's Most Outstanding Services Awards 2021	Corphub
2021	Hong Kong Star Brand Award 2020–2021	Hong Kong Small and Medium Enterprises General Association
2021	2021 Hong Kong Top Service Brand	The Chinese Manufacturers' Association of Hong Kong and Hong Kong Brand Development Council
2020	Service Awards 2020	Capital Weekly Magazine
2020	Hong Kong's Most Outstanding Business Awards 2020	Corphub
2019	2018 Hong Kong Top Service Brand	The Chinese Manufacturers' Association of Hong Kong and Hong Kong Brand Development Council
2018	ISO 9001:2015 Certification	Lloyd's Register Quality Assurance Limited
2018	The Outstanding Brand Awards 2018	Economic Digest Magazine

BUSINESS

<u>Year</u>	<u>Honour/ Award/ Qualification</u>	<u>Event/ Body/ Organiser/ Media</u>
2018	Service Awards 2018	Capital Weekly Magazine
2017	The Voice of Business in Hong Kong — Most Valuable Services Awards in Hong Kong	Mediavision Group
2017	Hong Kong Health Awards 2017 — Winner of the Best Vision Correction Centre	MegaLife Media
2017	Service Awards 2017	Capital Weekly Magazine
2016	Hong Kong Health Awards 2016 — Winner of the Best Vision Correction Centre	MegaLife Media
2016	Hong Kong Health Awards 2016 — Winner of the Best Specialist Centre	MegaLife Media

OUR SUPPLIERS

Our purchases mainly include IOL, drugs and dispensary supplies and medical device licences required in our daily operations. Our total purchase amounted to approximately HK\$37.4 million, HK\$40.3 million, HK\$37.9 million and HK\$12.8 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively.

We mainly purchase from the Hong Kong sales office of international manufacturers of IOL, drugs and/or dispensary supplies. In addition, we need to purchase relevant licences from the respective suppliers of medical devices, namely VisuMax Femtosecond Laser System 90° and LensAR Laser System, for our Medical Practitioners to perform SMILE and cataract surgeries. These licences contain key codes are entered into the medical devices prior to SMILE or cataract surgeries are conducted and the devices cannot be operated unless the key codes are entered into the systems. We procure the device licences for femto cataract surgeries from the relevant suppliers and the representatives from the suppliers will attend to our Medical Centres and enter the key codes into the LensAR Laser System. As to the procurement of ICL, after our Medical Practitioners had conducted measurements for our patients, we will order the ICL with the required specifications from the supplier. If the supplier have the stock with the required specification, the supplier will deliver the ICL to us within three weeks. However, if the ICL are out of stock, the supplier will have to tailor-made the ICL and deliver the ICL to us within six weeks. Some of our suppliers have assigned their distributors in Hong Kong to deliver their products to us. Hence, we settle the invoices issued under the names of those distributors directly. Save as the consignment agreements entered into between our Group and our major suppliers of IOL, we generally do not enter into fixed term procurement agreements with our suppliers. For sensitivity analysis in relation to changes in costs, please refer to the section headed “Financial Information — Quantitative and Qualitative Disclosure about Financial Risks — Operation cost risk exposure” of this prospectus.

Consignment Sales with Suppliers of IOL

We have entered into consignment agreements with our major suppliers for IOL. As different patients will require IOL with different specifications, as advised by Frost & Sullivan, it is common practice for medical centres to enter into consignment agreements with IOL suppliers in order to reduce inventory risks and enhanced operational flexibility. Pursuant to the relevant consignment agreements, the suppliers are obliged to maintain a specific amount of various types of IOL with stated specifications as agreed at our designated Medical Centres from time to time. The consignment stock remains the property of the relevant suppliers and we are liable for any damage, destruction or loss of such stock. We are responsible for insuring the consignment stock against risks such as fire, damage and theft. Purchase of any consignment stock at the agreed price will take place once the stock has been removed by us from consignment and used. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our consignment purchases were approximately 18.9%, 15.6%, 19.9% and 22.7% of our total purchases, respectively. Generally, stock will be replenished by the relevant suppliers within the time as agreed and we have the right to reject defective or non-conforming stock, and to require replacement upon receipt of products. In the event of cancellation of the consignment agreements, we will be obliged to return the remaining consignment stock at our own expense. The consignment agreements range from a term of one year to undefined term, and usually can be extended prior to each expiry date and be terminated by either party by about one month's prior written notice. According to Frost & Sullivan, it is an industry norm for ophthalmic service providers to enter into consignment arrangements with IOL suppliers.

Relationship with Our Top Supplier

We have a long and established business relationship with our top supplier since 2013. Our top supplier is the Hong Kong branch of an international company which is headquartered in Germany and the shares of which are listed on the Frankfurt Stock Exchange. The group is principally engaged in manufacturing of ophthalmic devices and visual solutions for microsurgeries and is the sole global supplier of VisuMax Femtosecond Laser System 90° for our provision of SMILE surgeries and the relevant medical device licences and according to Frost & Sullivan, it is an industry norm for companies engaging in the industry specialising in the provision of SMILE surgeries services to solely rely on the top supplier for the procurement of medical device licence in order to perform SMILE surgeries and there are no alternative suppliers that are readily available to provide the same supplies to our Group. The key codes contained under the medical device licences are entered into the VisuMax Femtosecond Laser System 90° prior to our Medical Practitioners conduct SMILE surgeries and the codes will become invalid once they are used for the surgeries.

As of the Latest Practicable Date, the remaining useful lives for our three medical device of VisuMax Femtosecond Laser System 90° purchased in June 2014, October 2017 and September 2020 are three years, six years and nine years, respectively. For details of depreciation of our medical devices, please refer to the section headed “Financial Information — Significant Accounting Policies — Plant and equipment and depreciation” of this prospectus.

Our clinic managers are responsible to monitor the utilization of the medical device licence to ensure that there are sufficient key codes to conduct SMILE surgeries and we procure the medical device licence from the top supplier when the inventory level is low. We usually procure medical device licence in large quantities as the medical device licence will not become expire and the price is determined solely by the supplier based on the market demand. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our total purchases of the medical device licences for the performance of SMILE surgeries from this supplier amounted to approximately HK\$17.5 million, HK\$21.4 million, HK\$16.9 million and HK\$5.2 million, respectively, representing

approximately 46.9%, 53.1%, 44.5% and 40.8% of our total purchases for the same period, respectively. We believe that our business relationship with this supplier is mutually beneficial and important. Our revenue generated from SMILE surgery amounted to HK\$97.8 million, HK\$112.4 million, HK\$100.1 million and HK\$27.0 million, representing 47.4%, 51.5%, 45.0% and 34.4% of our revenue for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. As the leading private refractive treatment service provider in Hong Kong, we ranked the first in terms of the revenue generated from SMILE surgeries performed in Hong Kong, accounting for approximately 38.0% of Hong Kong's SMILE surgery market by revenue in 2020, which is double in size of the market player who ranked second in Hong Kong, according to Frost & Sullivan, and we owned three of 13 VisuMax Femtosecond Laser System 90° operating in healthcare institutions in Hong Kong, as of the Latest Practicable Date, according to Frost & Sullivan. As such, we believe that we are one of the important customers for the procurement of medical device licences for this supplier in Hong Kong as we contribute a significant portion of its revenue generated from Hong Kong for the SMILE surgery market. The business relationship with this supplier is important to us in order to perform our SMILE surgery in the future. We have not encountered any material procurement problems with the top supplier since our business relationship commenced on 2013 and had maintained a stable relationship with them and our Directors are of the view that the top supplier is a reliable supplier that our Group can rely on going forward. We expect to continue our close and extensive business relationship with this supplier in the future. As of the Latest Practicable Date, we are not aware of any plans that this supplier will terminate its business relationship with us.

During the Track Record Period, our Company had not entered into any fixed term agreements with the top supplier in respect of the purchases of the medical device licences and there was no material adverse change in the terms and/or arrangements of the business dealings between our Group and our top supplier.

Our Directors are of the view that, which the Sole Sponsor concurs, the business relationship between our top supplier and our Group is not likely to materially adversely change or terminate based on the below factors:

- (i) *Long and stable business relationship:* we have established a stable business relationship with our top supplier since 2013 and since our introduction of SMILE surgeries, we have procured medical device licences from our top supplier. We have not encountered any material procurement problems with the top supplier and there had been no material disruption to our business relationship. In addition, there had been no material dispute or complaint between our Group and the top supplier since the commencement of our business relationship;
- (ii) *One of the major customers in Hong Kong:* as disclosed above, we ranked the first in terms of the revenue generated from SMILE surgeries performed in Hong Kong, accounting for approximately 38.0% of Hong Kong's SMILE surgery market by revenue in 2020, which is double in size of the market player who ranked second in Hong Kong, according to Frost & Sullivan. For each SMILE surgery conducted, our Medical Practitioner will require to use medical device license keys procured from our top supplier, based on the fact that we ranked first in revenue generated from SMILE surgeries conducted in 2020, our Directors believe that we are one of the important customers for the procurement of medical device licences for our top supplier in Hong Kong;

- (iii) *Industry practice:* our top supplier is the sole global supplier of VisuMax Femtosecond Laser System 90° and the medical device licences for conducting SMILE surgeries. According to Frost & Sullivan, it is an industry norm for companies engaging in the provision of SMILE surgeries to solely procure from the top supplier. To the best knowledge of our Directors, there are no other nor similar device and device licences that are available in the market which can assist to conduct SMILE surgeries and as such other top market players in the SMILE surgeries market all rely on our top supplier for the procurement of the relevant medical device licence, according to Frost & Sullivan. In the circumstances that there are available alternative devices and device licences in market from other suppliers in future which have similar quality and costs, our Group may explore cooperation opportunities with these alternative suppliers in order to minimise the risks brought by any over reliance on the top supplier; and
- (iv) *Procurement arrangement:* although our Group and the top supplier had not entered into any long term procurement agreement, there had not been any material disruption as to the supply of the medical device licences since the commencement of our business relationship. Furthermore, according to Frost & Sullivan, it is a market practice for the top supplier not to enter into any long term agreements with its customer in Hong Kong.

Our close business relationship with this supplier may involve risks to our business operations. For details, please refer to the section headed “Risk Factors — Our business relationship with our top supplier may significantly impact our business operations” of this prospectus.

Credit Period and Purchase from Major Suppliers

Our suppliers generally grant us an average credit period of 30 days. For the three years ended 31 March 2021 and the four months ended 31 July 2021, the purchases from our top five suppliers in each year/period during the Track Record Period accounted for approximately 72.5%, 76.1%, 70.2% and 73.6% in aggregate of our total purchases, respectively, while the purchases from our largest supplier in each year/period during the Track Record Period accounted for approximately 46.9%, 53.1%, 44.5% and 40.8% of our total purchases, respectively. We generally settle our purchases in Hong Kong dollars by cheques and bank transfers.

No Interest of Our Directors in Five Largest Suppliers

To our Directors’ best knowledge, none of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued Shares as of the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

Our System for Selection of Suppliers

We have a stringent system for selecting reliable and quality suppliers. We select and appraise our suppliers based on various factors, including pricing, quality, reliability, timeliness of delivery, general market reputation, maintenance and service support, and standard of consultancy services provided. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not (i) encountered any shortage or difficulty in sourcing or material delay in the supply of the materials we need or quality issue on our purchases; or (ii) received any defective products that would have had a material adverse impact on our business, financial condition or results of operations.

BUSINESS

Our Business Relationship with Our Major Suppliers

We have over seven years' business relationship with most of our top five suppliers for the Track Record Period, who are manufacturers of IOL, drugs and/or dispensary supplies.

The tables below set forth certain information of the major suppliers of our Group during the Track Record Period.

<u>Supplier</u>	<u>Transaction amount</u> (HK\$'000)	<u>% of total purchase for the year</u>	<u>Approximate length of relationship with our Group as at the Latest Practicable Date</u> (years)	<u>Principal business</u>
<i>For the year ended 31 March 2019</i>				
Supplier A	17,545	46.9	8	An international technology enterprise operating in the optics and optoelectronic industries
Supplier B	3,352	9.0	7	A provider of medical and pharmaceutical products
Supplier C	2,583	6.9	7	A distributor of IOL
Supplier D	1,890	5.1	16	A provider of surgical, pharmaceutical and vision care products with global presence
Supplier E	1,737	4.6	7	A multinational pharmaceutical company based in Switzerland
Total	27,107	72.5		

<u>Supplier</u>	<u>Transaction amount</u> (HK\$'000)	<u>% of total purchase for the year</u>	<u>Approximate length of relationship with our Group as at the Latest Practicable Date</u> (years)	<u>Principal business</u>
<i>For the year ended 31 March 2020</i>				
Supplier A	21,373	53.1	8	An international technology enterprise operating in the optics and optoelectronic industries
Supplier D	3,191	7.9	16	A provider of surgical, pharmaceutical and vision care products with global presence
Supplier F	2,223	5.5	4	A distributor of IOL
Supplier G	2,000	5.0	3	A provider of ICL
Supplier B	1,842	4.6	7	A provider of medical and pharmaceutical products
Total	30,629	76.1		

BUSINESS

<u>Supplier</u>	<u>Transaction amount</u> (HK\$'000)	<u>% of total purchase for the year</u>	<u>Approximate length of relationship with our Group as at the Latest Practicable Date</u> (years)	<u>Principal business</u>
<i>For the year ended 31 March 2021</i>				
Supplier A	16,882	44.5	8	An international technology enterprise operating in the optics and optoelectronic industries
Supplier D	3,422	9.0	16	A provider of surgical, pharmaceutical and vision care products with global presence
Supplier B	2,356	6.2	7	A provider of medical and pharmaceutical products
Supplier G	2,148	5.7	3	A provider of ICL
Supplier F	1,824	4.8	4	A distributor of IOL
Total	26,632	70.2		

<u>Supplier</u>	<u>Transaction amount</u> (HK\$'000)	<u>% of total purchase for the year</u>	<u>Approximate length of relationship with our Group as at the Latest Practicable Date</u> (years)	<u>Principal business</u>
<i>For the four months ended 31 July 2021</i>				
Supplier A	5,215	40.8	8	An international technology enterprise operating in the optics and optoelectronic industries
Supplier D	1,727	13.5	16	A provider of surgical, pharmaceutical and vision care products with global presence
Supplier G	919	7.2	3	A provider of ICL
Supplier F	909	7.1	4	A distributor of IOL
Supplier C	641	5.0	7	A distributor of IOL
Total	9,411	73.6		

INVENTORY CONTROL

Inventories at our Medical Centres mainly comprise medical device licences, IOLs and drugs and dispensary supplies. As of 31 March 2019, 2020, 2021 and 31 July 2021, inventories at our Medical Centres amounted to approximately HK\$3.7 million, HK\$5.7 million, HK\$4.2 million and HK\$4.9 million, respectively. The medical device licences for conducting SMILE or cataract surgeries are entered into the relevant medical device once the supplier had delivered the licences. All other inventories are required to be stored at the designated lockable medicine cabinet or freezer and the keys shall be kept by our operation supervisor or the designated nurse. It is our policy to maintain a minimum but sufficient level of inventories, especially those frequently used in our daily operations, based on bookings from our patients and the up to date medicine inventory control records as shown in our Medical Centre Management System. For drugs and dispensary supplies, we conduct inventory check, including medicine name, quantity, expiry dates and storage conditions, on a monthly basis. For IOLs, the inventory check, including the quantity of IOLs at each degree, expiry dates and store conditions, is conducted on a daily basis. All inventories at our Medical Centres are used/sold on a first-in-first-out basis. For IOLs and drugs and dispensary supplies, generally we can request the relevant suppliers for replacement when the shelf life of the goods have expired or will expire soon. We closely monitor the level and age of our inventory by conducting weekly stock take. Orders for new purchase or replacement are placed with our suppliers if necessary.

TRAINING AND DEVELOPMENT

We encourage all our Medical Practitioners and frontline staff to attend local and overseas education seminars on the latest ophthalmic theories and technologies and keep themselves abreast of the latest development and trends in the industry with information from medical journals. The Hong Kong Academy of Medicine imposes mandatory professional training requirements on our Medical Practitioners who are practising in Hong Kong. Our registered and enrolled nurses and optometrists are also required to attend the respective professional training programmes provided by the relevant professional institutions. For the rest of our frontline staff, depending on their positions, they would be required to attend brief trainings on our service types, our medical devices, our clinical procedures and our operation theatre procedures upon joining us. Other than the aforementioned mandatory professional trainings, our Medical Practitioners also attended various conferences including the Congress of the European Society of Cataract and Refractive Surgeons in 2017 and 2019, the annual Asia Pacific Refractive and Cataract Symposium from 2016 to 2018 and the Annual Scientific Meeting in 2020.

Our Medical Practitioners and relevant staff are also required to attend training sessions provided by medical device manufacturers before the operation of relevant devices, such as the training on the operations of ReLEx SMILE using ZEISS VisuMax. These trainings ensure that our Medical Practitioners have sufficient knowledge on the theories and mechanisms of the new technologies.

During the Track Record Period, immaterial cost had been incurred for the professional training and development of our frontline staff.

MEDICAL SERVICE QUALITY CONTROL

Our Directors believe that our business operations and financial results depend on our ability to meet our patients' requirements in all respects. In pursuit of quality excellence, we were one of the very few private healthcare institutions in Hong Kong to implement a high-standard quality management system in accordance with the requirement of ISO 9001:2015 as of 31 December 2020, according to Frost & Sullivan, which enabled us to operate our business on a sustainable and performance-oriented basis. The operation of our quality management system, details of which is set out in our quality policy manual, covers the whole flow of our medical services, including consultation, examination, treatment, prescription, medicine management, record filing and management, patient relationship, brand building, equipment and material control, purchase control and infection control, and it comprehensively controls our medical services from the perspectives of organisation structure, leadership, planning, support, operation, evaluation and improvement. In addition, under our quality management system we have also set up the quality management system committee, which is comprised of seven senior officers, including Mr. Wong (our chief executive officer and an executive Director), Mr. Lo Tsz Hong (our general manager and an executive Director), Mr. Ho Kin (our financial controller), two senior managers, one Medical Centre manager and one management trainee. These seven senior officers have specialisations in the area of overall business strategies, business administration and coordination, financial reporting and planning, business development and customer relations and they are directly involved in the daily operation of our Medical Centres. They are mainly responsible for the coordination and leadership of the operation of the quality management system. By adoption of a high-standard quality management system under ISO 9001:2015, we are now able to effectively manage the services provided by our Medical Centres and ensure the provision of satisfactory services and suitable treatments to our patients. There are no laws and regulations in Hong Kong that limits the number of surgeries that a Registered Medical Practitioner can conduct each day nor it is mandatory to regularly review the records on the practitioners' diagnosis and treatments by the management. Although the requirements are not mandatory, our Group had put in place internal policies to ensure that the safety of the patient is one of our paramount concern and had regularly conduct review and discussion amongst our Medical Practitioners and management team. In this regard, we have also appoint a chief medical executive, who is one of our Medical Practitioners, namely, Doctor F, to take charge of the day-to-day administration of our Medical Centres as required under the Private Healthcare Facilities Ordinance. Doctor F joined our Group in October 2018 and has ample experience in operation of ophthalmic healthcare service. He has been a Registered Medical Practitioner in Hong Kong since October 1990 and became a specialist in ophthalmology in Hong Kong since October 2003. Regular meetings were held, which is chaired by the chief medical executive and attended by our Medical Practitioners and senior managers, to discuss and review, among others, medical procedures, administration of clinical routine and issues encountered during consultation, which ensures our quality service and patient safety. We value our patients feedbacks in order to improve our service quality. After each surgery and treatment performed, we take a proactive approach to ask our patients to complete a customer survey, among which there is a satisfactory score from 1 to 10 for different aspects ranging from post-surgery vision and service quality of our frontline staff and Medical Practitioners, etc. to be filled by the patient (10 being the most satisfactory). If the patient gives a score of 7 or below on the "medical professional service quality" of any particular Medical Practitioner but had not lodged any complaints, our staff will first understand from such patients and the relevant Medical Practitioners the reasons for his/her dissatisfaction and details of the procedures under taken during the treatment and/or consultation, respectively. If the allegations are serious in nature, our customer service team would report to the management team and customer service team together with the management team would obtain and review the medical records of our patients and follow up with our Medical Practitioner and the

patient accordingly. During the review period, the management team will notify our frontline staff to assign less treatments/surgeries of similar types to the Medical Practitioners under review. In the circumstances that the quality of services provided by such Medical Practitioner does not improve, we will not assign any same type of surgery/treatment to the Medical Practitioner. During the Track Record Period, none of the Medical Practitioner neither had been assigned less treatments/surgeries nor had been restricted by our Group to conduct any type of surgery/treatment due to the abovementioned mechanism. As an additional measure to enhance service quality, our Medical Committee has set up an efficient complaint handling mechanism whereby any complaints are recorded and handled by our nursing staff or client service team. For details of our complaints handling procedures, please refer to the paragraph headed “— Our Services — Complaint Handling Procedures” in this section of this prospectus.

As required by our quality management system, all our Medical Practitioners must be Registered Medical Practitioners and Specialists in ophthalmology and all our optometrists are registered under the Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong). Our nursing staff are experienced in medical centre operation support and management. In recruiting new Registered Medical Practitioners, optometrists and frontline staff, we will assess his or her academic background and professional qualification, years of experience and integrity in professional conduct. The professional knowledge of our team, including all the Medical Practitioners, optometrists and other frontline staff, is crucial in the provision of our services. In this regard, in-house trainings and guidelines are provided to keep our team abreast of the latest knowledge and technique related to the industry and our services, necessary skills required for their duties and operational safety.

In addition, purchased materials will be checked when delivered to our Medical Centres and we closely monitor the level and age of our inventories. We have established procedures for our purchases and control of materials and medical devices required for our services, and the selection of suitable suppliers. For details, please refer to the sub-sections headed “— Our Suppliers” and “— Inventory Control” of this section. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not encountered any quality issue on our purchases or received any defective products or material complaint from our patients that would have had any material impact on our business, financial condition or results of operations.

OCCUPATIONAL SAFETY AND CLINICAL WASTE MANAGEMENT

We strive to provide a healthy and safe working environment for our employees and have implemented internal guidelines and arranged regular staff training in maintaining occupational safety, in particular infection control. We have adopted infection control procedures which are comprised of standard prevention measures and special prevention measures. For standard prevention measures, we require our staff to pay close attention to hand sanitisation and respiratory health, especially when they have chances to contact with blood, excretion, vomitus or other secretions. Our staff shall use personal protective equipment, such as gloves, surgical masks, goggle or protective clothing to prevent any physical contact with contaminated items. They shall also ensure that all used medical devices or medical supplies are thoroughly cleaned and sterilised before reuse. For special prevention measures, our staff are required to adopt specific measures to prevent infectious diseases caused by certain transmission methods. For example, to prevent the spreading of flu through droplet transmission, we would procure patients with relevant symptoms to wear masks and use proper disinfectant liquid to clean up the surfaces touched by them. We also undertake environment and air tests for our Medical Centres, such as steriliser biological indicator tests and airborne bacteria tests to ensure the maintenance of our occupational safety.

BUSINESS

In addition, under the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong), a person who produces or causes to be produced any clinical waste, or who has possession or custody of any clinical waste, must dispose of it in a proper manner or cause or arrange for it to be disposed of in a proper manner. The clinical waste produced in our daily operations mainly includes used syringes and bloodied gauze. We have consigned the removal and collection of our clinical waste to an authorised waste collector in accordance with the procedures as prescribed by law. We also keep proper records for the disposal of our clinical waste which is available for inspection upon request by the authority.

We have put in place policies and procedures to record and handle accidents and our management team are responsible for identifying and analysing the risks associated with our operations, occupational safety and environmental protection, preparing relevant risk mitigation plans, assessing and reporting their effectiveness. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, none of our staff had suffered any material accident in the course of their employment and we had not been subjected to any disciplinary actions with respect to occupational safety or clinical waste management.

EMPLOYEES

We offer our employees remuneration package based on their experience and position. Generally, remuneration to all our employees is comprised of basic salary and discretionary year-end bonus.

As of the Latest Practicable Date, excluding our 11 Medical Practitioners, we had a total of 98 employees in Hong Kong. The table below sets forth a breakdown of our employees (excluding our Medical Practitioners) in Hong Kong by function as of the Latest Practicable Date:

Functions	Number of Employees
Nursing	47
Optometry	12
Pharmacy	2
Customer Services	7
Business Development	14
Accounting	7
Human Resources and Administration	4
Others	5
Total	98

During the Track Record Period, mandatory provident fund and health benefits have been provided for our employees in Hong Kong and we did not have any material disputes with our employees.

LEGAL PROCEEDINGS AND COMPLAINTS**Legal proceedings**

Prior to the Track Record Period, there was a legal proceeding brought by a patient against Dr. Lau and Saintford in November 2016. The legal proceeding was in relation to complications alleged to be suffered by the patient following an ICL surgery performed by Dr. Lau in November 2013. On 19 December 2019, a consent order was given by the High Court of Hong Kong and it was ordered that all further proceedings shall be stayed upon satisfaction of the terms of settlement agreed between the patient and Dr. Lau and Saintford. It was agreed between the patient and Dr. Lau and Saintford that a settlement sum of HK\$3.8 million shall be paid to the patient in full and final settlement of all claims from the patient, on a without admission of liability basis. The settlement sum was fully covered by the professional indemnity insurance subscribed by Dr. Lau from the Medical Protection Society Limited.

Complaints

We have adopted standard procedures to handle complaints from our patients. For details, please refer to the paragraph headed “— Our Services — Complaints Handling Procedures” in this section of the prospectus. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our Group had received and handled seven, seven, five and one complaints from our patients, respectively. These complaints were mainly related to (i) the services of our frontline staff; (ii) the charges of our services; and (iii) the quality of the surgery conducted. As of the Latest Practicable Date, we had settled all complaints against our Group and our Medical Practitioners and we had paid an aggregate of approximately HK\$0.5 million as settlement sum (of which HK\$0.4 million represents fees we have received from the relevant patients for conducting treatments and surgeries) and provided refund in the amount of approximately HK\$2,300 to the relevant patients in relation to complaints against our Group during the Track Record Period. All complaints that were settled during the Track Record Period were on a non-admission of liability basis. According to Frost & Sullivan, it is an industry norm for medical institutions in Hong Kong to enter into settlement agreements with complainants on a non-admission of liability basis.

In determining whether our Medical Practitioners or our Group shall pay the settlement sum, our management team will take into account the nature and seriousness of the incident and there is no default payor of the settlement sum. In respect of the complaint against Dr. Lau, the complaint had eventually materialised as a court case and the settlement sum involved is relatively significant. As the Medical Protection Society Limited accept the claims from Dr. Lau, the settlement sum was then settled from the professional indemnity insurance subscribed by Dr. Lau. As to the other 20 complaints during the Track Record Period, as the magnitude of the complaints are relatively small and that the amount involved is not significant, in order to avoid cumbersome procedures, prolonged time and heavy manpower to handle the complaints, our Group will usually settle the complaints unless it is made aware to our management team that any malpractice or negligence on the part of our Medical Practitioners was involved in the complaints.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, (i) our Group was not engaged in any litigation or claims of material importance, and to the best knowledge of our Directors, no litigation or claims was pending or threatened against our Group; (ii) none of our Medical Practitioners had been subject to any disciplinary action brought by the Medical Council; and (iii) to the best knowledge of our Directors after making all reasonable enquiries, taking into account the legal proceedings against Dr. Lau and Saintford and the other 20 complaints (including the complaints against Dr. Hui) as abovementioned that our Group had received during the Track Record Period, our Group did not have any material accident in the course of our operation which had caused any of our patients suffer permanent loss of eyesight completely.

COMPLIANCE

Our operations in Hong Kong are governed by certain laws and regulations such as the MC Ordinance, Private Healthcare Facilities Ordinance, Undesirable Medical Advertisements Ordinance, Pharmacy and Poisons Ordinance, Dangerous Drugs Ordinance and Waste Disposal Ordinance. We are also bounded by regulations relevant to employee protection such as the Employees' Compensation Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Schemes Ordinance. Further details of the relevant laws and regulations are set out in the section headed "Regulatory Overview" of this prospectus.

Our Medical Practitioners are required to comply with their codes of professional conduct. Details of the codes of professional conduct applicable to them are set forth in the section headed "Regulatory Overview" of this prospectus. During the Track Record Period and up to the Latest Practicable Date, save as disclosed, none of our Medical Practitioners had been subjected to any disciplinary action brought by the Medical Council. Our Directors confirm that we have complied with all the relevant regulatory requirements in Hong Kong for our operations in all material respects.

As of the Latest Practicable Date, other than those disclosed above, (i) we were not a party to any ongoing material litigation, arbitration or administrative proceedings, and we are not aware of any claims or proceedings contemplated by governmental authorities or third parties which would materially and adversely affect our business and financial condition or results of operations; and (ii) our Directors were not involved in any actual or threatened material claims or litigations.

Licences

We are required to obtain business registration with the Inland Revenue Department of Hong Kong pursuant to the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), and the certificate of fitness for autoclaves to sterilise medical instrument as required under the Boilers and Pressure Vessels Ordinance (Chapter 56 of the Laws of Hong Kong) for autoclaves to sterilise medical instrument. During the Track Record Period and up to the Latest Practicable Date, we had made all requisite business registrations and obtained all requisite business registration certificates for the operations of our Medical Centres in Hong Kong.

All our Medical Practitioners have their names registered on (i) the General Register as Registered Medical Practitioners; and (ii) the Specialist Register as Specialists in ophthalmology, and have obtained the requisite annual practising certificates in accordance to the MR Ordinance, which allow them to practise medicine, surgery and midwifery in Hong Kong.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licences and permits necessary for the operation of our business in Hong Kong and such licences and permits are still valid and in force. We have not experienced any refusal of the renewal application of any material licences or permits necessary for the operation of our business.

The following table sets forth the key information on the major licences held by us as of the Latest Practicable Date which are material to our operation:

<u>Licence</u>	<u>Registrant</u>	<u>Effective date</u>
Provisional Day Procedure Centre Licence for 9/F, Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon	Saintford	1 January 2021 (Note)
Provisional Day Procedure Centre Licence for Room 1303–1305, 13/F, 9 Queen's Road Central, Central, Hong Kong	Saintford	1 January 2021 (Note)

Note:

There is no expiry date of the provisional licences and the licence will be superseded when the formal licence is granted to our Group. Our Group has applied for the licence and has been granted the provisional licence which are effective as of 1 January 2021 pending the processing of the full licence by the Director of Health. As advised by the Legal Counsel, there are no material legal impediments for Saintford to fulfil the relevant requirements under the Private Healthcare Facilities Ordinance in order to obtain a full day care procedure centre licence. For further information, please see the section headed “Regulatory Overview — Regulations on Private Healthcare Facilities — Private Healthcare Facilities Ordinance” of this prospectus.

Prior to 1 January 2021, our Medical Centres had obtained adequate licences for their respective operation.

INSURANCE

We have maintained (i) insurance on our Medical Centres' contents and equipment, business interruption, money and public liability; (ii) accidental damage property insurance on certain equipment of our Group; (iii) employees' compensation insurance; and (iv) medical malpractice indemnity.

Each of our Medical Practitioners is a member of a scheme run by the Medical Protection Society Limited and has purchased at his/her own cost professional indemnity insurance from it. The Medical Protection Society Limited is a provider of comprehensive professional indemnity and expert advice to ophthalmologists, dentists and health professional around the world, including Hong Kong. Our Medical Practitioners, as members of the scheme, will be offered assistance from the Medical Protection Society Limited with legal and ethical problems that arise from their professional practise around the world, including but not limited to Hong Kong. The scheme coverage includes indemnity against awards for costs and damages in clinical negligence, provides legal representations in circumstances, such as clinical negligence claims and disciplinary hearings, provides medico-legal advice, etc. against the Medical Practitioners (and our Group, if any claims were jointly made against the Medical Practitioners) and the scheme does not have a claim limit.

The medical malpractice indemnity maintained by our Group covered claims in relation to an act, error or omission by Saintford and our employees (except our Medical Practitioners) in the course of provision of its medical services and it covers claims for up to HK\$10,000,000 each. Our Directors believe that our current insurance coverage is sufficient for our business and is in line with industry standards. During the Track Record Period and up to the Latest Practicable Date, we had not made or had been the subject of any material insurance claims.

For the three years ended 31 March 2021 and the four months ended 31 July 2021, the insurance premium paid by our Group was approximately HK\$22,000, HK\$0.3 million, HK\$0.3 million and HK\$0.3 million, respectively. The insurance premium paid by our Group was lower for the year ended 31 March 2019 as we only begin to subscribe for medical malpractice indemnity in April 2019. Our insurance premium paid for the years ended 31 March 2020 and 2021 and the four months ended 31 July 2021 remained stable as the premium was paid every April of the year.

RISK MANAGEMENT

In the course of conducting our business, we are exposed to various types of risks, including business risks, financial risks, compliance risks and operation and other risks, the details of which have been disclosed under the section headed “Risk Factors” of this prospectus.

The Board is ultimately responsible for the risk management of our Group. At operational level, a risk management team is in place to carry out risk identification and monitoring procedures. The risk management team consists of both operational staff and members of the senior management. The objectives of the risk management are to enhance our Company’s governance and corporate management processes as well as to safeguard our Group against unacceptable levels of risks and losses.

The risk management process of our Group will involve, *inter alia*, (i) a quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) a quarterly review of the implementation of the risk management plans and fine tune when necessary.

INTERNAL CONTROL AND CORPORATE GOVERNANCE

In preparation for the Listing, we have engaged the internal control consultant to conduct an evaluation of our Group’s internal control system, covering areas including but not limited to, our corporate governance practise and regulatory compliance, revenue and receipts, expenses and payments, cash management and financial reporting, etc.

In order to continuously improve our corporate governance and to prevent recurrence of the non-compliance incidents, we intend to adopt or have adopted the following measures:

- our Directors attended training sessions on applicable laws and regulations in Hong Kong, including the Listing Rules, provided by our legal advisers as to Hong Kong laws in May 2021;
- we have appointed three independent non-executive Directors to enhance the diversity of our Board and to provide independent view, monitoring and advice to our Group;

BUSINESS

- we have established an audit committee, which will set up formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations;
- we will appoint the Internal Control Consultant as our internal control adviser upon the Listing to conduct review on our internal control systems and advise us on internal control matters and such engagement will be reviewed annually; and
- we have appointed China Everbright Capital Limited as our compliance adviser upon the Listing to provide advice to our Directors and management team regarding matters relating to the Listing Rules.

Our Directors are of the view that adequate corporate governance measures are in place for our business operations.

PROPERTIES

We do not own any real property. As of the Latest Practicable Date, our Group has entered into tenancy agreements in respect of seven properties in Hong Kong, details of which are as follow:

	<u>Location</u>	<u>Usage</u>	<u>Approximate gross floor area (sq.ft.)</u>	<u>Duration of tenancy</u>	<u>Monthly rent (exclusive of rates, government rent and other charges)</u>
1	Units 1302, 1303, 1305, 1306, 1310 and 1311 on the 13th Floor of No. 9 Queen's Road Central, Hong Kong	Medical Centre and office	7,077	1 September 2021 to 31 August 2024	HK\$460,005 per month from 1 September 2021 to 31 August 2023 HK\$520,000 per month from 1 September 2023 to 31 August 2024
2	Rooms 703–6 on 7th Floor of Wai Fung Plaza, No. 664 Nathan Road, Mong Kok, Kowloon, Hong Kong	Medical Centre	3,891	1 August 2021 to 31 December 2022	HK\$163,422
3	9th Floor of Wai Fung Plaza, No. 664 Nathan Road, Mong Kok, Kowloon, Hong Kong	Medical Centre	5,968	1 May 2021 to 31 December 2022	HK\$250,656

BUSINESS

	<u>Location</u>	<u>Usage</u>	<u>Approximate gross floor area (sq.ft.)</u>	<u>Duration of tenancy</u>	<u>Monthly rent (exclusive of rates, government rent and other charges)</u>
4	Office No. 2101-02 on 21st Floor of Hollywood Plaza, No. 610 Nathan Road, Mong Kok, Kowloon, Hong Kong	Office	2,151	1 July 2020 to 30 June 2023	HK\$75,800 per month from 1 July 2020 to 30 June 2021; HK\$77,500 per month from 1 July 2021 to 30 June 2022; and HK\$79,500 per month from 1 July 2022 to 30 June 2023
5	20th Floor of Full View Building, Nos. 140-142 Des Voeux Road Central, Hong Kong	Office	850	17 July 2020 to 16 July 2022	HK\$20,000
6	Unit A on 16th Floor of Hilltop Plaza, 49 Hollywood Road, Central, Hong Kong	Office	820	1 July 2021 to 28 February 2022	HK\$22,000
7	Unit 2710, Level 27, World Wide House, 19 Des Voeux Road, Central, Hong Kong	Office	50	1 August 2021 to 31 July 2022	HK\$10,500

During the Track Record Period, we had not experienced any material difficulty in renewing our tenancy agreements or locating new premises for our Medical Centres.

INTELLECTUAL PROPERTY

We are not materially dependent on any intellectual property right for our operations.

As of the Latest Practicable Date, we had registered seven trademarks in Hong Kong and one domain name which are material to our business. Further details of the intellectual properties owned or registered by us, which we consider to be material to our business, are set out in the paragraph headed “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus.

As of the Latest Practicable Date, we had not been subject to any intellectual property infringement claim which would have had any material impact on our business, financial condition or results of operations.

COMPETITION

The ophthalmic industry in Hong Kong is fragmented and competition is intense due to the limited differentiation in service offerings. In compliance with the Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) and the Code of Professional Conduct, there are restrictions on advertising or promotion of services by our Medical Practitioners. We believe the accomplishment of service providers in the industry is based on one’s reputation, track record and word-of-mouth referral from patients.

According to Frost & Sullivan, there were 12 private hospitals and over 20 private eye centres and other healthcare institutions which offer ophthalmic services in Hong Kong as of 31 December 2020. We ranked the fourth in terms of revenue generated from ophthalmic services in 2020 among the private ophthalmic healthcare institutions in Hong Kong. We believe that the reputation of service providers, limitation in number of ophthalmic practitioners available and substantial capital requirements create significant barriers for potential entrants to the industry. For details of our position in the Hong Kong ophthalmic industry, please refer to the section headed “Industry Overview — Competitive Landscape of Hong Kong Private Ophthalmic Healthcare Service Market” of this prospectus.

Our revenue generated from SMILE surgeries had decreased from approximately HK\$112.4 million for the year ended 31 March 2020 to approximately HK\$100.1 million for the same period in 2021 and the number of SMILE surgeries conducted had also decreased from 4,302 to 4,063, during the periods. The decrease in number of SMILE surgeries and the revenue generated therefrom is mainly attributable to the increased competition from other industry players who had adopted a more competitive pricing and marketing strategy. According to Frost & Sullivan, the price of SMILE surgeries of certain market players was approximately 10% to 20% lower than our Group during the COVID-19 outbreak in 2020. Furthermore, some market players had promoted their services by offering discount packages. For details of the competitive landscape of Hong Kong private ophthalmic healthcare service market, please refer to the section headed “Industry Overview — Competitive Landscape of Hong Kong Private Ophthalmic Healthcare Service Market” of this prospectus.

NO COMPETING INTERESTS OF OUR DIRECTORS

Each of our Directors confirms that none of them or any of their respective close associates has any interest in a business apart from our business which competes or is likely to compete with our Group.

ENVIRONMENTAL, SOCIAL RESPONSIBILITY AND GOVERNANCE

The major pollutants generated by our Group in the course of business operation are clinical waste. For the three years ended 31 March 2021 and the four months ended 31 July 2021, the total costs of compliance with applicable environmental laws and regulations in Hong Kong were approximately HK\$10,000, HK\$10,000, HK\$10,000 and HK\$2,000, respectively.

Governance

We acknowledge our responsibilities on environmental protection, social responsibilities and is aware of the climate-related issues that may have impact on its business operation. We are committed to comply with ESG reporting requirements upon Listing. We have established an ESG policy (the “**ESG Policy**”) in accordance with the standards of Appendix 27 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG strategy formation procedures; (iv) ESG risk management and monitoring; and (v) the identification of key performance indicators (“**KPIs**”), the relevant measurements and mitigating measures.

Our ESG policy also sets out the respective responsibility and authority of different parties in managing the ESG matters. Our Board has an overall responsibility for overseeing and determining our Group’s environmental, social, and climate-related risks and opportunities impacting our Group, establishing and adopting the ESG policy and targets of our Group, and reviewing our Group’s performance annually against ESG-related targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

Our Board has established an ESG working group that comprises of four members, including our financial controller, human resources manager, operation manager, and customer relations manager. The ESG working group serves as a supportive role to the Board in implementing the agreed ESG policy, targets and strategies; conducting materiality assessments of environmental-related, climate-related, social-related risks and assess how our Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group’s ESG-related risks. The ESG working group is also responsible for the investigation of deviation from targets and liaise with the relevant functional department to take prompt rectification actions for such deviation. The ESG working group has to report to our Board on a semi-annual basis via board meetings on the ESG performance of our Group and the effectiveness of the ESG systems; while the Audit Committee remains responsible for reviewing our risk management systems, including climate-related risks.

Potential Impact of ESG-Related Risks

The operation of the Medical Centres is subject to various laws and regulations in Hong Kong in relation to environmental matters and social matters. The major pollutants generated by our Group in the course of business operation are clinical waste. Accordingly, we are subject to various laws and regulations in Hong Kong in relation to environmental matters with respect to disposal of clinical waste according to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong). The key social laws and regulations include the regulations on medical practitioners, private healthcare facilities and employee protection. For further information on the relevant laws and regulations, please see the section headed “Regulatory Overview — Regulations on Clinical Waste

Disposal — Waste Disposal Ordinance”, “Regulatory Overview — Regulations on Medical Practitioners — MR Ordinance”, “Regulatory Overview — Regulations on Medical Practitioners — MC Ordinance”, “Regulatory Overview — Regulations on Private Healthcare Facilities — Private Healthcare Facilities Ordinance”, and “Regulatory Overview — Regulations on Employee Protection” of this prospectus.

For the three years ended 31 March 2021 and the four months ended 31 July 2021, the total costs of compliance with applicable environmental laws and regulations in Hong Kong were approximately HK\$10,000, HK\$10,000, HK\$10,000 and HK\$2,000, respectively. If our Group breaches any environmental-related and social-related laws and regulations, or faces any accusation of negligence in environmental or employee protection, and non-compliance with medical practitioners and private healthcare facilities requirements, we may face penalties or suspension of operation, such incidents may also adversely affect our reputation and credibility. Any of which could materially and adversely affect our Group’s business, financial condition, and business prospects.

During the Track Record Period and up to the Latest Practicable Date, we have not received any material fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are in compliance in all material respects with applicable environmental regulations in Hong Kong.

In addition, our Group has also identified the potential acute physical risks and transition risks from climate change. Acute physical risk can arise from extreme weather conditions such as storms and flooding which may have potential financial implications for our Group. The risk of storms and flooding could result in direct damage to our assets in the Medical Centres and affect our operation, or we may experience indirect impacts from supply chain disruption if our suppliers suffer from such extreme weather conditions. Upon evaluation, it is concluded that our Group’s risk of exposure to storms and flooding that cause operational and supply chain disruption is relatively low. As the Medical Centres and the majority of our suppliers’ distributors, are located in urban areas in Hong Kong, as such, our Group has not suffered any operational or supply chain disruption due to storms or flooding since its establishment.

Potential transition risk may arise from technology risks, there may be emerging technologies such as more energy efficient medical equipment and devices or more eco-friendly prescriptions which may increase our Group’s operating costs, or if our Group fails to adopt such emerging technologies or products, it may affect our competitiveness and ultimately the demand for our services and products. Our Group encourages our employees, such as Medical Practitioners, to attend conferences and trainings to keep it abreast with the latest developments of ophthalmic technologies. On the other hand, in the face of the potential transition risks, our Group’s revenue mainly derives from the provision of ophthalmic services, and laser eye surgery is considered to be a more environmentally-friendly option over the use of contact lenses, as such we may capture more business opportunities.

BUSINESS

Set forth below is a summary of the climate-related risks our Group identified over the short, medium and long term.

	<u>Risks</u>	<u>Potential Impacts</u>
Short term (current annual reporting period)	<ul style="list-style-type: none"> • Extreme weather conditions such as flooding and storms 	<ul style="list-style-type: none"> • Damage to assets • Affect business operations
Medium term (one to three years)		<ul style="list-style-type: none"> • Disruption to supply chain and impact on revenues
Long term (four to ten years)	<ul style="list-style-type: none"> • Emerging technologies 	<ul style="list-style-type: none"> • Higher operating costs due to the adoption of new technologies • Decreased competitiveness and impact on revenues

Our Strategies in Addressing ESG-Related Risks and Opportunities

Our Group will conduct enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group insist business, including, but not limited to the risks arising from the ESG aspects strategic risk around disruptive forces such as climate change. Our Board will assess or engage Independent Third Parties to evaluate the risks and review our Group's existing strategy, target and internal controls, and necessary improvement will be implemented to mitigate the risks. Our Board, Audit Committee and ESG working group will maintain oversight of our Group's approach to risk management, including climate-related risks.

In order to manage the environmental-related and social-related risks, and also climate-related issues, our Board has adopted the measures which are specified in our Group's ESG policy to tackle the risks identified during the enterprise risk assessment and has ensured that any potential risks inherent in our business operations or issues that may impact our operations are minimised. For details, please refer to the subsection headed "— Metrics and Targets" in this section. Risks are monitored as part of the standard operating processes to ensure the appropriate mitigations are in place as part of the regular management reviews.

The decision to mitigate, transfer, accept or control a risk is influenced by various factors such as government regulation, transportation network and public perception. Our Group will incorporate climate-related issues, including physical and transition risk analysis, into risk assessment processes and risk appetite setting. If the risk and opportunities are considered to be material, our Group will incorporate them into the strategy and financial planning process. Upon evaluation, it is expected that extreme weather conditions for potential physical risks and emerging technology for potential transition risks pose minimal impact on our operation. Upon annual review of the environmental, social and climate-related risks and our Group's performance in addressing the risks, we may revise the ESG strategies as appropriate.

Metrics and Targets

Our Board will set targets for each material KPIs at the beginning of each financial year in accordance with the disclosure requirements of Appendix 27 to the Listing Rules and other relevant rules and regulations upon Listing. The relevant targets on material KPI will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, our Group has taken into account their respective historical levels during the Track Record Period, and has considered its future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development.

During the Track Record Period, our Group's GHG emissions was 0.00051 tonnes, 0.00051 tonnes, 0.00049 tonnes and 0.00042 tonnes of CO₂ equivalent per thousand revenues for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Our Group will make continuous efforts in working towards the target of maintaining the GHG emission intensity at an emission level of 0.00051 tonnes of CO₂ equivalent per thousand revenues or below in the three years ending 31 March 2024. The operations in Medical Centres do not involve in any scope 1 direct GHG emission due to its business nature and our Group does not own any vehicles. Our Group's GHG emission results principally from scope 2 indirect GHG emission, which is the purchase of electricity to support its operations.

We have adopted numerous the following measures in mitigating the GHG emissions, including but not limited to:

- requiring employees to turn off lighting facilities, equipment, and other electronic devices when the devices are not in operation and before they leave the premises;
- monitoring the electricity usage on a monthly basis and follow-up with those exceeding the normal usage standards; and
- setting and keeping the air conditioners to a default temperature of around 24 degrees.

Our Group does not produce any air pollutants such as nitrogen oxides, sulphur oxides and particulate matter due to the aforementioned reasons. Also, the Medical Centres and office premises in Hong Kong are centrally managed by the property management, and thus no water consumption data is available for disclosure. Notwithstanding, we strive to conserve water by implementing measures such as perform regular checks on faucets to avoid unnecessary leakage and enable prompt reporting of any damages, and actively promoting water conservation awareness among its employees by placing water-saving signs in toilets.

During the Track Record Period, our Group's hazardous wastes totaled 0.00045 kg, 0.00032 kg, 0.00036 kg and 0.00026 kg per thousand revenues for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Hazardous wastes result principally from clinical wastes produced during the course of our operations in the Medical Centres. We target to maintain the intensity of hazardous wastes produced at 0.00038 kg per thousand revenues or below in the three years ending 31 March 2024.

We have implemented an array of measures in managing the clinical wastes, including but not limited to:

- implementing the procedures set forth in the established Clinical Waste Management Policy to ensure the proper classification, packaging and labelling, storage, and proper and timely disposal of clinical waste;
- ensuring containers with clinical waste should not be filled above a certain level of their maximum volumes before sealing;
- ensuring the packaging and sealing should be conducted with care to ensure that there is no leakage of clinical waste;
- ensuring the containers of clinical waste must be properly labelled and allows information to be read easily;
- engaging the licensed waste collector to handle and treat and clinical wastes;
- assigning responsible personnel to continuously monitoring the compliance with Waste Disposal Ordinance and performing spot checks on specific terms of the Ordinance on a regular basis; and
- providing training and guidance to its employees in handling clinical waste.

We believe that we have complied with all relevant laws and regulations in relation to employment in Hong Kong which have a significant impact on us, for example, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Pursuant to the "Code of Practice on Employment" issued by the Equal Opportunities Commission of Hong Kong, we ensure that our Group provide equal opportunities for all candidates without consideration of race, religion, skin color national origin, marital status, age, sex, disability, sexual orientation or philosophical belief in the recruitment and promotion processes. We will ensure that we hire our employees based on their skills and capabilities in a fair manner.

Our Group has instituted occupational health and safety management policies and procedures for our employees, including those on the handling of medical equipment and clinical waste, and infectious control. For further details, please refer to the section headed "Business — Occupational safety and clinical waste management". During the Track Record Period, there were no material accidents involving personal injury and our Group has not been subjected to any disciplinary actions with respect to clinical waste management or occupational safety. Our Group targets to continuously provide a safe workplace environment and maintain a clean record of material work-related injuries.

As an ophthalmic service provider, we pay great emphasis on its medical services and it has a robust quality management system. As at the Latest Practicable Date, our Group is accredited with ISO 9001:2015 and it demonstrates our ability in providing services and products that meet the regulatory and industry standards, and customers' expectations. For further details, please refer to the section headed "Business — Medical Service Quality Control". To enhance its service and align with customer experience, our Group has also adopted standard procedures to handle patient complaints. For further details, please refer to the section headed "Business — Our Services — Complaint Handling Procedures". We have established an Inventory Management Policy to safeguard our inventories, which are critical to its service and operation, and ensure that medicines and medical devices are properly stored at a desirable condition and temperature. We have also formulated a Regulatory Compliance Manual and assigned different responsible personnel in monitoring and performing spot checks on specific terms of applicable laws and regulations using a checklist, such as inspecting the storage conditions of the medicines on a regular basis, and report the compliance status to the authorised personnel at least once a quarter. During the Track Record Period, there were no material complaints against our Group's Medical Practitioners and/or our Group which had a material adverse impact on its business and financial condition, and we target to maintain a clean record of material complaints.

We do not tolerate any corruption, fraud and other behaviours violating work ethics or in breach of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). We value and uphold integrity, honesty and fairness in how we conduct business. We have put in place measures in preventing any bribery or other unlawful acts. All employees should decline an offer of advantage if acceptance of it could affect their objectivity in conducting our business. Employees will be subject to disciplinary actions for their misconduct including verbal or written warnings, demotion and dismissal, and the case may be reported to law-enforcement authorities for possible prosecution, depending on the situation.

We also value social responsibility and are devoted to educating the general public to bring awareness to different aspects of health management. To this end, we from time to time hold educational seminars for the public to bring awareness of eyecare and other ophthalmic related information.

We will continue ensuring our environmental and social-related compliance and responsibilities going forward, and keeping abreast of the latest updates on the relevant laws and regulations. As such, the Directors are of the view that there will not be material environmental-related risk affecting our Group going forward.

IMPACT OF OUTBREAK OF COVID-19 ON OUR BUSINESS

We are engaged in the provision of ophthalmic services in Hong Kong and all of our revenue is generated from our Medical Centres located in Hong Kong during the Track Record Period. An outbreak of respiratory illness caused by COVID-19 first emerged in late 2019 and continues to expand globally. In response to the outbreak of COVID-19, the Government has taken since February 2020 a number of actions such as temporarily closing government offices and public facilities, restricting travel internationally, including between Hong Kong and Mainland China, tracing, quarantining and otherwise treating individuals in Hong Kong who had contracted COVID-19, requiring residents to wear masks, asking residents to remain at home and to avoid gathering in public, ordering compulsory testing of certain persons, among other actions. The outbreak of COVID-19 in Hong Kong have also resulted in the temporary closure of many corporate offices and retail stores.

Impact of the COVID-19 pandemic on our business operations

Despite that certain private hospitals had postponed appointments for non-urgent surgeries and had experienced a slump in patient visits since early 2020 due to the impact of COVID-19, our Medical Centres maintained normal operations and had not been subject to any mandatory closure required by the relevant Government authorities. As of the Latest Practicable Date, none of the Medical Practitioners, frontline staff and other employees of our Group had been tested positive of COVID-19 or any of its variants and our Group had not received any notices from relevant Government authorities that persons who had been infected with COVID-19 or any of its variants and/or are their close contacts had visited our Medical Centres. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage, delay or interruption in relation to the supply of medical consumables from our suppliers that materially and adversely affected our operation and financial condition.

Although the COVID-19 pandemic did have some impact on our operation in terms of new patient visits and number of patients for the year ended 31 March 2021, it did not have a material adverse effect on our results of operations. The number of new patients visits and number of patients had experienced a decrease, from 32,903 and 15,831 for the year ended 31 March 2020 to 32,054 and 15,311 for the year ended 31 March 2021, representing a decrease of 2.6% and 3.3%, respectively, which was partly due to the economic downturn caused by the impact of COVID-19. In addition, based on our available records, 184 patients and one patient had cancelled their appointment for SMILE surgeries and standard cataract surgery during the year ended 31 March 2021, respectively, due to concerns over COVID-19. Out of the 184 patients who had cancelled their appointment for SMILE surgery, 51 of them had made a subsequent appointment during the same financial year. The number of patients who had cancelled their appointments for SMILE surgeries and had not subsequently made an appointment during the year ended 31 March 2021, represents approximately 3.2% of the total number of SMILE surgeries conducted during the same period. Based on the average price of SMILE surgery conducted by our Group during the year ended 31 March 2021 (i.e. HK\$24,600), our Group estimates that we have loss income amounted to approximately HK\$3.3 million arising from patients who have cancelled their appointments for SMILE surgeries due to COVID-19, representing approximately 1.5% of our Group's total revenue for the same period.

We have sought to mitigate the impact of the COVID-19 pandemic by obtaining rent concession from our landlords. For the year ended 31 March 2020, we received rent concessions from our landlords of our leased properties due to COVID-19 in the amount of approximately HK\$2.1 million. In addition, we have applied for and was granted Government grants in the sum of approximately HK\$4.9 million under the employment support scheme of the Government's anti-epidemic fund.

Contingency Plan

In response to the COVID-19 outbreak, we have implemented a contingency plan to minimise the disruptions that may be caused to our business operations. We were in constant contact with our major suppliers in order to ensure the stability and consistency of the supply of our medical consumables and to make sure that their contingency plan is adequate in face of COVID-19.

Since February 2020, we have also introduced enhanced hygiene and precautionary measures across our Medical Centres to ensure the safety of all our Medical Practitioners, staff and patients. Such measures include, among others, compulsory temperature checks and filling in health declarations upon arrival at our Medical Centres. A set of standard operating procedures was developed and implemented, and internal training was provided to all relevant personnel.

As of the Latest Practicable Date, an outbreak of the Omicron (COVID-19 variant) in Hong Kong since the beginning of January 2022 had again caused temporary closure of certain types of premises and tightening of social distancing restrictions. Equipped with the experience in early 2020 and the continuous implementation of stringent preventive measures, our Group is confident that the impact of COVID-19 will be limited. In addition, increasing number of citizens in Hong Kong had taken vaccines for the prevention of COVID-19 viruses and the general public has a high level of hygiene and health awareness which we think will positively impact the demand for our services going forward. Our Directors are of the view that the COVID-19 outbreak had no material adverse impact on our financial performance and operation as of the Latest Practicable Date.

REGULATORY OVERVIEW

The following is a brief summary of the laws and regulations in Hong Kong 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 HONG KONG

All of our business operations are based in Hong Kong and are subject to various laws, rules, regulations and policies in Hong Kong. This section sets out a summary of the major laws, regulations, rules and policies which are relevant and material to our business operations in Hong Kong.

Regulations on Medical Practitioners

MR Ordinance

Pursuant to the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), all practising medical practitioners in Hong Kong are required to be registered with the Medical Council and shall not practise medicine, surgery or midwifery in Hong Kong, or any branch of medicine or surgery in Hong Kong, without a valid practising certificate.

To register with the Medical Council, a medical practitioner should, *inter alia*:

- have obtained a specific professional qualification or passed the licencing examination conducted by the Medical Council;
- have completed a certain period of internship;
- not have been convicted of any offence punishable with imprisonment;
- not have been found guilty of professional misconduct; and
- be of good character.

Medical practitioners registered with the Medical Council are included in the General Register (as defined in the MR Ordinance) kept by the Medical Council and will be issued with a practising certificate which will be valid for twelve months. Registered Medical Practitioners are required to renew their practising certificates annually or their names may be subject to removal from the General Register.

REGULATORY OVERVIEW

The Medical Council also keeps a Specialist Register (as defined in the MR Ordinance) which shall include details of qualifications and experience and such particulars necessary for those persons who have been approved by the Medical Council to have their names included therein. To become registered in the Specialist Register, a medical practitioner must have been either:

- (i) been awarded a Fellowship of the Hong Kong Academy of Medicine (“**HKAM**”) and (ii) certified by the HKAM that he/she has completed the postgraduate medical training and has satisfied the continuing medical education requirements for the relevant specialty; or
- certified by the HKAM that he/she has achieved a professional standard comparable to that recognised by the HKAM for the award of its fellowship and has completed the postgraduate medical training and satisfied the continuing medical education requirements comparable to those recommended by the HKAM for the relevant specialty.

The Education and Accreditation Committee of the Medical Council will consult with the appropriate specialty college and seek the formal endorsement of the HKMA’s council before making a recommendation to the Medical Council for registration.

A medical practitioner whose name is included in the Specialist Register is entitled to only hold himself out as a Specialist and use a Specialist title in one of the specialties in the Specialist Register and is required to undergo continuing medical education determined by the HKAM for his specialty.

Code of Professional Conduct

All medical practitioners in Hong Kong have to comply with the Code of Professional Conduct issued by the Medical Council (as may be amended from time to time), which covers, *inter alia*, the following aspects:

- (i) professional responsibilities to patients, such as maintaining medical records and confidentiality, obtaining patient’s consent to medical treatment, termination of doctor-patient relationship, and the medical practitioner’s fitness to practise;
- (ii) communication in professional practise including communication between medical practitioners and patients and between medical practitioners and restriction on practise promotion and use of specialist title;
- (iii) prescription and labelling of dispensed medicines and supply of dangerous or scheduled drugs;
- (iv) financial arrangements including fees payable by patients and financial relationship with health care organisations;
- (v) relationship with other practitioners and organisations, including referral of patients, relationship with health care and health products organisations and restriction on practise in association with non-qualified persons;
- (vi) new medical procedures, clinical research and alternative medicine;
- (vii) restriction on abuse of professional position;

REGULATORY OVERVIEW

- (viii) criminal conviction and disciplinary proceedings against a medical practitioner;
- (ix) precautions for preventing spread of serious infectious disease and patient entitlement to treatment; and
- (x) special areas such as religion, care for the terminally ill, organ transplant and organ donation, pre-natal diagnosis and intervention, scientifically assisted reproduction and related technology.

Contravention of the Code of Professional Conduct may render a medical practitioner liable to disciplinary action by the Medical Council.

MC Ordinance

The Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) provides for the registration, control and inspection of medical clinics. It requires a medical clinic (means any premises used or intended to be used for the medical diagnosis or treatment of persons suffering from, or believed to be suffering from, any disease, injury or disability of mind or body, with specific exceptions, including private consulting rooms used exclusively by registered medical practitioners in the course of their practise on their own account and not bearing any title or description which includes the word “clinic” or “polyclinic” in the English language) to be registered, with name and address and other prescribed particulars.

The application of registration may be refused if:

- (i) the income derived or to be derived from the establishment or operation of the clinic is not, or will not be, applied solely towards the promotion of the objects of the clinic; or
- (ii) any portion of such income, except payment of remuneration to employed registered medical practitioners, nurses and menial servants, will be paid by way of dividend, bonus or otherwise howsoever by way of profit to the applicant himself, or to any persons properly so employed, or to any other persons howsoever.

We have obtained the Legal Counsel’s opinion which confirmed that the MC Ordinance does not apply to our Medical Centres and therefore no registration under the MC Ordinance is required, having considered, *inter alia*, the following:

- (i) the legislative intent of introduction of the MC Ordinance was to address a very specific social issue after the MR Ordinance came into force, namely the maintenance of low-cost medical services by unregistered medical practitioners in specific non-profit-making clinics and to provide an exception to the need for practitioners to be registered under the MR Ordinance, so long as they were providing cheap and affordable medical services. It follows that the MC Ordinance is not intended to apply where the Medical Practitioners are duly registered under the MR Ordinance; and
- (ii) the medical services provided at our Medical Centres are carried out in private consulting rooms by our Medical Practitioners who are Registered Medical Practitioners, and our Medical Centres may fall within one of the statutory exemptions of “medical services in private consulting room used exclusively by Registered Medical Practitioners in the course of their practice on their own account” under the MC Ordinance which exempts from the registration requirement.

REGULATORY OVERVIEW

Regulations on Advertisements

Undesirable Medical Advertisements Ordinance

The Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) aims to protect public health through prohibiting or restricting advertisements relating to certain diseases, orally consumed products and abortion. As defined in the Undesirable Medical Advertisements Ordinance, “advertisement” includes any notice, poster, circular, label, wrapper or document, and any announcement made orally or by any means of producing or transmitting light or sound.

It provides, *inter alia*, that no person shall publish, or cause to be published, any advertisement likely to lead to the use of any medicine, surgical appliance or treatment for the purpose of treating human beings for, or preventing human beings from contracting, any disease or condition specified therein, including any organic condition affecting sight, with exceptions specified therein.

If a person named in that advertisement is held out (i) as being a manufacturer or supplier of medicine or surgical appliances; or (ii) as being able to provide any treatment, that person is presumed, until the contrary is proved, to have caused the advertisement to be published.

Regulations on Pharmaceutical Products and Drugs

Pharmacy and Poisons Ordinance

The Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong) regulates the sale and labelling of products which are classified as pharmaceutical products and medicine in Hong Kong. It also requires all pharmacists in Hong Kong to be registered with the Pharmacy and Poisons Board and shall not practise without a valid practising certificate.

Under the Pharmacy and Poisons Regulations (Chapter 138A of the Laws of Hong Kong), pharmaceutical products must be registered with the Pharmacy and Poisons Board before they can be sold, offered for sale, distributed or possessed for the purposes of sales, distribution or other use in Hong Kong.

Under the Pharmacy and Poisons Ordinance, “pharmaceutical product” and “medicine” are defined as any substance or combination of substances:

- presented as having properties for treating or preventing disease in human beings or animals; or
- that may be used in, or administered to, human beings or animals, either with a view to (i) restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action; or (ii) making a medical diagnosis.

Ingredients that are classified as poisons are listed in the poisons list under the Tenth Schedule to the Pharmacy and Poisons Regulations. The levels of control over the sale of the poison depend on its categorisation as Part 1 or Part 2 poisons according to their potency, toxicity and potential side effects. The supply of medicine and substances categorised as poison by a Registered Medical Practitioner for the purposes of medical treatment is not subject to the conditions and limitations imposed by the Pharmacy and Poisons Ordinance and the Pharmacy and Poisons Regulations.

REGULATORY OVERVIEW

Dangerous Drugs Ordinance

The Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong) regulates the import, export, procuring, supply, dealing in or with, manufacture and possession of drugs or substances which are classified as dangerous drugs thereunder.

Dangerous drugs are not allowed to be supplied to any person except to a person authorised or licenced to be in possession in accordance with the Dangerous Drugs Ordinance. However, the Dangerous Drugs Ordinance provides that the administration of a dangerous drug by or under the direct personal supervision of, and in the presence of, a Registered Medical Practitioner is exempted. A Registered Medical Practitioner is also authorised by the Dangerous Drugs Ordinance, so far as may be necessary for the practise or exercise of his profession, function or employment and in his capacity as such, to be in possession of and to supply a dangerous drug as well as to have in his possession equipment or apparatus fit and intended for the injection of a dangerous drug.

Furthermore, the Dangerous Drugs Regulations (Chapter 134A of the Laws of Hong Kong) regulates the prescriptions, labelling and record keeping of dangerous drugs and monitors the sale of such drugs.

Regulations on Clinical Waste Disposal

Waste Disposal Ordinance

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) (the “**Waste Disposal Regulation**”) provide for, among others, the control and regulation of the production, storage, collection and disposal of clinical waste.

Under the Waste Disposal Ordinance, clinical waste includes, *inter alia*, waste consisting of any substance, matter or thing generated in connection with (a) a dental, medical, nursing or veterinary practise; (b) any other practise, or establishment (howsoever described), that provides medical care and services for the sick, injured, infirm or those who require medical treatment; (c) dental, medical, nursing, veterinary, pathological or pharmaceutical research; or (d) a dental, medical, veterinary or pathological laboratory practise and belonging to any of the following groups:

- used or contaminated sharps;
- laboratory waste;
- human and animal tissues;
- infectious materials;
- dressings; and
- such other wastes as specified by the Director of Environmental Protection.

The Waste Disposal Regulation requires all waste producers to arrange for their clinical waste to be properly disposed of. Waste producers comply with this duty if they consign the waste to a licenced clinical waste collector or arrange for the waste to be delivered to a collection point or licenced clinical waste disposal facility according to the requirements specified under the Waste

REGULATORY OVERVIEW

Disposal Regulation. The Waste Disposal Regulation also requires waste producers to keep records of the clinical waste consigned to licenced collectors or delivered to a collection point or licenced disposal facility and to produce such records for inspection upon the request by the Director of Environmental Protection.

Codes of Practice for the Management of Clinical Waste — Clinical Waste Producers and Waste Collectors has been published by the Secretary for the Environment under the Waste Disposal Ordinance to provide guidance to major clinical waste producers and small clinical waste producers to assist them to comply with the legal requirements of the Waste Disposal Ordinance and the Waste Disposal Regulation. Private medical clinics or practises are generally classified as small clinical waste producers under the Codes of Practice for the Management of Clinical Waste.

Regulations on Private Healthcare Facilities

Private Healthcare Facilities Ordinance

The Private Healthcare Facilities Ordinance (Chapter 633 of the Laws of Hong Kong) aims to protect patient safety and consumer rights through a new licencing regime for PHFs. Under the Private Healthcare Facilities Ordinance, four types of private healthcare facilities are subject to regulation, namely hospitals, day procedure centres, clinics and health services establishments.

Hospital licences will be required for the private hospitals currently registered under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Chapter 165 of the Laws of Hong Kong) to continue their operation. For premises where Registered Medical Practitioners or dentists practise and provide medical services without lodging, it will either need a day procedure centre licence if “scheduled medical procedures” defined under the Private Healthcare Facilities Ordinance are provided, or a clinic licence if such procedures are not provided. A small practice clinic may apply for exemption under the Private Healthcare Facilities Ordinance.

The Department of Health is implementing the Private Healthcare Facilities Ordinance in phases based on the risk level of various types of private healthcare facilities and according to the Legal Counsel’s opinion, no licence under the Private Healthcare Facilities Ordinance is required before the provision on offence or penalty for operating a private healthcare facility without licence under the Private Healthcare Facilities Ordinance comes into force on 30 June 2022. The Department of Health started to accept applications for day procedure centre licence under the Private Healthcare Facilities Ordinance from 2 January 2020.

Key requirements under the Private Healthcare Facilities Ordinance

The Private Healthcare Facilities Ordinance explicitly sets out the requirements, authorities and responsibilities of two important persons in managing a PHF for which a licence is in force, namely, (i) the licensee and (ii) the chief medical executive. It also sets out the requirement regarding price transparency and complaints management.

(i) Licence

Every PHF will have to apply and obtain a licence from the Director of Health. An individual, a partnership, a company, a body corporate other than a company and a society can be qualified to be the licensee. A licence for a clinic is valid for a period of not more than five years as specified in the licence, whereas a licence for a day procedure centre is valid for a period of not more than three years as specified in the licence.

REGULATORY OVERVIEW

Application for renewal of such licence shall be made with the Director of Health not less than six months before the expiry of the licence, or within the period before the expiry of the licence if specified by the Director of Health in writing. The licensee of a PHF is wholly responsible for the operation of the facility.

(ii) Chief medical executive

The licensee of a PHF must appoint a chief medical executive to take charge of the day-to-day administration of the PHF. The chief medical executive of a PHF must possess the qualifications and experience necessary for administering the PHF, be physically and mentally fit to administer the PHF and be a person of integrity and good character.

The chief medical executive of a clinic must be a Registered Medical Practitioner who has been registered for not less than four years in Hong Kong, whereas the chief medical executive of a day procedure centre must be a Registered Medical Practitioner who has been registered for not less than six years in Hong Kong.

A chief medical executive must not serve at the same time (i) if serving only clinics, more than three clinics; (ii) if serving only day procedure centres, more than two day procedure centres; or (iii) if serving both clinic and day procedure centre, more than one clinic and one day procedure centre. If four or more clinics are operated at the same time by the same licensee, the chief medical executive should be a Registered Medical Practitioner who has been registered for not less than 8 years in Hong Kong.

(iii) Medical advisory committee

Establishment of a medical advisory committee is required for a PHF that is (i) a hospital or (ii) four or more clinics operated at the same time by the same licensee that has appointed or seeks to appoint a single chief medical executive for the clinics, which are collectively regarded as one PHF.

In the case that four or more clinics are operated at the same time by the same licensee that has appointed or seeks to appoint a single chief medical executive for the clinics, in addition to the requirement for establishment of a medical advisory committee, each clinic shall appoint a Registered Medical Practitioner to assist the chief medical executive in carrying out the day-to-day administration of the clinic.

(iv) Price transparency

The licensee of a PHF must make available to the public information about the prices of chargeable items and services provided in the PHF. The licensee must ensure that each patient is provided with a budget estimate form providing an estimate of the fees and charges for the treatments or procedures intended to be undertaken by the patient.

(v) Complaints management

The licensee of a PHF must put in place a complaints handling procedure for receiving, managing and responding to complaints received against the PHF. An independent committee on complaints against PHFs (the “**Complaints Committee**”) shall be established by the Hong Kong Government. The Complaints Committee’s functions include making recommendations to Director of Health on a particular complaint after investigation, advising Director of Health on policies on complaints management.

REGULATORY OVERVIEW

Transitional arrangements for day procedures centres and clinics

The Private Healthcare Facilities Ordinance provides for transitional arrangements for day procedures centres and clinics. Under the transitional arrangement, an operator of a day procedure centre or a clinic in operation on 30 November 2018 will be issued with a provisional licence upon application for a full licence, provided that the below conditions are met:

- (a) the operator is a fit and proper person to exercise control over or operate the day procedure centre/clinic;
- (b) the person to be appointed as the chief medical executive for the day procedure centre/clinic is a fit and proper person to administer the centre/clinic; and
- (c) the operation of the day procedure centre/clinic by the operator would not be contrary to the public interest.

The provisional licence allows the day procedure centre or clinic concerned to continue to operate during the transitional period under the new regulatory regime before it is qualified for a full licence.

For operators who start operating day procedure centres and clinics after 30 November 2018, they will need to comply with requirements under the new regulatory regime and aim to apply for full licences or letters of exemption in accordance with the arrangements announced by the Department of Health and requirements stipulated under the Private Healthcare Facilities Ordinance.

Codes of Practices

For day procedure centres, the HKAM and the Department of Health have promulgated a set of Core Standards for Day Procedure Centres which applies to all day procedure centres and Procedure-specific Standards for Day Procedure Centres providing specific procedures.

For clinics, the Department of Health has developed a set of draft Standards for Medical Clinics, the finalised version of which will be adopted as a code of practice for clinics as defined in the Private Healthcare Facilities Ordinance. As of the Latest Practicable Date, the draft Standards for Medical Clinics have not yet been promulgated by the Department of Health.

Key requirements set forth under both Core Standards for Day Procedures Centres and the draft Standards for Medical Clinics are summarised as follows:

- (i) Management and governance: A medical practitioner should be appointed as a person-in-charge, and he is to be held accountable for the management of the facility; all staff should be appropriately trained, and their qualifications, training and competence should be regularly reviewed.
- (ii) Physical conditions: The physical design, size, layout and condition of the facility should be appropriate for the delivery of medical services; all buildings, furniture, furnishings, fittings and equipment should be maintained in good operational order; the clinic should be kept clean and hygienic; the construction and use of premises should be in compliance with relevant laws; all equipment should be in good working order and properly maintained; staff should be appropriately trained in use of medical equipment.

REGULATORY OVERVIEW

- (iii) Service delivery and care process: Written policies and procedures to protect the rights of patients, for patient identification, and for the maintenance of medical records should be established; the handling and supply of medicines should be in accordance with the applicable law and guidelines; there should be a system for reviewing the quality of services at appropriate intervals; patients should be informed of charges; a complaint handling mechanism should be established.
- (iv) Infection control: A written infection control policy should be established; equipment and supplies should be properly sterilized; clinical and chemical waste should be handled properly and safely.
- (v) Resuscitation and contingency: A written risk management policy and written policies and procedures for resuscitation of patients should be established; resuscitation equipment should be easily accessible and regularly checked; there should be written protocol for emergency transfer of patients; there should be adequate precautions against the risk of fire.

Effect on our business operations

As advised by our Legal Counsel, our Medical Centres either fall within the definitions of “clinic” or “day procedure centre”. According to the Legal Counsel’s opinion, no license is required to be obtained thereunder by our Medical Centres before the provision on offence or penalty for operating a private healthcare facility without licence under the Private Healthcare Facilities Ordinance comes into force on 30 June 2022. Nevertheless, our Group has applied for the licence and our Central Medical Centre and one of our Mong Kok Medical Centres (referred to as the premises located at 9th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong) have already obtained the day procedure centre provisional licenses which are effective as of 1 January 2021 pending the processing of the full licence by the Director of Health. According to our Legal Counsel’s opinion, our Group can continue to legally operate our Central Medical Centre and one of our Mong Kok Medical Centres (referred to as the premises located at 9th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong) as the day procedure centre with a provisional licence (as opposed to a full license) on or after 30 June 2022. With respect to our other Mong Kok Medical Centre (referred to as the premises located at 7th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong), a licence is not currently required, and a full licence shall be obtained by 30 June 2022 if it is to be operated as a day procedure centre. Our Group intends to apply for the full licence for both Mong Kok Medical Centres (referred to as the premises located at 7th Floor and 9th Floor, Wai Fung Plaza, 664 Nathan Road, Kowloon, Hong Kong) together in accordance with the Private Healthcare Facilities Ordinance requirement. Our Directors consider that the Private Healthcare Facilities Ordinance and the licencing regime contemplated thereunder do not have any material adverse effect on our business operations or otherwise incur any substantial amount of expenses for upgrading our facilities. In addition, having reviewed the Private Healthcare Facilities Ordinance and the Core Standards for Day Procedure Centres and the draft Standards for Medical Clinics, our Directors consider that our Medical Centres are in compliance with these requirements.

Regulations on Employee Protection

Employees' Compensation Ordinance

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) provides for the payment of compensation to employees who are injured in the course of their employment. It requires an employer to pay compensation for death or incapacity of an employee resulting from accident arising out of and in the course of employment or an occupational disease specified in such Ordinance in accordance with its provisions. Under this Ordinance, an employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident happened or resulting in occupation disease.

This Ordinance requires all employers to take out insurance policies to cover their liabilities thereunder in respect of all their employees. It also requires an employer to report the injury to or death of an employee to the Commissioner for Labour within prescribed periods.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a minimum hourly wage rate in respect of the wage period for employees with certain exceptions. Any provision of an employment contract that purports to extinguish or reduce any right, benefit or protection conferred on the employee by this Ordinance is void.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides for, among others, the establishment, contributions, registration and regulation of non-governmental mandatory provident fund schemes for the purpose of funding benefits on retirement. Unless otherwise exempted, employers must take all practicable steps to ensure their employees (to whom the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) applies) become members of a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance (the “**MPF Scheme**”) within the prescribed period. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. The employer and its employees are each required to contribute to the MPF Scheme an amount equal to 5% of each employee's relevant income (subject to a minimum level and maximum level currently set at HK\$7,100 and HK\$30,000 per month respectively) for each period for which the employer pays relevant income to the employee. The contribution in respect of an employee vests in such employee as accrued benefits as soon as it is paid to the trustees of the MPF Scheme.

LAWS AND REGULATIONS RELATED TO THE HEALTHCARE SERVICE SECTOR IN THE PRC

The PRC laws allow foreign enterprises to acquire or establish medical institutions in China where certain conditions are met. In general, the acquisition or establishment of medical institutions by the Group in the PRC is subject to the Notice of the former Ministry of Health (currently known as the National Health Commission) and the Ministry of Commerce (“MOFCOM”) on Issues concerning the Establishment of Medical Institutions in the Mainland China by Hong Kong and Macau Service Providers (《關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知》), the Interim Measures for the Administration of Sino-foreign Equity Joint and Cooperative Joint Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》) and other supplementary regulations on foreign investment access and the requirements of investors, as well as the general regulations on the practices of medical institutions in the Mainland China, such as the Regulation on the Administration of Medical Institutions (《醫療機構管理條例》), the Detailed Rules on the Implementation of the Regulation on the Administration of Medical Institutions (《醫療機構管理條例實施細則》), the Notice on Issuing the Certificate of Organisation Code of Health Institutions (《關於下發〈衛生機構(組織)分類代碼證〉的通知》) and the Measures for the Assessment of Medical Institutions (《醫療機構評審辦法》).

Restrictions on Foreign Investment Access and Requirements of Investors

The PRC laws distinguish the requirements applicable to qualified Hong Kong or Macau enterprises and non-Hong Kong or Macau foreign enterprises. According to the Notice of the former Ministry of Health (currently known as the National Health Commission) and the MOFCOM on Issues concerning the Establishment of Medical Institutions in the Mainland China by Hong Kong and Macau Service Providers (《關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知》) promulgated on 22 October 2012 and came into effect on 1 January 2013, qualified Hong Kong and Macau service supplier may set up or invest in medical institutions in the PRC in the form of wholly-owned, equity joint venture or cooperative joint venture. According to the Interim Measures for the Administration of Sino-foreign Equity Joint and Cooperative Joint Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》) promulgated by the former Ministry of Health and the Ministry of Foreign Trade and Economic Cooperation on 15 May 2000 and came into effect on 1 July 2000, non-Hong Kong or Macau foreign enterprises may set up or invest in medical institutions in the PRC by way of joint venture or cooperation joint venture, provided that the equity interest of the Chinese party shall not be less than 30%. In particular, pursuant to Annex 5 of the Mainland China and Hong Kong Closer Economic Partnership Arrangement — Definition of “Service Supplier” and Related Requirements (《〈內地與香港關於建立更緊密經貿關係的安排〉之附件5 — 關於「服務提供者」定義及相關規定》) promulgated by the MOFCOM on 30 September 2003 and came into effect on 30 September 2003, a “Hong Kong service supplier” shall satisfy the following conditions and shall be examined and certified by Hong Kong Trade and Industry Department:

- (a) be incorporated or established pursuant to the Companies Ordinance or other relevant laws of Hong Kong, and have obtained a valid Business Registration Certificate and other licence or permit as required by law if it should also have obtained the licence or permit for providing such services; and

REGULATORY OVERVIEW

- (b) engage in substantive business operations in Hong Kong. The criteria of determination are:
- nature and scope of business. The nature and scope of the services provided by a Hong Kong service supplier in Hong Kong should encompass the nature and scope of the services it intends to provide in the Mainland China;
 - years of operation required. A Hong Kong service supplier should be incorporated or established in Hong Kong, and have engaged in substantive business operations for 3 years or more;
 - profits tax. During the period of substantive business operations in Hong Kong, a Hong Kong service supplier should have paid profits tax in accordance with the law;
 - business premises. A Hong Kong service supplier should own or rent premises in Hong Kong to engage in substantive business operations. The scale of its business premises should be commensurate with the scope and the scale of its business;
 - employment of staff. More than 50% of the staff employed in Hong Kong by the Hong Kong service supplier should be residents staying in Hong Kong without limit of stay, and people from the Mainland China staying in Hong Kong on One Way Permit.

Depending on whether a foreign investor establishes or invests in a medical institution within the territory of the PRC in the form of wholly-owned, Sino-foreign joint venture or cooperative joint venture, it shall be further subject to the following regulations and requirements in relation to the qualifications of investors, investment amount and standards of medical institutions, etc.:

- (i) For the establishment of or investment in a wholly-owned hospital, pursuant to the Interim Administrative Measures on Setting up Wholly-owned Hospitals by Hong Kong and Macau Service Suppliers in the Mainland China (《香港和澳門服務提供者在內地設立獨資醫院管理暫行辦法》) promulgated by the former Ministry of Health and the MOFCOM on 22 December 2010 and came into effect on 1 January 2011, a wholly-owned hospital established by Hong Kong and Macau service suppliers shall meet the following conditions:
- must be an independent legal person;
 - total investment for tier 3 hospitals shall not be less than RMB50 million, while the total investment for tier 2 hospitals shall not be less than RMB20 million;
 - meet the basic standards for tier 2 hospitals or above; and
 - total investment requirements of Hong Kong and Macau wholly-owned hospitals established in the old, under-developed, remote, or poverty areas can be appropriately reduced.

- (ii) For the establishment of or investment in other wholly-owned medical institutions other than wholly-owned hospitals (including wholly-owned outpatient departments and wholly-owned clinics), according to the Notice of the former Ministry of Health (currently known as the National Health Commission) and the MOFCOM on Issues concerning the Establishment of Medical Institutions in the Mainland China by Hong Kong and Macau Service Providers (《關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知》) promulgated on 22 October 2012 and came into effect on 1 January 2013, where a Hong Kong and Macau service supplier sets up joint-ventured or cooperative joint medical institutions and other wholly-owned medical institutions excluding wholly-owned hospitals and wholly-owned sanatoriums in Mainland China, such medical institutions shall be subject to the standards and requirements applicable to medical institutions established by Mainland entities or individuals. Currently, the requirements for the establishment of medical institutions by Mainland entities or individuals vary from place to place. For instance, for establishing ophthalmic outpatient departments and ophthalmic clinics in Guangdong Province, pursuant to the Basic Standards for Ophthalmic Outpatient Departments in Guangdong Province (for Trial Implementation) (《廣東省眼科門診部基本標準(試行)》) and the Basic Standards for Ophthalmic Clinics in Guangdong Province (for Trial Implementation) (《廣東省眼科診所基本標準(試行)》), the total investment for ophthalmic outpatient departments in Guangdong Province should not be less than RMB5 million, the total investment for ophthalmic clinics in Guangdong Province should not be less than RMB300,000, and should fulfil the requirements on department settings and personnel etc. (see below for details).
- (iii) For the establishment of or investment in Sino-foreign joint-ventured or cooperative joint medical institutions, pursuant to the Interim Measures for the Administration of Sino-foreign Equity Joint and Cooperative Joint Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》) promulgated by the former Ministry of Health and the former Ministry of Foreign Trade and Economic Cooperation (currently known as “MOFCOM”) on 15 May 2000 and came into effect on 1 July 2000 and relevant supplementary regulations, both Chinese and foreign parties applying for the establishment of joint-ventured or cooperative joint medical institutions and such medical institutions being set up shall meet the following conditions and shall meet the corresponding requirements on inpatient beds, department settings and personnel (see below for details):
- both Chinese and foreign parties applying for the establishment of Sino-foreign joint-ventured or cooperative joint medical institutions shall be legal persons capable of assuming civil liabilities independently, and should have direct or indirect experience in medical and health investment and management. They should be able to meet one of the following requirements: (a) capable of providing internationally advanced managerial experience, management model or service model of medical institutions; (b) capable of providing internationally advanced medical technology and equipment; or (c) able to supplement or improve medical service capability, medical technology, funding and equipment of the jurisdiction; and

REGULATORY OVERVIEW

- the Sino-foreign joint-ventured or cooperative joint medical institution shall meet the following conditions: (a) must be an independent legal person; (b) the total investment shall not be less than RMB20 million (the total investment of a Hong Kong or Macau service supplier establishing a joint-ventured or cooperative joint medical institution in the PRC shall not be less than RMB10 million); (c) the shareholding ratio or equity interest of the Chinese party in the Sino-foreign joint-ventured or cooperative joint medical institution shall not be less than 30%; and (d) the term of a joint venture or cooperation shall not exceed 20 years.

Policy Support for Foreign Investors Investing Medical Institutions in the Greater Bay Area

According to the Supplementary Provision II of the Interim Measures for the Administration of Sino-foreign Equity Joint and Cooperative Joint Medical Institutions (《〈中外合資、合作醫療機構管理暫行辦法〉的補充規定二》) promulgated by the former Ministry of Health and the MOFCOM on 7 December 2008 and came into effect on 1 January 2009, Hong Kong and Macau service suppliers may establish outpatient departments in Guangdong Province in the forms of wholly-owned, equity joint venture or cooperative joint venture with no restriction on the total investment of such outpatient departments. Also, there are no restriction on the proportion of investment when Hong Kong and Macau service suppliers establish clinics in Guangdong Province in the forms of equity joint venture or cooperative joint venture.

In addition, according to the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (《粵港澳大灣區發展規劃綱要》) promulgated by the Central Committee of the Chinese Communist Party and the State Council of the PRC on 18 February 2019 and came into effect on 18 February 2019, the plan promotes close cooperation of high-quality medical and health resources, provides support to the Hong Kong and Macau medical institutions service suppliers on the establishment of medical institutions in 9 cities in the Pearl River Delta in the forms of wholly-owned, equity joint venture or cooperative joint venture as planned, and develops regional medical consortiums and regional medical centres. According to the Three-Year Action Plan for Guangdong Province to Promote the Development of the Guangdong-Hong Kong-Macao Greater Bay Area (2018–2020) (《廣東省推進粵港澳大灣區建設三年行動計劃(2018–2020年)》) promulgated by the Leading Group for the Development of Guangdong-Hong Kong-Macao Greater Bay Area (廣東省推進粵港澳大灣區建設領導小組) on 5 July 2019 and came into effect on 5 July 2019, the plan provides support and promotes the Hong Kong and Macau medical institutions service suppliers on the establishment of medical institutions in 9 cities in the Pearl River Delta in the forms of wholly-owned, equity joint venture or cooperative joint venture as planned, and facilitates the registration and practice of Hong Kong and Macau doctors.

REGULATORY OVERVIEW

Qualification Requirements for Medical Institutions in Mainland China

The establishment of hospitals, outpatient departments, clinics (including ophthalmic hospitals, ophthalmic outpatient departments and ophthalmic clinics) in Mainland China is required to obtain the following qualification certificates in accordance with law:

- (i) Approval on the Establishment of Medical Institutions (《設置醫療機構批准書》). According to the Regulation on the Administration of Medical Institutions (《醫療機構管理條例》) (the “**Regulation on the Administration of Medical Institutions**”), which was promulgated by the State Council of the PRC on 6 February 2016 and came into effect on 6 February 2016, the establishment of a medical institution must be examined and approved by the competent health administrative department and obtain an approval for the establishment of a medical institution. To apply for the establishment of a medical institution, an application letter for establishment, a feasibility report, a site selection report and an architectural design plan shall be submitted. The Certificate on the Establishment of Medical Institutions (《設置醫療機構批准書》) is a pre-approval document for the establishment of Sino-foreign equity joint or cooperative joint medical institutions and wholly-owned medical institutions owned by Hong Kong and Macau service suppliers.
- (ii) Medical Institution Practicing License (《醫療機構執業許可證》). According to the Regulation on the Administration of Medical Institutions, medical institutions shall be allowed to practice after registration and obtainment of the Medical Institution Practicing License (《醫療機構執業許可證》). To apply for the registration of medical institutions, the following conditions shall be fulfilled:
 - obtain the Approval on the Establishment of Medical Institutions (《設置醫療機構批准書》) (other than tier 3 hospitals, Sino-foreign equity joint or cooperative joint medical institutions, and wholly-owned medical institutions owned by Hong Kong and Macau service suppliers, such Approval on the Establishment of Medical Institutions is no longer required for other medical institutions before their establishment);
 - meet the basic standards of medical institutions;
 - with appropriate name, organisational structure and premises;
 - with funds, facilities, equipment and professional health technicians suitable for its business;
 - with corresponding rules and regulations; and
 - capable of assuming civil liabilities independently.

REGULATORY OVERVIEW

- (iii) According to the Notice on Issuing the Certificate of Organisation Code of Health Institutions (《關於下發〈衛生機構(組織)分類代碼證〉的通知》) promulgated by the former Ministry of Health on 2 May 2002 and came into effect on 2 May 2002, except for the health administrative authorities, the health institutions of the military and the health institutions in Hong Kong, Macau and Taiwan region, all tiers and types of health institutions and health organisations shall apply for the Organisation Code of Health Institutions (《衛生機構(組織)分類代碼證》).
- (iv) According to the Measures for the Assessment of Medical Institutions (《醫療機構評審辦法》) promulgated by the former Ministry of Health on 21 July 1995 and came into effect on 21 July 1995, all tiers and types of medical institutions shall participate in the assessment, and the health administrative department shall issue an assessment qualification certificate or graded certificate to those medical institutions passing the assessment.

Requirements for Practising Equipment of Medical Institution in Mainland China

According to the Detailed Rules on the Implementation of the Regulation on the Administration of Medical Institutions (《醫療機構管理條例實施細則》) promulgated by the former National Health and Family Planning Commission (currently known as the National Health Commission) on 21 February 2017 and came into effect on 1 April 2017, ophthalmic medical institutions mainly include ophthalmic hospitals, ophthalmic outpatient departments and ophthalmic clinics, among which: (i) only medical institutions that meet a specific number of inpatient beds shall be referred to as “hospitals”, and are further divided into tier 1, 2 and 3 hospitals (tier 3 hospitals are the highest-level hospitals) based on various factors such as numbers of inpatient beds, department settings, personnel, rooms, equipment and registered capital, and are required to obtain corresponding assessment qualification certificate or approval; for ophthalmic hospitals, the Basic Standards for Ophthalmic Hospitals (for Trial Implementation) (《眼科醫院基本標準(試行)》) (the “**Basic Standards for Ophthalmic Hospitals**”) promulgated by the former Ministry of Health on 11 June 1996 and came into effect on 11 June 1996 has once stated that no tier 1 or tier 2 ophthalmic hospitals would be set up in the Mainland China. However, the Notice on Relevant Provisions on the Administration of the Assessment of Specialty Hospitals (《關於專科醫院設置審批管理有關規定的通知》) promulgated by the former Ministry of Health on 5 December 2011 and came into effect on 5 December 2011 allows the establishment of tier 2 ophthalmic hospitals, and therefore, tier 2 and tier 3 ophthalmic hospitals can now be set up in Mainland China; (ii) ophthalmic medical institutions without inpatient beds are generally referred to as “ophthalmic outpatient departments” or “ophthalmic clinics”.

Taking tier 3 ophthalmic hospitals, tier 2 ophthalmic hospitals, ophthalmic outpatient departments and ophthalmic clinics in Guangdong Province as examples, according to Basic Standards for Ophthalmic Hospitals and the Basic Standards for Tier 2 Ophthalmic Hospitals in Guangdong Province (for Trial Implementation) (《廣東省二級眼科醫院基本標準(試行)》), the Basic Standards for Ophthalmic Outpatient Departments in Guangdong Province (for Trial Implementation) (《廣東省眼科門診部基本標準(試行)》) and the Basic Standards for Ophthalmic

REGULATORY OVERVIEW

Clinics in Guangdong Province (for Trial Implementation) (《廣東省眼科診所基本標準(試行)》), different standards and requirements shall be applied to them:

Standards	Tier 3 Ophthalmic Hospitals in Guangdong Province	Tier 2 Ophthalmic Hospitals in Guangdong Province	Ophthalmic Outpatient Departments in Guangdong Province	Ophthalmic Clinics in Guangdong Province
Beds	<ul style="list-style-type: none"> Over 80 	<ul style="list-style-type: none"> Over 50 Number of inpatient beds not exceeding the lower limit of inpatient beds in tier 3 ophthalmic hospitals 	No inpatient bed	No inpatient bed
Department Settings	<ul style="list-style-type: none"> Clinical departments: at least set up specialty departments in cataract, glaucoma, cornea disease, ocular fundus disease, ocular trauma, refractive eye muscle and tumor plastic surgery, anesthesia and preventive eye care; Medical technology departments: laboratories, radiology, pathology, pharmacy, supplies rooms, operation theatres, optometry rooms, ultrasound rooms, fundus fluorescein angiography rooms, laser rooms and pathology rooms 	<ul style="list-style-type: none"> Outpatient area shall have pharmacies, consultation rooms, treatment rooms, and provide waiting areas; Clinical departments: at least set up six departments out of the departments of cataract, glaucoma, strabismus and pediatric ophthalmology, refraction, ocular fundus, ocular traumatology, orbitology, preventive eye care, ocular immunology, neuro-ophthalmology, ocular oncology, traditional Chinese ophthalmology, eye surface disease and eye plastic surgery, as well as emergency rooms and anesthesia department. No clinical department other than ophthalmology; Medical technology departments and others: at least set up pharmaceutical department, operating theatres, examination department, pathology department, radiology department, ultrasound inspection rooms, electrophysiology rooms, electrocardiography rooms, optometry rooms, vision rooms, fundus fluorescein angiography rooms and corresponding clinical function inspection rooms, and laser rooms; Other departments: pathology rooms, hospital infection management department, disinfection supplies department and other business and administrative departments applicable for the normal operation of hospital business 	<ul style="list-style-type: none"> At least 3 ophthalmic tier 2 specialist departments shall be set up; while no clinical departments other than the ophthalmology department and no inpatient beds; At least functional rooms such as emergency rooms, consultation rooms, pharmacies, treatment rooms, operation theatres, inspection rooms, examination rooms, disinfection supplies rooms shall be set up 	Functional rooms such as first-aid room, consultation room, treatment room, pharmacy, inspection room, etc., without ophthalmic tier 2 specialty, shall be set up

REGULATORY OVERVIEW

Standards	Tier 3 Ophthalmic Hospitals in Guangdong Province	Tier 2 Ophthalmic Hospitals in Guangdong Province	Ophthalmic Outpatient Departments in Guangdong Province	Ophthalmic Clinics in Guangdong Province
Personnel	<ul style="list-style-type: none"> Each bed is staffed with at least 1.1 sanitation technicians; Each bed is staffed with at least 0.4 nurse; Each specialty shall have at least 3 physicians with the title of associate chief physician or above 	<ul style="list-style-type: none"> Each bed is staffed with at least 1.1 sanitation technicians; Each bed is staffed with at least 0.4 nurse; each operation table is staffed with 2 nurses; Each clinical department shall have at least one physician with the title of associate chief physician or above, and shall have a clear specialty technical team, and the physician shall form a reasonable echelon; At least 3 nurses with more than 3 years of work experience in ophthalmology and with the titles of chief nurse or above; The medical technology department shall have at least 2 professional technicians with titles above professional qualification level; Staffed with 1–2 medical practitioners specialising in internal medicine to undertake the tasks of first aid, epidemic prevention and control and relevant disease consultation in the hospital; Staffed with at least 1 dedicated personnel for hospital infection management; The principal responsible person shall have more than 10 years of professional work experience in ophthalmology or more than 5 years of medical management experience in ophthalmology 	<ul style="list-style-type: none"> At least 3 medical practitioners shall be practising at ophthalmology, one of whom shall have the title of associate chief physician or above in ophthalmology; At least 5 nurses shall be practising at ophthalmology, of which at least 1 nurse shall have more than 3 years of work experience in ophthalmology and with the title of chief nurse or above; The clinical department shall have practicing doctors within the corresponding scope of practice, and the non-clinical department shall have sanitation technicians with professional qualifications or above. The principal responsible person shall have more than 5 years of professional experience in ophthalmology or more than 3 years of medical management experience in ophthalmology 	<ul style="list-style-type: none"> Not more than 2 medical practitioners shall be practising at ophthalmology, of which at least one shall have more than 10 years of practice experience at ophthalmology and with the professional title of attending physician or above at ophthalmology; Not more than 2 ophthalmology practicing nurses, of which at least 1 has more than 3 years of work experience at ophthalmology and with the title of nurse or above; Not more than 2 pharmacy staff, at least one of whom has a professional qualification or above; The founder shall have more than 5 years of professional experience in ophthalmology

REGULATORY OVERVIEW

Standards	Tier 3 Ophthalmic Hospitals in Guangdong Province	Tier 2 Ophthalmic Hospitals in Guangdong Province	Ophthalmic Outpatient Departments in Guangdong Province	Ophthalmic Clinics in Guangdong Province
Rooms	<ul style="list-style-type: none"> Each bed shall have a gross floor area of not less than 40 sq.m.; Each bed in wards shall have a net usage area of not less than 6 sq.m. 	<ul style="list-style-type: none"> Each bed shall have a gross floor area of not less than 60 sq.m. and each bed in wards shall have a net usage area of not less than 6 sq.m.; The net usage area of outpatient service shall not be less than 400 sq.m. and the net usage area of each outpatient consultation room shall not be less than 8 sq.m.; Each operation table shall have a net usage area of not less than 20 sq.m.; The setting up of the examination department, the pathology department, the radiology department and the disinfection supplies room shall comply with the relevant requirements of the state. The inspection, pathology, radiology, disinfection supplies and other businesses can also be provided by medical institutions with relevant qualifications in the form of valid contracts 	<ul style="list-style-type: none"> The business building shall have a gross floor area of not less than 300 sq.m.; Each function room must be independent with a net area of not less than 8 sq.m. per room; Internal and external eye surgeries should have separate independent operation theatres with a net area of not less than 20 sq.m. per operation theatre; The setting up of inspection room and disinfection supplies room shall comply with the relevant requirements of the state. The inspection and disinfection supplies business can also be provided by medical institutions with relevant qualifications in the form of valid contracts 	<ul style="list-style-type: none"> The business building shall have a gross floor area of not less than 80 sq.m.; Each function room must be independent

REGULATORY OVERVIEW

Standards	Tier 3 Ophthalmic Hospitals in Guangdong Province	Tier 2 Ophthalmic Hospitals in Guangdong Province	Ophthalmic Outpatient Departments in Guangdong Province	Ophthalmic Clinics in Guangdong Province
Equipment	<ul style="list-style-type: none"> Basic equipment: oxygen ventilators, electrocardiogram electric suction devices, cardiac monitors and defibrillators, surgical beds with anaesthesia machines, specialist examination table surgical microscopes, anaesthesia monitors and high frequency electric knives, bipolar electrocoagulators and ophthalmoscopes, optic tables and slit lamps, eye pressure meters, optometers and lens boxes, vision meters and cornea curvature meters, eye muscles strength meters and fundus cameras, ultrasonic surgical microscopes, freezers and glass cutters, laser therapy instrument and flame spectrophotometers, blood cell counters and analysis balances, centrifuges and refrigerators, X-Ray machines and dressing cabinets, high pressure sterilisation equipment for device cabinets, boiling sterilisers and electric ovens, UV light washing machines Each bed in wards is provided with the same equipment as tier 3 general hospitals; Other equipment suitable for diagnosis and treatment 	<ul style="list-style-type: none"> Basic equipment: at least equipped with consultation desks, consultation chairs, treatment trolleys, rescue trolleys, medical records trolleys, medication cabinets, oxygen supply devices, respirators, electric suction devices, electrocardiogram machines, electrocardio monitoring devices, surgical beds, shadowless lamps, microscopes, biochemical analysers, blood gas analysers, urine analysers, blood cell counters, analytical balances, centrifuges, refrigerators, dressing cabinets, device cabinets, high pressure sterilisation equipment, boiling sterilisers, electric ovens, UV lamps, anesthesia machines, low temperature sterilisation furnaces; Specialty equipment: at least equipped with ophthalmic examination tables, optic tables, slit lamps, tonometers, contactless tonometers, tripisms, three-faced mirrors, room angle mirrors, three-dimensional mirrors, direct and indirect ophthalmoscopes, computer optometers and lens boxes, corneal endothelium counters, cornea curvature meters, automatic vision meters, synoptograph machines, ophthalmic A/B ultrasound machines, fundus fluorescein imaging instruments, visual electrophysiology instruments, laser therapy instruments, ophthalmic surgical microscopes, refrigeration machines, bipolar electrocoagulators; Information equipment: hospital information management system is in place, and each department is equipped with at least one information equipment that can be connected to the internet. The inpatient department, information department and other departments are equipped with automatic office equipment to ensure the statistics and reporting of hospital information; Each bed in wards is provided with the equipment according to the basic standards of tier 2 general hospitals; Other equipment suitable for clinical services 	<ul style="list-style-type: none"> Basic equipment: electrocardiology monitors, surgical beds, surgical microscopes, ophthalmoscopes, visual meters, slit lamps, tonometers, optometers and lens boxes, vision meters, three-faced mirrors, room angle mirrors, front mirrors, cornea curvature meters, fundus cameras, ultrasonic instruments, device cabinets, UV lamps, rapid disinfection furnaces; Necessary first aid equipment shall be equipped; Other equipment suitable for clinical services 	<ul style="list-style-type: none"> Basic equipment: optic tables, slit lamps, ophthalmoscopes, tonometers, optometers, lens boxes, three-faced mirrors, room angle mirrors, front mirrors, UV lamps, rapid disinfection furnaces; Necessary first aid equipment shall be equipped; Other equipment suitable for clinical services

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN THE PRC

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018. Pursuant to the PRC Company Law, companies are classified into categories, namely limited liability companies and limited companies by shares. The PRC Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the PRC Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

The PRC Company Law is the principal law governing dividend distributions by PRC companies. PRC companies may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory general reserve funds until the cumulative amount of such reserve funds reach 50% of their registered capital. These reserve funds are not distributable as dividends. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

On 15 March 2019, the SCNPC promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the “**Foreign Investment Law**”), which came into force on 1 January 2020 and repealed simultaneously the Law of PRC on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Law of the PRC on Sino-foreign Cooperative Joint Ventures (中華人民共和國合作經營企業法). The Implementation Regulations for the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) was promulgated by the State Council on 26 December 2019 and took effect on 1 January 2020. According to the Foreign Investment Law, the State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (外商投資產業指導目錄) (the “**Guidance Catalogue**”) which was amended on 28 June 2017 and came into effect on 28 July 2017, the industries invested by foreign investors shall be classified into two categories: (i) the encouraged industries and (ii) the industries subject to special administrative measures for the access of foreign investment (including the restricted industries and the prohibited industries). The Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)) (the “**Negative List**”) which was promulgated on 28 June 2018, revised on 30 June 2019 and came into effect on 30 July 2019, replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalogue. The Negative List has been further updated on 23 June 2020, and has been further updated on 27 December 2021 and became effective on 1 January 2022 (the “**Negative List (2021 Version)**”). The Catalogue of Industries for Encouraging Foreign Investment (鼓勵外商投資產業目錄) (the “**Encouraged Catalogue**”) which was promulgated on 30 June 2019 and came into effect on 30 July 2019, replaced the encouraged industries in the Guidance Catalogue. The Encouraged Catalogue has been further updated on 27 December 2020 and became effective on 27 January 2021 (the “**Encouraged Catalogue (2020 Version)**”). Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List.

REGULATORY OVERVIEW

Investment in restricted fields of investment in the Negative List shall obtain foreign investment access permit. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalogue and the Negative List is a permitted industry for foreign investment. As advised by the PRC Legal Adviser, the medical healthcare industry falls into the Encouraged Catalogue (2020 Version) and therefore is a permitted industry for foreign investment.

Pursuant to the Interim Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (外商投資企業設立及變更備案管理暫行辦法) (the “**Interim Measures**”) promulgated by MOFCOM on 8 October 2016 and amended on 30 July 2017 and 29 June 2018, any establishment and modifications of foreign investment enterprises that are not subject to special administrative measures for the access of foreign investment shall only be required to file with the commercial authorities, and approval by such commercial authorities is no longer needed. The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) which was promulgated by MOFCOM and State Administration for Market Regulation on 30 December 2019, which came into effect on 1 January 2020, replaced the Interim Measures. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall only be required to report the foreign investment information to the commercial authorities instead.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth the information regarding the Board:

<u>Name</u>	<u>Age</u>	<u>Date of Joining Our Group</u>	<u>Existing Position(s)</u>	<u>Date of Appointment as Director</u>	<u>Responsibility in Our Group</u>	<u>Relationship with other Directors and Senior Management</u>
<i>Executive Directors</i>						
Wong Tai Cheung Andrew (黃棟彰)	48	23 November 2016	Chief Executive Officer and Executive Director	20 March 2019	Overseeing overall business and development and operations of our Group	None
Lo Tsz Hong (盧子康)	44	1 November 2005	General Manager and Executive Director	20 March 2019	Overseeing overall business administration and coordination of our Group	None
<i>Non-executive Directors</i>						
Wu Ting Yuk Anthony (胡定旭)	67	20 March 2019	Chairman, Non-executive Director and Chairman of Nomination Committee	20 March 2019	Providing strategic guidance for the overall development of our Group	None
Ng Roy (伍俊達)	59	20 March 2019	Non-executive Director and member of Remuneration Committee	20 March 2019	Advising on the overall strategic planning of our Group	None
Zhao Wei (趙瑋)	42	20 March 2019	Non-executive Director	20 March 2019	Advising on the overall strategic planning of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of Joining Our Group	Existing Position(s)	Date of Appointment as Director	Responsibilities in Our Group	Relationship with other Directors and Senior Management
<i>Independent non-executive Directors</i>						
Li Michael Hankin (李恆健)	57	20 March 2019	Independent non-executive Director, Chairman of Audit Committee and member of Remuneration Committee and Nomination Committee	20 March 2019	Supervising and providing independent advice to our Board	None
Hui Yung Chris (許勇)	53	29 March 2019	Independent non-executive Director, Member of Audit Committee and Remuneration Committee	29 March 2019	Supervising and providing independent advice to our Board	None
Ma Wai Hung Vincent (馬偉雄)	57	6 May 2021	Independent non-executive Director, Member of Audit Committee and Nomination Committee and Chairman of Remuneration Committee	6 May 2021	Supervising and providing independent advice to our Board	None

Executive Directors

Mr. Wong Tai Cheung Andrew (黃棣彰), is our chief executive officer and an executive Director. He is responsible for overseeing overall business and development and operations of our Group. Mr. Wong received a master's degree of business administration from Harvard Business School in June 2001 and a bachelor's degree of business administration (accounting and finance) from The University of Hong Kong in November 1996. Mr. Wong has over 17 years' experience in banking and finance, especially in the areas of corporate finance and mergers and acquisitions. Before joining our Group in November 2016, Mr. Wong was the managing director at BNP Paribas from June 2014 to November 2016. Mr. Wong acted as the chief financial officer of Century King Resources Group Limited, a titanium mining and processing company in Yunnan from October 2011 to October 2012; and acted as the chief financial officer and an executive director of New Times Energy Corporation Limited, an oil and gas exploration and production company listed on the Main Board of the Stock Exchange (stock code: 0166), from May 2013 to May 2014 and from July 2013 to May 2014 respectively. Prior to joining the mining industry, he was the managing director of Equity & Structured Retail Sales in Global Banking and Markets of Royal Bank of Scotland N.V. ("RBS") from June 2011 to October 2011. Prior to joining RBS in June 2011, he was a director in Fixed Income, Currencies and Commodities Department of Bank of America Merrill Lynch from September 2009 to May 2011. Mr. Wong had also worked as a consultant in The Boston Consulting Group, a global management consulting firm, from November 2002 to April 2003, where he was primarily responsible for evaluating and developing solutions for organizations. Since 23 November 2016 and 15 March 2019, he has served as a director of Saintford and Clarity International respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong was a director of the following companies which were incorporated in Hong Kong and were dissolved and the relevant details are as follows:

<u>Name of Company</u>	<u>Nature of business before dissolution</u>	<u>Date of dissolution/ striking off</u>	<u>Means of dissolution</u>	<u>Reason for dissolution/ striking off</u>
Union Grace (Overseas) Management Limited	Investment holding	4 August 2017	Striking Off (Note 1)	Cessation of business
Creative Palace Limited	Inactive	9 October 2020	Deregistration (Note 2)	Cessation of business
Sunny Plan Corporation Limited	Inactive	9 October 2020	Deregistration (Note 2)	Cessation of business
Ample Smart International Development Limited	Inactive	16 October 2020	Deregistration (Note 2)	Cessation of business
Great High International Limited	Inactive	16 October 2020	Deregistration (Note 2)	Cessation of business
Smart Gate Corporation Limited	Inactive	16 October 2020	Deregistration (Note 2)	Cessation of business
Talent Aim Limited	Inactive	16 October 2020	Deregistration (Note 2)	Cessation of business
Wise Profit Enterprise Limited	Inactive	16 October 2020	Deregistration (Note 2)	Cessation of business

Notes:

- (1) Under section 746 of the Companies Ordinance, striking off is an action initiated by the Registrar of Companies in Hong Kong to strike the name of a company off the register of companies where he has reasonable cause to believe that the company is not carrying on business or in operation and the company shall be dissolved when its name is struck off from the register of companies.
- (2) Under section 751 of the Companies Ordinance, deregistration refers to the process whereby a private company or a director or a member of a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Registrar of Companies in Hong Kong for deregistration. Such application can only be made if (a) all members of the company agree to the deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (c) the company has no outstanding liabilities; (d) the company is not a party to any legal proceedings; (e) the company's assets do not consist of any immovable property situate in Hong Kong; and (f) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Lo Tsz Hong (盧子康), is an executive Director and our general manager responsible for the overall business administration and coordination of our Group. Mr. Lo completed a diploma programme in Business Studies at the Caritas Institute for Further and Adult Education in July 1997 and subsequently attended three business and accounting-related part time courses in the Hong Kong College of Technology from March 2002 to March 2004 and passed several accounting professional examinations. He has over 17 years' experience in the accounting and administrative area and has been working with our Group since November 2005. Prior to joining our Group, he worked as an accountant in Danica Limited, a company principally engaged in catering business and operating under the brand name of Uncle Russ Coffee, from September 2001 to July 2005. Mr. Lo was also appointed as the director of Clarity International on 15 March 2019 and Saintford on 20 March 2019.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Directors

Mr. Wu Ting Yuk Anthony GBS, JP (胡定旭), is a non-executive Director, the chairman of our Company and the chairman of Nomination Committee. He is responsible for providing strategic guidance for the overall development of our Group. Mr. Wu joined the Hospital Authority in December 1999 and was formerly its chairman from October 2004 to November 2013. He led the team of the Hospital Authority to manage all public hospitals and public clinics in Hong Kong and implement the public health policy of the Hong Kong SAR Government. Mr. Wu was a partner of Ernst & Young (“EY”) from July 1985 to December 2005, and served as the chairman of EY Far East and China Practice from January 2000 to December 2005. Mr. Wu is currently also the principal advisor to the State Administration of Traditional Chinese Medicine of the People’s Republic of China and a member of the Chinese Medicine Reform and Development Advisory Committee.

Mr. Wu also served as a member of the 12th and 13th Standing Committee of the Chinese People’s Political Consultative Conference National Committee and the Task Force on Land Supply of Hong Kong SAR from September 2017 to February 2019, and has been awarded the Gold Bauhinia Star and Justice of the Peace by the Government of Hong Kong. Mr. Wu was a member of the Chief Executive’s Council of Advisers on Innovation and Strategic Development. Mr. Wu is a non-practising fellow member of Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Institute of Chartered Accountants in England and Wales, and the honorary chairman of the Institute of Certified Management Accountants (Australia) Hong Kong Branch. Between 2010 and 2012, he was the chairman of the General Committee of the Hong Kong General Chamber of Commerce.

He is also the chief advisor to MUFG Bank, Ltd., the chairman of the Board of Trustees of China Oxford Scholarship Fund, an honorary professor of the Faculty of Medicine of the Chinese University of Hong Kong and the Peking Union Medical College Hospital, and an honorary fellow of the Hong Kong College of Community Medicine. Mr. Wu also has directorships in certain listed companies of the Main Board of the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

The following table sets out the directorships in public companies that are listed on the Main Board of the Stock Exchange, which Mr. Wu holds or held (as the case may be) in the three years prior to the Latest Practicable Date

Listed public company	Position	Term of office
China Resources Medical Holdings Company Limited (stock code: 1515)	Independent Non-Executive Director Chairman	Since 7 August 2018 7 August 2018 to 23 April 2021
China Taiping Insurance Holdings Company Limited (stock code: 966)	Independent Non-Executive Director	Since 27 August 2013
CStone Pharmaceuticals (stock code: 2616)	Independent Non-Executive Director	Since 14 February 2019
Guangdong Investment Limited (stock code: 270)	Independent Non-Executive Director	Since 25 August 2012
Power Assets Holdings Limited (stock code: 006)	Independent Non-Executive Director	Since 3 June 2014
Venus Medtech (Hangzhou) Inc. (stock code: 2500)	Independent Non-Executive Director	Since 26 November 2018
Ocumension Therapeutics (stock code: 1477)	Independent Non-Executive Director	Since 23 June 2020

Our Directors have considered Mr. Wu's concurrent service as an independent non-executive director of the above seven other listed companies. Our Directors are of the view that Mr. Wu will be able to devote sufficient time to discharge his duties and responsibilities as a non-executive Director and the chairman of the Board of our Company having regard to all relevant factors including:

- (a) according to the latest available annual reports of the listed companies in which he has directorships as of the Latest Practicable Date, Mr. Wu has maintained a high attendance record for their board meetings, committee meetings and annual general meetings for such listed companies in the relevant financial years. Mr. Wu has a satisfactory track record in attending the meetings of the aforementioned listed companies;
- (b) Mr. Wu is neither a full time member of these listed companies nor involved in the daily operations or management of such listed companies. As such, he has no executive and management responsibility therein;
- (c) Mr. Wu has sufficient knowledge and experience in discharging the directors' duties through his past working experience and his services as an independent non-executive director, executive director and deputy chairman in different listed companies. He has sufficient understanding in his role as a director and in estimating the time required for attending to the affairs of each listed company; and

DIRECTORS AND SENIOR MANAGEMENT

- (d) Mr. Wu has confirmed and undertaken to our Company that he has the capability and is committed to devote sufficient time to discharge his duties and responsibilities as a non-executive Director and the chairman of the Board of our Company, taking into account his experience in acting as director of a number of listed companies and the time he is required to devote to each of these listed companies.

On 24 December 2013, the Disciplinary Committee of the HKICPA found Mr. Wu's failure to observe, maintain or otherwise apply the independence requirements of HKICPA by participating in the management of or otherwise having an involvement with a company and its subsidiaries whilst also a senior partner of EY who acted as auditors of such company in respect of the financial years ended 31 December 1995 to 31 December 1997, and was therefore a deemed auditor of that company under the Predecessor Companies Ordinance, to be a professional misconduct (the "**Incident**"). Mr. Wu was ordered to pay a penalty of HK\$250,000, name removed from the register of certified public accountants for a period of two years from 23 July 2014, and together with the other respondents were ordered to pay the costs of HK\$2 million to HKICPA.

The Incident was referred to the Institute of Chartered Accountants in England and Wales (the "**Institute**") by HKICPA in 2014, and was dismissed by the Institute in 2017.

We believe that Mr. Wu's extensive management experience and influence in the healthcare industry will be a great asset to the Company's business development. In particular, we are of the view that the Incident does not affect Mr. Wu's suitability to act as a non-executive Director for the following reasons:

- (a) the Incident relates to an incident over 20 years ago and was in relation to the "appearance" of independence which does not impair the character and integrity of Mr. Wu. The decision to dismiss the case by the Institute, one of the oldest and most respectable accounting bodies in the world, corroborates our view;
- (b) Mr. Wu's contribution to the companies listed on the Stock Exchange, of which he currently is or has acted as a director has been widely recognised in spite of the Incident; and
- (c) the perspective, skills and experience of Mr. Wu in relation to his professional career and public services that can be brought to our Group will benefit the future advancement and strategy of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Roy (伍俊達), is a non-executive Director and a member of the Remuneration Committee. He is responsible for advising on the overall strategic planning of our Group. Mr. Ng obtained a degree of bachelor of arts with a major in Psychology from the University of California, Berkeley in December 1984. He has accumulated over 12 years of retail management experience. Mr. Ng has acted as a director of Star Lite (HK) Limited, a company principally engaged in the retail of consumer goods since March 2009, a director of Star Lite Energy Management Limited since May 2012, and the chairman and the chief executive officer of Star Lite (Greater China) Limited since June 2015. Below is a table of Mr. Ng's key public service positions which Mr. Ng holds or held (as the case may be):

Committee/Commission	Positions	Period
Hong Kong General Chamber of Commerce	Member, Retail and Tourism Committee	2001–present
	Chairman, Retail and Tourism Committee	2008–2012
	Chairman, Small and Medium Enterprises Committee	2017–2020
	Member, Industry & Technology Committee	2012–present
	Member, China Committee	2017–present
Competition Commission of Hong Kong Office of the Financial Secretary of Hong Kong	Member	2018–present
— Enforcement Committee	Member	2020–present
— Staff Committee	Member	2020–present
— Business Facilitation Advisory Committee (“BFAC”)	Member	2018–present
— Wholesale and Retail Task Force of BFAC	Member	2018–present
— Business Liaison Groups Task Force of BFAC	Convenor	2020–present
Dedicated Fund on Branding, Upgrading and Domestic Sales		
— Programme Management Committee	Member	2020–present
Qualification Framework Secretariat		
— Retail Industry Training Advisory Committee	Member	2017–present
Employees Retraining Board	Retail Industry Technical Consultant	2017–present
Hong Kong Council for Accreditation of Academic & Vocational Qualifications	Specialist	2016–present

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhao Wei (趙瑋), is a non-executive Director. She is responsible for advising on the overall strategic planning of our Group. Ms. Zhao received her bachelor's degree of science with a major in business and finance in English from Shanghai Jiao Tong University in July 2001 and a master's degree of business administration from The University of Hong Kong in November 2013. Ms. Zhao is a non-practising member of the Chinese Institute of Certified Public Accountants. She is currently the executive director, Corporate Development and Investments of WuXi AppTec (Shanghai) Co., Ltd., and she is mainly responsible for sourcing, evaluating, executing and integrating its strategic acquisitions, investments and joint ventures. Ms. Zhao worked at Ernst & Young Hua Ming Shanghai Branch ("EY Shanghai") from September 2001 to April 2008. From February 2006 to April 2006, she briefly left EY Shanghai and worked for Deloitte & Touche Corporation Finance Ltd. Later, from May 2008 to November 2014, she worked at Ernst & Young (China) Advisory Limited.

Independent Non-Executive Directors

Mr. Li Michael Hankin (李恆健), is an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee. He is responsible for supervising and providing independent advice to our Board. Mr. Li obtained a bachelor's degree in accountancy from California State University at Los Angeles in June 1985, and a master's degree in business administration degree from Columbia University, New York in May 1992. Mr. Li is a member of the American Institute of Certified Public Accountants. He has more than 27 years' experience in financial and accounting matters, which include *inter alia*, fundraising, mergers and acquisitions and business development.

During the period from January 1986 to August 1990, Mr. Li worked at Deloitte Haskins & Sells (now known as Deloitte Touche Tohmatsu) in the U.S. From March 1994 to June 2004, Mr. Li was the executive director (corporate finance) at BNP Paribas Capital (Asia Pacific) Limited. Mr. Li was a Managing Director at GoldBond Capital (Asia) Limited, a non-bank financial service provider from July 2004 to September 2005; a managing director (investment banking) of Rothschild (Hong Kong) Limited, a financial services company from March 2007 to May 2011; the general manager of investor relations and mergers and acquisitions of Newton Resources Limited, a trading company of iron ores and other construction materials listed on the Main Board of the Stock Exchange (stock code: 1231) in 2013; the head of corporate finance of GCL-Poly Energy Holdings Limited, a green energy supplying company listed on the Main Board of the Stock Exchange (stock code: 3800) from January 2014 to June 2015; and the Deputy General Manager of Shougang Concord Grand (Group) Limited, a financial services company listed on the Main Board of the Stock Exchange (stock code: 730) from November 2017 to August 2019. He served as an independent non-executive director of Huiyin Smart Community Co., Ltd. (now known as Qidian International Co., Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 1280) from August 2017 to June 2018. He has been an independent non-executive director of COFCO Meat Holdings Limited (now known as COFCO Joycome Foods Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1610) since May 2016. He has been an independent non-executive director, the chairman of the Audit Committee, and a member of each of the Nomination Committee, the Remuneration Committee and the Sustainability Committee of China Mengniu Dairy Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2319) since December 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li was a director of Banro Corporation (Banro Corporation, together with its Barbados based subsidiaries, collectively, the “**Banro Restructuring Companies**”) from 19 April 2017 to May 2018. Banro Corporation is a Canada based gold mining company focused on production from the Twangiza and Namoya mines in the Democratic Republic of the Congo (the “**DRC**”). Banro Corporation also has certain exploration projects and properties in the DRC. As disclosed in the announcements of Banro Corporation, due to unstable political situation in the DRC, mining operations at one of its mine were suspended in September 2017, and Banro Corporation faced significant operational and financial challenges including liquidity constraints and due financial obligations. On 22 December 2017, Banro Restructuring Companies commenced restructuring proceedings under the Companies’ Creditors Arrangement Act (“**CCAA**”) pursuant to an initial order granted by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). In connection with the restructuring proceedings under the CCAA, Banro Corporation entered into a support agreement with its major stakeholders for the support of a recapitalisation plan (the “**Recapitalisation Plan**”).

In January 2018, the common shares of Banro Corporation were delisted from the NYSE American stock exchange and the Toronto Stock Exchange. As disclosed in the announcements of Banro Corporation, the regulators initiated the delisting proceedings on the ground that it was questionable as to whether Banro Corporation would be able to continue operations and/or meet its obligations as they mature. In reaching the delisting decision, the regulators noted the uncertainty as to the timing and outcome of the restructuring proceedings under the CCAA as well as the ultimate effect of this process on the value of the Banro Corporation’s common shares.

On 9 March 2018, the Recapitalisation Plan was approved by the required majority of creditors. On 27 March 2018, the Court sanctioned the implementation of the Recapitalisation Plan and the Banro Corporation’s emergence from protection under CCAA. The Recapitalisation Plan became effective on 3 May 2018 and the then directors of Banro Corporation (including Mr. Li) were deemed to have resigned on the same date. Banro Corporation has since then continued to operate as a private company.

As confirmed by Mr. Li, he has not been engaged in any legal proceedings or claims and he is not aware of any threatened legal proceedings or claims against him in connection with his directorship in Banro Corporation or the delisting of Banro Corporation.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Hui Yung Chris (許勇), is an independent non-executive Director and a member of the Audit Committee and the Remuneration Committee. He is responsible for supervising and providing independent advice to our Board. Mr. Hui obtained a bachelor's degree in Business Administration from the Chinese University of Hong Kong in July 1991. He is currently the executive director of Hong Kong Taikuk (China) Group Co. Ltd.. He has served as an external supervisor for China Bohai Bank Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 9668) since December 2019. He served as the secretary of the board of directors of 萬達商業地產股份有限公司 (Wanda Commercial Properties Company Limited, or “WCP”) from September 2015 to February 2019. He also served as a non-executive director of 萬達酒店發展有限公司 (Wanda Hotel Development Company Limited), which is a subsidiary of WCP and is listed on the Main Board of the Stock Exchange (stock code: 169), from November 2017 to February 2019. Prior to joining WCP, Mr. Hui served as a founding partner of J&Partners GP Limited from December 2011 to September 2015. From July 2001 to July 2010, he worked at Barclays Investment Bank where he served as a managing director of Investment Banking Division. He also served as a director of 新華信託股份有限公司 (New China Trust Co., Ltd.) from November 2009 to October 2010, a director of Deutsche Bank and head of multinational corporations and department of structural finance products in Asia Pacific from March 1996 to July 2001, and a vice president of the Debt Markets of Merrill Lynch (Asia Pacific) Limited from May 1994 to February 1996. Mr. Hui has more than 22 years of experience in investment and capital markets.

Mr. Ma Wai Hung Vincent (馬偉雄), is appointed as an independent non-executive Director on 6 May 2021. He is also a member of the Audit Committee and Nomination Committee and the Chairman of the Remuneration Committee. Mr. Ma is responsible for supervising and providing independent advice to our Board. Mr. Ma obtained a degree of Bachelor of Arts with a major in Economics from the University of California, Los Angeles (UCLA) in June 1987, and a degree of Master of Business Administration from the Columbia University, New York in May 1991. Mr. Ma is currently the managing director of Soma International Limited, a Hong Kong based company principally engaged in toys trading business and other business investment, where he is responsible for the overall management of the company. Mr. Ma has over 28 years of experience in the toy industry.

Mr. Ma acted as an independent non-executive director of PF Group Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8221) from December 2016 to December 2020. From April 2002 to June 2003, Mr. Ma was the vice chairman and executive director of Aptus Holdings Limited (currently known as Celebrate International Holdings Limited and formerly known as Hong Kong Life Group Holdings Limited) (“Aptus”), a company listed on the GEM of the Stock Exchange (stock code: 8212) which was subsequently delisted in July 2020. From June 2003 to September 2004, Mr. Ma acted as a non-executive director of Aptus. Mr. Ma was responsible for the overall business development of the Aptus group of companies.

Mr. Ma is a general committee member of the Hong Kong Exporters' Association and he is also a general committee member of The Toys Manufacturers' Association of Hong Kong Limited.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma was a director of the following companies which were incorporated in Hong Kong and were dissolved and the relevant details are as follows:

<u>Name of company</u>	<u>Nature of business activity before dissolution</u>	<u>Date of dissolution/ striking off</u>	<u>Means of dissolution</u>	<u>Reasons for dissolution/ striking off</u>
Lake City Investment Limited (江城投資有限公司)	Hong Kong property investment	14 November 2003	Deregistration (Note 1)	Cessation of business
Rams International Limited (五羊國際有限公司)	Debenture holding	13 January 2006	Deregistration (Note 1)	Debenture transferred and cease to carry on business
Silver Fair Far East Limited (銀發遠東有限公司)	Trust investment holding	21 September 2001	Striking off (Note 2)	The trust dissolved and cease to carry on business
Stevenson School Alumni Association Limited	Organising activities for alumni in Hong Kong	8 January 2016	Deregistration (Note 3)	Cessation of business
Green Capital Investments Limited (宏都投資有限公司)	Investment holding	8 March 2019	Deregistration (Note 3)	Cessation of business

Notes:

- (1) Pursuant to section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.
- (2) Under section 291 of the Predecessor Companies Ordinance, striking off refers to striking off the name of a company from the register of companies by the Registrar of Companies in Hong Kong where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation.
- (3) Under section 751 of the Companies Ordinance, deregistration refers to the process whereby a private company or a director or a member of a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Registrar of Companies in Hong Kong for deregistration. Such application can only be made if (a) all members of the company agree to the deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (c) the company has no outstanding liabilities; (d) the company is not a party to any legal proceedings; (e) the company's assets do not consist of any immovable property situate in Hong Kong; and (f) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above and in this prospectus, (i) our Directors are independent from, and are not related to, any Directors, senior management or substantial or controlling shareholders of our Company; (ii) none of our Directors is and has been a director of any other listed companies in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus; (iii) our Directors and their respective close associates are not interested in any business apart from our Company's business, which competes or is likely to compete, either directly or indirectly with our Company's business; (iv) there is no other information which is required to be disclosed pursuant to any of the requirements of the Listing Rules; and (v) there is no additional matters with respect to the appointment of Directors that need to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

The following table sets forth information regarding our senior management:

<u>Name</u>	<u>Age</u>	<u>Date of Joining Our Group</u>	<u>Existing Position</u>	<u>Responsibility of Our Group</u>	<u>Relationship with other Directors and Senior Management</u>
Lau Tze Yan Teresa (劉芷欣)	43	11 April 2011	Chief Operating Officer, Head of Medical Services and member of Medical Services Committee	Overseeing corporate and clinical governance, quality assurance and the management of human resources and staffing of our Group	None
Hui Yung Lam (許用藍)	43	1 March 2013	Director of Medical Development and member of Medical Services Committee	Undertaking latest research and medical development and international liaison	None
Ho Kin (何健)	37	25 March 2015	Financial Controller	Financial reporting and financial strategies planning	None

Dr. Lau Tze Yan Teresa (劉芷欣), is the chief operating officer of our Company and a member of the Medical Services Committee. Dr. Lau is also the Head of Medical Services of our Group since October 2019 when Dr. Tse retired from his participation in the management and operation of our Group at that time. She is responsible for overseeing the corporate and clinical governance, quality assurance and the management of human resources and staffing of our Group. Dr. Lau obtained a bachelor's degree of medical science from the University of Sydney in March 1999, a bachelor's degree of medicine and bachelor of surgery (M.B., Ch.B.) from the Chinese University of Hong Kong in June 2002 (being awarded Dr R C Lee Memorial Gold Medal for securing the highest place in the final examination in surgery), a master's degree of medicine (Ophthalmology) from National University of Singapore in May 2005 and a Postgraduate Diploma in Epidemiology and Biostatistics from the Graduate School of the Chinese University of Hong Kong in December 2006 respectively. She was admitted to the associate fellowship of the College of Ophthalmologists of Hong Kong in

DIRECTORS AND SENIOR MANAGEMENT

June 2005. She then became a fellow of the Royal College of Surgeons of Edinburgh in the specialty of Ophthalmology in January 2009 and a fellow of the Hong Kong Academy of Medicine in the specialty of Ophthalmology in December 2010. The College of Ophthalmologists of Hong Kong admitted Dr. Lau as their fellow in May 2011. She has been a Registered Medical Practitioner in Hong Kong since July 2003 and a specialist in ophthalmology in Hong Kong since May 2011. In October 2014, Dr. Lau obtained a qualification licence from the public health administrative authority of the PRC and completed registration of her place of practising and her scope of profession with the public health administrative authority of the PRC in December 2014. She has over 18 years of medical practising experience, including over ten years in the ophthalmic field since becoming a Specialist in ophthalmology in Hong Kong. She was a resident of the Hospital Authority from July 2003 to September 2010 and was promoted to resident specialist in October 2010. She left the Hospital Authority in March 2011 and joined our Group in April 2011.

Dr. Hui Yung Lam (許用藍), is the Director of Medical Development of our Company and a member of Medical Services Committee. He is responsible for undertaking latest research and medical development and international liaison. Dr. Hui graduated from the Chinese University of Hong Kong with a bachelor's degree of medicine and bachelor of surgery (M.B., Ch.B.) in June 2002. He was subsequently admitted to the membership of the Royal College of Surgeons of Edinburgh in September 2005, the fellowship of the Hong Kong Academy of Medicine in the specialty of Ophthalmology in December 2009 and the fellowship of the College of Ophthalmologists of Hong Kong in May 2010. In November 2011, Dr. Hui obtained a master's degree in public health from The University of Hong Kong. He has been a Registered Medical Practitioner in Hong Kong since July 2003 and a specialist in ophthalmology in Hong Kong since July 2010. He obtained a qualification licence in the PRC in October 2014 and registered his place of practising and scope of profession with the public health administrative authority of the PRC in December 2014. He has over 18 years of medical practising experience, including over 11 years in the ophthalmic field since becoming a specialist in ophthalmology in Hong Kong. Prior to joining our Group in March 2013, Dr. Hui served as resident at the Caritas Medical Centre from July 2003 and was promoted to associate consultant in October 2011 until his departure in March 2013. He was appointed by the Chinese University of Hong Kong as Clinical Assistant Professor (Honorary) in the Faculty of Medicine from July 2014 to June 2015.

Mr. Ho Kin (何健), joined our Group as financial controller in March 2015. He is responsible for the financial reporting and financial strategies planning of our Group. He graduated from the University of Melbourne with a bachelor's degree in commerce in December 2007. He was admitted as a member of CPA Australia in March 2012, a member of the Hong Kong Institute of Certified Public Accountants in January 2015 and a member of the Hong Kong Institute of Directors in July 2015. He has over 10 years' experience in audit, finance, accounting and internal control matters. In particular, he worked at Grant Thornton from March 2008 to November 2010 and KPMG from December 2010 to March 2013. He was an assistant manager at the time of leaving KPMG. From April 2013 to January 2014, he was employed as an accounting manager by i-marker Management Limited. Prior to joining our Group, he worked as a financial controller in JP Partners Medical Group, a company that operates a chain of medical centers in Hong Kong, from February 2014 to March 2015. He has acted as an independent non-executive director of Goldway Education Group Limited, a company providing primary and secondary tutoring services and listed on GEM of the Stock Exchange (stock code: 8160), since November 2016.

Except as disclosed above, none of the members of our senior management has been a director of any listed companies in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Company Secretary

Ms. Chan Po Yu (陳寶茹), is the company secretary of our Company. She graduated from the Hong Kong University of Science and Technology with a bachelor's degree in business administration in November 2005. She is a member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Prior to joining our Group in January 2019, Ms. Chan has over 10 years of working experience in accounting and audit, corporate finance, corporate secretarial management and corporate governance. In particular, she worked at PricewaterhouseCoopers Hong Kong from September 2005 to November 2011. She was an audit manager at the time of leaving PricewaterhouseCoopers Hong Kong. From December 2012 to March 2016, she worked as a financial controller at Brockman Mining Limited, a company mainly engaged in the acquisition, exploration and development of iron ore and listed on the Main Board of the Stock Exchange (stock code: 159) and the Australian Securities Exchange (stock code: BCK). She then worked at China Sandi Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 910), as the financial controller from March 2017 to December 2018 and the company secretary from April 2017 to December 2018.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee in compliance with Appendix 14 of the Listing Rules and adopted written terms of reference set out in the Corporate Governance Code in effect from time to time. The Audit Committee consists of three independent non-executive Directors, namely Li Michael Hankin, Hui Yung Chris and Ma Wai Hung Vincent. Li Michael Hankin is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control and risk management systems of our Group.

Remuneration Committee

Our Company has established a Remuneration Committee and adopted written terms of reference set out in Appendix 14 of the Listing Rules in effect from time to time. The Remuneration Committee consists of three independent non-executive Directors, namely Hui Yung Chris, Li Michael Hankin and Ma Wai Hung Vincent; and a non-executive Director, namely Ng Roy. Ma Wai Hung Vincent is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration of our Directors and senior management and to determine on behalf of the Board specific remuneration packages and conditions of employment of our Directors and senior management.

Nomination Committee

Our Company has established a Nomination Committee and adopted written terms of reference set out in the Corporate Governance Code in effect from time to time. The Nomination Committee consists of the chairman of the Board and two independent non-executive Directors, namely, Wu Ting Yuk Anthony, Li Michael Hankin and Ma Wai Hung Vincent. Wu Ting Yuk Anthony is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to the Board on appointment of Directors and senior management staff.

DIRECTORS AND SENIOR MANAGEMENT

Medical Services Committee

Our Company has established a Medical Services Committee with an aim to upholding the quality of the services provided by the Medical Practitioners and the professionalism of the medical practice of the group. The primary duties of the Medical Services Committee are to regularly review and monitor the medical operations of our Group to ensure compliance with all applicable laws and regulations on medical administration as well as Code of Professional Conduct. The Medical Services Committee will discuss and review the medical service quality control, improve the quality of our Group's medical services, supervise the implementation of services standards and procedures as well as overseeing the hiring, training, assessment and overall management of our Medical Practitioners. The Medical Services Committee currently consists of Dr. Lau and Dr. Hui.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Each of the executive Directors has entered into a service agreement with our Company and each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment for a term of three years with effect from the Listing Date. Please refer to the paragraph headed "Statutory and General Information — C. Further information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus for details of their service agreements and remuneration.

Our Group's remuneration policy is designed to motivate our Medical Practitioners and senior staff members by linking their remuneration to performance with reference to our Group's objectives.

The principle elements of our Group's remuneration policy include:

- remuneration packages are considered with reference to the salary paid by comparable companies, time commitment and responsibilities of the staff involved and the performance of our Group; and
- remuneration packages will be reviewed and recommended by our Remuneration Committee.

The aggregate amount of remuneration (including salaries bonus, allowances and benefits in kind, and retirement benefit scheme contributions) attributable to our five highest paid individuals (excluding Directors) for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021 were approximately HK\$2,412,000, HK\$3,957,000, HK\$3,753,000 and HK\$1,620,000 respectively.

No remuneration had been paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group during the Track Record Period. No compensation had been paid to or receivable by such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Track Record Period.

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme. Please see the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus for further details of the Pre-IPO Share Option Scheme.

SHARE OPTION SCHEME

We have adopted the Share Option Scheme. Please see the section headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this prospectus for further details of the Share Option Scheme.

COMPLIANCE ADVISER

Our Company has appointed China Everbright 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 our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance adviser shall commence on the Listing Date and end on the date on which our Company distributes to Shareholders the annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CORPORATE GOVERNANCE

Our Company will comply with the Corporate Governance Code upon the Listing. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report, which will be included in our annual reports after the Listing.

BOARD DIVERSITY POLICY

Upon Listing, we will adopt a board diversity policy which sets out the objective and approach to achieve and maintain an appropriate balance of diversity of our Board in order to enhance the effectiveness of our Board. Selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, professional qualifications, industry experience, skills, knowledge, cultural and educational background and ethnicity. The ultimate decision will be based on merit and the contribution that the candidates can offer to our Board. With respect to gender diversity, our Director Ms. Zhao Wei, our chief operating officer and Head of Medical Services, Dr. Lau Tze Yan Teresa and our company secretary, Ms. Chan Po Yu, having extensive experience in their respective field, contribute to gender diversity of our Board and senior management team.

After the Listing, our Nomination Committee will review the board diversity policy periodically to ensure its continued effectiveness and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and make recommendations to the Board for adoption. We will disclose in our annual corporate governance report a summary of the board diversity policy and the implementation of the board diversity policy.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As of the date of this prospectus		Immediately after the Global Offering	
		Number of Shares	Approximate Percentage of Shareholding	Number of Shares	Approximate Percentage of Shareholding ⁽¹⁾
Clear Lead	Beneficial owner	2,814.34	44.21%	165,775,126	33.16%
3W Partners ⁽²⁾	Interest in controlled corporation	2,814.34	44.21%	165,775,126	33.16%
3W Partners GP Limited ⁽²⁾	Interest in controlled corporation	2,814.34	44.21%	165,775,126	33.16%
Mr. Goh Lu Hong ⁽²⁾	Interest in controlled corporation	2,814.34	44.21%	165,775,126	33.16%
Mr. Chan Hoi Hin William ⁽²⁾	Interest in controlled corporation	2,814.34	44.21%	165,775,126	33.16%
Ultimate Bliss	Beneficial owner	1,906.94	29.95%	101,325,880	20.26%
Prime Sage ⁽³⁾	Interest in controlled corporation	1,906.94	29.95%	101,325,880	20.26%
TMF (Cayman) Ltd. ⁽³⁾	Trustee	1,906.94	29.95%	101,325,880	20.26%
Dr. Tse ⁽³⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,906.94	29.95%	101,325,880	20.26%
WuXi AppTec	Beneficial owner	1,326.32	20.83%	78,125,196	15.63%
WuXi AppTec Parent ⁽⁴⁾	Interest in controlled corporation	1,326.32	20.83%	78,125,196	15.63%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme.
- (2) Clear Lead is wholly owned by 3W Partners; and 3W Partners is managed by 3W Partners GP Limited as its general partner and is ultimately controlled by Mr. Goh Lu Hong and Mr. Chan Hoi Hin William, who indirectly hold majority of the equity interests of 3W Partners GP Limited.
- (3) Ultimate Bliss is wholly owned by Prime Sage which is in turn wholly owned by TMF (Cayman) Ltd. under the Awareness Trust. The Awareness Trust is a discretionary trust established by Dr. Tse (as the settlor and protector), the discretionary beneficiaries of which include Dr. Tse and his family members.
- (4) WuXi AppTec is wholly owned by WuXi AppTec Parent.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), Clear Lead will be entitled to exercise voting rights of approximately 33.16% of the issued share capital of our Company. Clear Lead is wholly-owned by 3W Partners; and 3W Partners is managed by 3W Partners GP Limited as its general partner and is ultimately controlled by Mr. Goh Lu Hong and Mr. Chan Hoi Hin William, who indirectly hold majority of the equity interests of 3W Partners GP Limited. As such, Clear Lead, 3W Partners, 3W Partners GP Limited, Mr. Goh Lu Hong and Mr. Chan Hoi Hin William will be Controlling Shareholders of our Company as defined in the Listing Rules upon Listing. Please see the sections headed “History, Reorganization and Corporate Structure — Pre-IPO Investments — 2016 Pre-IPO Investment” and “Substantial Shareholders” in this prospectus for further details of our Controlling Shareholders and their shareholdings in our Company.

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, our Controlling Shareholders, their respective close associates or any other parties.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will comprise two executive Directors, three non-executive Directors and three independent non-executive Directors. Mr. Ng Roy was nominated by Clear Lead and serves as Clear Lead’s board representation in our Company. Save as disclosed above, no Controlling Shareholders of our Company holds any directorship in our Company and there is no relationship among our Directors, senior management and Controlling Shareholders of our Company or their affiliates.

Our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders for the following reasons:

- (a) our Group’s strategies, management, operations and affairs are formulated, led, managed and/or supervised by the Board and not by any individual Director. All major and important corporate actions of our Group are and will be fully deliberated and determined by the Board collectively and objectively as a collective body;
- (b) our Company has maintained and will continue to maintain a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors with diversified expertise and experience, so that a strong independent element is present to effectively exercise independent judgement on the corporate actions of our Group and a sufficient degree of checks and balances among members of the Board can be ensured;
- (c) pursuant to the terms of the service agreements entered into between our Company and the executive Directors, every executive Director is required to devote substantially the whole of his/her energy and time to the business of our Group and use his/her best endeavours to develop and extend the business of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) in the event that there is a potential conflict of interest in or arising out of any transaction to be considered and approved by the Board, the interested Director(s) shall abstain from voting at the relevant meeting of the Board considering and approving such transaction and shall not be counted towards the quorum of such Board meeting unless this is otherwise permitted under the Articles and/or the Listing Rules;
- (e) our Company has established corporate governance procedures in safeguarding the interests of the Shareholders and enhancing Shareholders' value. Each Director is fully aware of his/her fiduciary duty to our Group as a Director, which require, among other things, that he/she acts for our Company's benefits and best interest and do not allow any conflict between his/her duties as a Director and his/her personal interests; and
- (f) the Board from time to time delegates certain functions to, and is assisted by the senior management in the implementation of the business plan and strategy as laid down by the Board. The day-to-day management and operations of our Group are operated independently from the influence of our Controlling Shareholders and their respective close associates.

Operational Independence

Our Group has established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group has also established a set of internal control to facilitate the effective operation of our business. We also own all the equipment and facilities (except for the leased premises and equipment subject to finance leases) relating to our business operations. Our Group's customers and suppliers are all independent from our Controlling Shareholders. Our Directors are of the view that our Group is able to operate independently from our Controlling Shareholders after the Global Offering.

Financial Independence

Our Group has an independent internal control and financial system and carried out our financial function through our independent accounting department. Our Group has sufficient capital to operate our business independently and has adequate internal resources and credit profile to support our daily operations. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

As of 31 July 2021, the Group had certain outstanding balance due from the associate of the Controlling Shareholders, details of which are set forth in note 26 of the Accountant's Report in Appendix I to this prospectus; and such balance has been settled in November 2021. No loans, advances and balance or guarantees provided by, or granted to, our Controlling Shareholders or their associates will be outstanding as of the Listing Date.

For the reasons above, our Directors consider that we are financially independent of our Controlling Shareholders in all material aspects.

COMPETING BUSINESS

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Group, they are not interested in any business which competes or is likely to compete, whether directly or indirectly, with our core business that would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and safeguard the interests of our Shareholders:

- (a) compliance with the Listing Rules, in particular, strictly observe any proposed transactions between us and connected persons and comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules where applicable;
- (b) in the event that connected transactions, if any, between our Group and other business in which any Directors or their respective associates had any interest are submitted to the Board for consideration, the relevant interested Director will not be counted in the quorum and will abstain from voting on such matters, and majority votes by non-conflicted Directors are required to decide on such connected transactions;
- (c) appointment of China Everbright Capital Limited as our compliance adviser to advise us on the compliance matters in respect of the Listing Rules and applicable laws and regulations; and
- (d) appointment of three independent non-executive Directors in order to achieve a more independent composition of our Board. The independent non-executive Directors have the qualification, integrity, independence and experience to fulfil their roles effectively. Please see the section headed "Directors and Senior Management" in this prospectus for further details of our independent non-executive Directors.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

<u>As of the Date of this Prospectus</u>	<i>HK\$</i>
Authorised share capital	
38,000,000 Shares	380,000
Issued share capital	
6,366.32 Shares	63.6632
<u>Immediately after Completion of the Global Offering</u>	<i>HK\$</i>
Shares to be issued under the Capitalisation Issue	
374,993,633.68 Shares	3,749,936.3368
Shares to be issued under the Global Offering	
125,000,000 Shares	1,250,000
Total Issued Shares on completion of the Global Offering	
500,000,000 Shares	5,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares (i) which may be issued pursuant to the exercise of the Over-allotment Option; (ii) which may be issued upon the exercise of the Pre-IPO Share Options and any options under the Share Option Scheme; or which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the Listing and at all times thereafter, the Company must maintain the 25% of the total issued share capital of the Company in the hands of the public.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares upon Listing and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date.

PRE-IPO SHARE OPTION SCHEME

Our Company has adopted the Pre-IPO Share Option Scheme. Please see the section headed “Statutory and General Information — D. Pre-IPO Share Option Scheme” in Appendix IV to this Prospectus for further details of the Pre-IPO Share Option Scheme.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Please see the section headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to this prospectus for further details of the Share Option Scheme.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the total number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

- (i) 20% of the total number of the Shares in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to any options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme); and
- (ii) the total number of the Shares repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This general mandate to issue Shares will remain in effect until:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held under any applicable laws or the Articles; or
- (iii) the variation or revocation of this general mandate by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

Please see the section headed “Statutory and General Information — A. Further Information about our Group — 4. Resolutions passed by our Shareholders” in Appendix IV to this prospectus for further details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total number of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or pursuant to any options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme).

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information — A. Further Information about our Group — 6. Repurchase of our own securities” in Appendix IV to this prospectus.

SHARE CAPITAL

This general mandate to repurchase Shares will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which our Company's next annual general meeting is required to be held under any applicable laws or the Articles; or
- (iii) the variation or revocation of this general mandate by an ordinary resolution of our Shareholders at a general meeting, whichever is the earliest.

Please see the section headed “Statutory and General Information — A. Further Information about our Group — 4. Resolutions passed by our Shareholders” in Appendix IV to this prospectus for further details of this general mandate.

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. The circumstances under which general meetings are required are provided in the Articles. Detailed information on the Articles is set forth in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements included in the Accountant's Report, which has been prepared in accordance with HKFRSs, as set out in Appendix I to this prospectus, and the unaudited pro forma financial information included in Appendix II to this prospectus, in each case together with the accompanying notes.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements that involve risks and uncertainties as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this prospectus.

OVERVIEW

We are a private healthcare institution specialising in ophthalmology and we ranked the fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong, with a market share of 5.0%, according to Frost & Sullivan. We provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services, including SMILE surgeries, multifocal IOL replacements and ICL implantations. In addition, we also provide different treatments for other eye problems, such as standard cataract surgeries, laser procedures and PPV surgeries, other treatments and surgeries, medical consultation and examination services and sales of prescriptions and others to our patients. We ranked (i) the first in SMILE surgery; (ii) the second in multifocal IOL replacement; and (iii) the first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020, according to Frost & Sullivan. In 2020, we accounted for approximately 38.0% of Hong Kong's SMILE surgery market by revenue, approximately 6.0% of Hong Kong's multifocal IOL replacement market by revenue and approximately 46.4% of Hong Kong's ICL implantation market by revenue, according to Frost & Sullivan.

PRINCIPAL FACTORS AFFECTING OUR OPERATIONS

We believe that our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Growth of the private ophthalmic service industry in Hong Kong

According to the Frost & Sullivan Report, the market size of the private ophthalmic service industry in Hong Kong in terms of revenue has experienced stable growth from 2016 to 2020, and such growth is expected to continue. We believe our financial condition and results of operations have benefited from the growth in our industry during the Track Record Period, and are expected to be affected in the future by the growth or contraction of the private ophthalmic service industry in Hong Kong.

Ability to establish and maintain our brand recognition and reputation in the medical industry in Hong Kong

We believe that our success depends to a significant extent on the recognition of our brand and reputation as a leading and reliable service provider in Hong Kong's ophthalmic services and medical industry. Our ability to maintain our brand recognition and reputation may help expand our customer base and increase the number of patient visits, which will materially affect our business and

FINANCIAL INFORMATION

results of operations. We have devoted significant attention and resources to building the brand recognition of our ophthalmic services in order to attract more patients to our Medical Centres. We have taken various image and service enhancement measures to build our brand, including organising various eye care educational talks for the general public at our Medical Centres and engaging professionals to design our logo and provide customer service training to our frontline staff. All our business development activities are subject to relevant professional and ethical guidelines in Hong Kong.

The effectiveness of our brand building activities may be affected by various factors, including litigation, negative publicity involving us or our Medical Practitioners, or changes in applicable laws or regulations, which may further restrict our brand building activities or require us to incur additional costs. In addition, if we fail to maintain a high level of patient satisfaction, our reputation and brand recognition could be adversely affected. One of our Medical Practitioner is currently involved in certain complaints and litigation in Hong Kong, further information about which is set forth in the section headed “Business — Legal Proceedings and Complaints” of this prospectus.

Ability to maintain the quality of our services and expand our business

Our ability to provide quality ophthalmic services and expand our business depends on our ability to recruit and retain sufficient numbers of adequately trained and qualified Medical Practitioners. We incur significant amount of consultancy fees paid to our Medical Practitioners. For the three years ended 31 March 2021 and the four months ended 31 July 2021, the amount of consultancy fees paid to our Medical Practitioners amounted to approximately HK\$42.9 million, HK\$50.7 million, HK\$55.8 million and HK\$22.5 million, representing approximately 20.8%, 23.2%, 25.1% and 28.7% of our revenue, respectively. Our ability to attract and maintain qualified ophthalmologists is important to our business operations. Within the healthcare industry, fees paid to ophthalmologists and other medical staff are on an upward trend, which could affect our business, financial condition and results of operations.

Regulations of medical industry in Hong Kong

We primarily operate in Hong Kong, and our operations are governed by certain laws and regulations such as the MC Ordinance, MR Ordinance, Undesirable Medical Advertisements Ordinance, Pharmacy and Poisons Ordinance, Dangerous Drugs Ordinance and Waste Disposal Ordinance. Our Medical Practitioners and optometrists are required to comply with their respective codes of professional conduct. Details of the codes of professional conduct and laws and regulations applicable to them are set forth in the section headed “Regulatory Overview” of this prospectus. Any change in compliance standards, or any new laws or regulations that may render it more restrictive for us to conduct our business may adversely affect our business and financial condition. In addition, we may not be able to adapt to regulatory changes promptly, and any failure to comply with such changes in a timely manner may result in penalty, reduced competitiveness and suspension of our business operations. For details of the related risks, please refer to the section headed “Risk Factors — Risks Relating to the Industry in Which We Operate” to this prospectus.

Competition

We face competition from other ophthalmic service providers, individual ophthalmic practitioners and hospitals in Hong Kong. If our competitors are able to engage more medical professionals, or possess more advanced medical equipment, facilities, technology, know-how and expertise, or have better access to desirable locations than us, we may not be able to attract or maintain our patients, and our business operations and profitability may be adversely affected. For

FINANCIAL INFORMATION

details of market competition, please refer to the sections headed “Business — Competition” and “Industry Overview — Competitive Landscape of Hong Kong Private Ophthalmic Healthcare Service Market” of this prospectus.

Costs of operations

The following are our major costs of operations which may affect our profit margins:

Inventories used

Inventories used mainly represent the cost of medical device licences, IOLs, drugs and dispensary supplies. For the three years ended 31 March 2021 and the four months ended 31 July 2021, inventories used amounted to approximately HK\$36.8 million, HK\$39.2 million, HK\$37.0 million and HK\$12.3 million, representing approximately 17.8%, 17.9%, 16.6% and 15.7% of our revenue, respectively. Due to the significance of inventories used in our cost structure, we intend to maintain long-term business relationships with our suppliers to obtain more favorable purchase prices and secure a stable supply of inventories. As we have not entered into long-term supply agreements with most of our suppliers, there is no assurance that our suppliers will continue to supply inventories to us on commercially reasonable terms. If we are not able to pass on any increased cost of inventories or there is a shortage or delay of inventory supply to our patients, our business and results of operations may be affected.

Consultancy fees

Consultancy fees represent professional fees paid to our Medical Practitioners for the provision of medical services at the Medical Centres. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our consultancy fees amounted to approximately HK\$42.9 million, HK\$50.7 million, HK\$55.8 million and HK\$22.5 million, representing approximately 20.8%, 23.2%, 25.1% and 28.7% of our revenue, respectively.

Employee benefit expenses

Employee benefit expenses mainly represent wages, salaries, pension scheme contributions and other related expenses for our Medical Centres’ frontline staff, management and administrative staff. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our employee benefit expenses amounted to HK\$32.1 million, HK\$43.3 million, HK\$36.3 million and HK\$13.2 million, representing 15.5%, 19.8%, 16.3% and 16.8% of our revenue, respectively.

Depreciation of right-of-use assets

Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased properties. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our depreciation expenses for right-of-use assets amounted to approximately HK\$12.6 million, HK\$17.3 million, HK\$18.3 million and HK\$5.5 million, representing approximately 6.1%, 7.9%, 8.2% and 7.0% of our revenue, respectively. The increase in the depreciation expenses for right-of-use assets from the year ended 31 March 2019 to the year ended 31 March 2020 was primarily due to the expansion of the Mong Kok Medical Centre with the lease of additional units since August 2019. For the four months ended 31 July 2021, the decrease in depreciation of right-of-use assets as compared to the same period in 2020 was primarily due to the decrease in rental fee of one of our leased properties in Mong Kok upon renewal in May 2021.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) under the historical cost convention and on a going concern basis. Our historical financial information is presented in Hong Kong dollars, and all values are rounded to the nearest thousand (“**HK\$’000**”), unless otherwise stated.

We were incorporated in the Cayman Islands on 19 February 2019, as an exempted company with limited liability under the Companies Act of Cayman Islands. Prior to the incorporation of the Company and completion of the Reorganisation, our business was primarily operated by Saintford during the Track Record Period. We have not been involved in any other business prior to the Reorganisation, which is merely a reorganisation of our business with no change in management of such business, and the ultimate Shareholders of our business remain the same. Accordingly, the historical financial information has been prepared and presented as continuation of the financial statements of Saintford, using the carrying values of the assets, liabilities and operating results of our Group for all periods presented.

SIGNIFICANT ACCOUNTING POLICIES

The accounting methods, estimates and assumptions that were applied in the preparation of our historical financial information may have significant impacts on our financial condition and results of operations. These assumptions and estimates are often based on subjective judgements which are uncertain. Actual results may vary as facts, circumstances and condition changes or as a result of different assumptions. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Below is a summary of the principal accounting policies adopted by us for the preparation of financial statements. For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have adopted all new and amendments to HKFRSs, and the related interpretations, which are effective for the accounting period beginning on 1 January 2018 throughout the Track Record Period. The adoption of HKFRS 9 and HKFRS 15 would have no significant impact on our financial position and performance compared to requirements of HKAS39 and HKAS 18. For details of our significant accounting policies, please refer to note 2 to the Accountant’s Report set out in Appendix I to this prospectus.

Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Depending on the terms of the contract and the applicable laws, services may be provided overtime or at a point in time. The following is a description of the accounting policy for our principal revenue streams:

- (i) ophthalmic service income is recognised when the respective services are rendered; and
- (ii) sales of prescription are recognised when the control of the products have been transferred to the customer.

FINANCIAL INFORMATION

Plants and equipment and depreciation

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the assets.

Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to us and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are expensed in the consolidated statements of comprehensive income during the financial year in which they are incurred.

Depreciation of both owned and leased plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives. The assets' 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. Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated statements of comprehensive income.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases properties and equipment as lessee. Rental contracts are typically made for fixed periods of 1 to 5 years but may have termination options.

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. 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 payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

FINANCIAL INFORMATION

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

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 incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The useful life used for the asset's depreciation purpose are:

Buildings	Remaining lease term
Medical and office equipment	5–10 years

Current and deferred income tax

The tax expense comprises current and deferred income tax. Tax is recognised in the consolidated statements 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.

Current income tax charge is measured based on the tax laws enacted or substantively enacted at the reporting date in the countries where we operate and generate taxable income.

Deferred income tax is recognised using the liability methods on temporary difference between the tax bases of assets and liabilities and their carrying amounts in the historical financial information, except when deferred tax liabilities arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date 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.

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 us and it is probable that the temporary difference will not reverse in the foreseeable future.

FINANCIAL INFORMATION

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.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income tax 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our financial statements requires the use of certain critical accounting estimates. It also requires our management to make judgments, estimates and assumptions that may affect our financial condition and results of operations. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. 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:

Estimated useful lives of plant and equipment Management estimates useful lives of the plant and equipment by reference to our business model, our assets management policy, the industry practise, expected usage of the assets, expected repair and maintenance, the technical or commercial obsolescence arising from changes or improvements in the market. Depreciation expense would be significantly affected by the useful lives of the plant and equipment as estimated by management.

Income taxes Significant judgment is required in determining the provision for income tax, as there are certain transactions and calculations for which the ultimate tax determination is uncertain. We recognise 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.

Share-based payments We granted equity-based share options to eight Directors, employees and/or their respective nominees, which were subsequently replaced by the share options granted by the Company. Significant estimate on key assumptions are required to be made by management in determining the fair value of the share options granted, including risk-free rate, expected volatility and expected dividend yield.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The table below sets forth the consolidated statements of comprehensive income for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK'000	HK'000
	<i>(Unaudited)</i>				
Revenue	206,601	218,376	222,381	65,448	78,398
Other income/(losses), net	2	(8)	6,978	3,299	1,022
Inventories used	(36,820)	(39,164)	(36,989)	(10,953)	(12,334)
Consultancy fee	(42,871)	(50,696)	(55,756)	(16,707)	(22,537)
Employee benefit expenses	(32,070)	(43,319)	(36,321)	(11,635)	(13,183)
Depreciation for plant and equipment	(6,495)	(6,803)	(8,377)	(2,295)	(3,156)
Depreciation of right-of-use assets	(12,647)	(17,342)	(18,341)	(6,285)	(5,541)
Expenses incurred in connection with our Company's Listing	(16,524)	(4,799)	(8,584)	(3,896)	(7,062)
Other expenses	(18,488)	(21,964)	(20,272)	(6,308)	(8,061)
Operating profit	40,688	34,281	44,719	10,668	7,546
Finance costs	(1,236)	(1,115)	(903)	(372)	(181)
Profit before income tax	39,452	33,166	43,816	10,296	7,365
Income tax expense	(9,413)	(6,779)	(8,047)	(1,749)	(2,216)
Profit and total comprehensive income for the years/periods attributable to owners of our Company	<u>30,039</u>	<u>26,387</u>	<u>35,769</u>	<u>8,547</u>	<u>5,149</u>

FINANCIAL INFORMATION

NON-HKFRS MEASURE

Non-HKFRS measure is not a standard measure under HKFRSs. We believe that adjusted net profit under non-HKFRS measure helps identify underlying trends in our business that could otherwise be distorted by the effect of expenses that we include in income from operations and net profit, through eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, such as the impact of expenses incurred in connection with the Listing. We believe that adjusted net profit under non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

While adjusted net profit under non-HKFRS measure provides an additional financial measure for investors to assess our operating performance, the use of adjusted net profit under non-HKFRS measure has certain limitations, because it does not reflect all items of income and expense that affect our operations. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our operating performance.

As a measure of our operating performance, we believe that the most directly comparable HKFRSs measure to non-HKFRS measure is our profit for the year. The table below reconciles our profit for the year under HKFRSs to adjusted net profit under non-HKFRS measure for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Profit and total comprehensive income for the years attributable to owners of our Company	30,039	26,387	35,769	8,547	5,149
<i>Adjustments for:</i>					
Expenses incurred in connection with the Listing	16,524	4,799	8,584	3,896	7,062
Adjusted net profit under non-HKFRS Measure	46,563	31,186	44,353	12,443	12,211

FINANCIAL INFORMATION

DISCUSSION ON MAIN ITEMS OF THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generate revenue from the provision of ophthalmic services, including refractive treatments, treatments for other eye problems, consultation and examination services, and sales of prescriptions and others. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our revenue amounted to approximately HK\$206.6 million, HK\$218.4 million, HK\$222.4 million and HK\$78.4 million, respectively. We had nine, ten, nine and ten Medical Practitioners as of 31 March 2019, 31 March 2020, 31 March 2021 and 31 July 2021, respectively, we performed more treatments and surgeries, which partially contributed to the increase in overall revenue. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had recorded number of patients of 14,968, 15,831, 15,311 and 7,865, respectively. The table below sets out (i) the breakdown of revenue by the types of treatments and services and their respective percentage of revenue; (ii) breakdown of existing and new patients visits; and (iii) number of refractive treatment by types conducted during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		% of		% of		% of		% of		% of
	HK\$'000	revenue	HK\$'000	revenue	HK'000	revenue	HK\$'000	revenue	HK\$'000	revenue
	(Unaudited)									
Refractive Treatments	154,754	74.9	166,801	76.4	161,668	72.7	48,475	74.1	49,676	63.4
SMILE surgeries	97,822	47.4	112,424	51.5	100,104	45.0	29,786	45.5	26,964	34.4
LASIK surgeries	2,735	1.3	2,808	1.3	3,654	1.6	1,067	1.6	1,119	1.4
Multifocal IOL replacements	49,227	23.8	43,343	19.8	49,064	22.1	14,962	22.9	17,833	22.8
ICL implantations	4,970	2.4	8,226	3.8	8,846	4.0	2,660	4.1	3,760	4.8
Treatments for other eye problems	36,283	17.6	36,841	16.9	44,751	20.1	12,261	18.7	22,097	28.1
Standard cataract surgeries	16,826	8.1	16,326	7.5	18,658	8.4	5,482	8.4	6,453	8.2
Laser procedures	8,151	4.0	7,364	3.4	10,302	4.6	2,801	4.3	5,424	6.9
PPV surgeries	7,246	3.5	8,795	4.0	10,369	4.7	2,619	4.0	6,799	8.7
Other treatments/surgeries	4,060	2.0	4,356	2.0	5,422	2.4	1,359	2.0	3,421	4.3
Consultation and examination services	9,244	4.5	8,510	3.9	9,100	4.1	2,688	4.1	3,803	4.9
Sales of prescriptions and others	6,320	3.0	6,224	2.8	6,862	3.1	2,024	3.1	2,822	3.6
Revenue	206,601	100.0	218,376	100.0	222,381	100.0	65,448	100.0	78,398	100.0
	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
	%		%		%		%		%	
Patient visit ^(Note 1)										
— Existing patients ^(Note 2)	9,488	22.2	13,116	28.5	14,548	31.2	6,847	48.4	8,402	51.9
— New patients ^(Note 3)	33,222	77.8	32,903	71.5	32,054	68.8	7,298	51.6	7,774	48.1
Total	42,710	100.0	46,019	100.0	46,602	100.0	14,145	100.0	16,176	100.0

Notes:

- Number of patient visits refers to the number of times our patients had visited our Medical Centres during the financial year.
- Existing patients refer to patients who have received our treatment, operation or services in previous financial years.
- New patients refer to patients who have not received our treatment, operation or services in previous financial years.

FINANCIAL INFORMATION

	For the year ended 31 March						For the four months ended 31 July			
	2019		2020		2021		2020		2021	
		%		%		%		%		%
Number of refractive treatment conducted										
SMILE surgeries	3,711	73.7	4,302	77.7	4,063	74.4	1,144	72.8	1,089	68.1
LASIK surgeries	150	3.0	144	2.6	187	3.4	55	3.5	59	3.7
Multifocal IOL replacements	1,111	22.1	988	17.8	1,104	20.2	338	21.5	404	25.3
ICL implantations	62	1.2	104	1.9	111	2.0	34	2.2	47	2.9
Total	5,034	100.0	5,538	100.0	5,465	100.0	1,571	100.0	1,599	100.0

For further information on our pricing policy, please refer to the section headed “Business — Pricing Policy” in this prospectus.

Refractive treatment

Refractive treatments were our largest source of revenue during the Track Record Period. For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from refractive treatments amounted to approximately HK\$154.8 million, HK\$166.8 million, HK\$161.7 million and HK\$49.7 million, representing approximately 74.9%, 76.4%, 72.7% and 63.4% of our revenue, respectively.

Refractive treatments include SMILE surgery, LASIK surgery, multifocal IOL replacement and ICL implantation. SMILE is a refractive surgery that uses femtosecond laser to carve a refractive lenticule within the cornea and remove it through a small incision. For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from SMILE surgery amounted to approximately HK\$97.8 million, HK\$112.4 million, HK\$100.1 million and HK\$27.0 million, representing approximately 47.4%, 51.5%, 45.0% and 34.4% of our revenue, respectively. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our Medical Practitioners conducted 3,711, 4,302, 4,063 and 1,089 SMILE surgeries, respectively.

LASIK is a surgery that uses surgical blade and excimer laser to correct myopia, hyperopia and/or astigmatism by modifying the curvature of cornea. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our revenue generated from LASIK treatment was approximately HK\$2.7 million, HK\$2.8 million, HK\$3.7 million and HK\$1.1 million, representing approximately 1.3%, 1.3%, 1.6% and 1.4% of our revenue, respectively. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had conducted 150, 144, 187 and 59 LASIK surgeries, respectively.

Multifocal IOL replacement is a procedure that corrects cataract and/or other refractive errors by extracting lens from the eye, followed by the replacement of multifocal IOL. For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from multifocal IOL replacement amounted to approximately HK\$49.2 million, HK\$43.3 million, HK\$49.1 million and HK\$17.8 million, representing approximately 23.8%, 19.8%, 22.1% and 22.8% of our revenue, respectively. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had conducted 1,111, 988, 1,104 and 404 multifocal IOL replacements, respectively.

FINANCIAL INFORMATION

ICL implantation is a surgery which places intraocular contact lens in front of the natural lens to correct myopia, hyperopia and astigmatism. For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from ICL implantation amounted to approximately HK\$5.0 million, HK\$8.2 million, HK\$8.8 million and HK\$3.8 million, representing approximately 2.4%, 3.8%, 4.0% and 4.8% of our revenue, respectively. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had conducted 62, 104, 111 and 47 ICL implantations, respectively.

Treatment for other eye problems

Treatments for other eye problems include standard cataract surgery, laser procedure, PPV surgery, and other treatments and surgeries. For the three years ended 31 March 2021 and the four months ended 31 July 2021, revenue generated from treatments for other eye problems amounted to approximately HK\$36.3 million, HK\$36.8 million, HK\$44.8 million and HK\$22.1 million, representing approximately 17.6%, 16.9%, 20.1% and 28.1% of our revenue, respectively. The increase in revenue generated from treatments for other eye problems are generally attributable to the increase in patient visits and treatments conducted by our Medical Practitioners during the three years ended 31 March 2021 and the four months ended 31 July 2021. As the majority of our Medical Practitioners had been providing ophthalmic services under our brand “Clarity” for more than three years, we were able to build up our patient base by word-of-mouth referrals from existing patients and as a result, our Directors are of the view that it had contributed to the increase in revenue generated from treatments for other eye problems during the four months ended 31 July 2021.

Consultation and examination services

Consultation and examination services mainly include assessments of eye conditions, such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our revenue generated from consultation and examination services amounted to approximately HK\$9.2 million, HK\$8.5 million, HK\$9.1 million and HK\$3.8 million, representing 4.5%, 3.9%, 4.1% and 4.9% of our revenue, respectively.

Sales of prescriptions and others

Sales of prescriptions and others are mainly sales of Medication prescribed by our Medical Practitioners to our patients following diagnosis after consultation and examination or treatment services. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our revenue generated from sales of prescriptions and others was approximately HK\$6.3 million, HK\$6.2 million, HK\$6.9 million and HK\$2.8 million, representing approximately 3.0%, 2.8%, 3.1% and 3.6% of our revenue, respectively.

FINANCIAL INFORMATION

Other income/(losses), net

Other income and losses mainly comprise losses on write-offs of plant and equipment, interest income, exchange gain, government grants and rent concessions. The following table below sets out the breakdown of net other income and losses for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK\$'000	HK\$'000
				(unaudited)	
Other income					
Interest income	2	23	3	—	—
Government grants	—	—	4,907	2,593	—
Miscellaneous income	—	26	27	26	3
Rent concessions	—	—	2,127	680	1,019
Other losses					
Exchange losses	—	(57)	—	—	—
Loss on written-off of plant and equipment	—	—	(86)	—	—
Total	2	(8)	6,978	3,299	1,022

We received other income from interest income from bank deposits in the amount of approximately HK\$2,000 for the year ended 31 March 2019 and suffered net other losses in the amount of approximately HK\$8,000 for the year ended 31 March 2020 mainly due to the exchange losses recognised during the year as a result of currency exchange fluctuations between Hong Kong dollars and U.S. dollars. Our net other income for the year ended 31 March 2021 mainly consisted of (i) government subsidies of approximately HK\$4.9 million under the employment support scheme of the Government's anti-epidemic fund; (ii) rent concessions of approximately HK\$2.1 million received from landlords of our leased properties due to COVID-19; and (iii) loss on written-off of certain plant and equipment as the tenancy of one of our leased properties located in Mong Kok had not been renewed due to our Group's business decisions.

We recorded net other income for the four months ended 31 July 2020 and 2021 in the amount of approximately HK\$3.3 million and HK\$1.0 million, respectively. The decrease in net other income recorded for the four months ended 31 July 2021 as compared to the same period in 2020 was because no further government subsidies under the employment support scheme of the Government's anti-epidemic fund was provided during the four months ended 31 July 2021.

FINANCIAL INFORMATION

Inventories used

Inventories used mainly represent the costs of medical device licences, IOLs, and drugs and dispensary supplies. The table below sets forth the breakdown of our inventories used for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK\$'000	HK\$'000
				(unaudited)	
Medical device licences	20,225	21,824	18,390	5,423	4,829
IOLs	7,220	6,753	7,689	2,385	2,937
Drugs and dispensary supplies	9,375	10,587	10,910	3,145	4,568
Inventories used	36,820	39,164	36,989	10,953	12,334

Our medical device licences are procedure packs, which comprised of medical consumables required for the operation of our medical devices. Pursuant to our agreements with the suppliers of the medical devices, the procedure packs need to be purchased separately. The procedure packs enable our Medical Practitioners to perform treatments and surgeries using the respective medical devices. We generally place purchase orders when we need more procedure packs to operate our medical devices, at prices stipulated by the suppliers of such medical devices, who are also the suppliers of the procedure packs. Our purchase orders and our agreements with the suppliers do not require us to make minimum purchase commitment, and there is no expiry date for such procedure packs. These procedure packs are consumed in the treatment and surgery process, and they are recognised as an expense in the profit or loss and are classified as “Inventories used”. IOLs primarily consist of intraocular lens used in treatments and surgeries. Our drugs and dispensary supplies are drugs which our Medical Practitioners prescribed to our patients following diagnosis after consultation and supplies are materials used during surgeries. For the three years ended 31 March 2021 and the four months ended 31 July 2021, the inventories used amounted to approximately HK\$36.8 million, HK\$39.2 million, HK\$37.0 million and HK\$12.3 million, representing approximately 17.8%, 17.9%, 16.6% and 15.7% of our revenue, respectively. The inventories used as a percentage of revenue remained relatively stable, and the fluctuations in inventories used was generally in line with the number of refractive treatment conducted during the Track Record Period.

Consultancy fees

Consultancy fees represent professional fees paid to our Medical Practitioners, and consist of a fixed fees and/or a variable amount based on, among others, the revenue generated by the respective Medical Practitioners, net of the relevant costs. For further information regarding the remuneration of Medical Practitioners, please refer to the section headed “Business — Our Medical Centres — Our Medical Practitioners and Frontline Staff — Terms of the Employment Agreements and Consultancy Agreements”. For the three years ended 31 March 2021 and the four months ended 31 July 2021, consultancy fees amounted to approximately HK\$42.9 million, HK\$50.7 million, HK\$55.8 million and HK\$22.5 million, representing approximately 20.8%, 23.2%, 25.1% and 28.7% of our total revenue, respectively. The increase in consultancy fees was generally in line with the increase in revenue generated by our Medical Practitioners during the three years ended 31

FINANCIAL INFORMATION

March 2021. The increase in consultancy fee recorded during the four months ended 31 July 2021 as compared to 31 July 2020 was also in line with the increase in revenue generated by our Medical Practitioners.

Employee benefit expenses

Our employee benefit expenses include wages, salaries, pension scheme contributions and other related expenses for our staff. The table below sets forth the breakdown of our employee benefit expenses during the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Wages, salaries and bonus	27,438	37,758	34,656	11,005	12,446
Staff welfare	1,381	1,214	283	174	250
Retirement benefit costs — defined contribution plan	1,225	1,511	1,382	456	487
Share-based payment expenses	2,026	2,836	—	—	—
Employee benefit expenses	32,070	43,319	36,321	11,635	13,183

For the three years ended 31 March 2021 and the four months ended 31 July 2021, our employee benefit expenses amounted to approximately HK\$32.1 million, HK\$43.3 million, HK\$36.3 million and HK\$13.2 million, representing approximately 15.5%, 19.8%, 16.3% and 16.8% of our revenue, respectively. The increase in employee benefit expenses for the year ended 31 March 2019 to the year ended 31 March 2020 was primarily due to an increase in the number of employees we hired in order to cope with our business expansion, as well as increased wages, salaries and bonuses paid per employee. The number of our employees, including frontline and other staff, increased from 100 as of 31 March 2019 to 107 as of 31 March 2020. Our employee benefit expenses decreased by approximately 16.2% for the year ended 31 March 2021 as compared to the same period in 2020 which is primarily due to the decrease in number of our employees from 107 as of 31 March 2020 to 100 as of 31 March 2021 and drop in expenses on staff welfare. We have also incurred approximately HK\$2.0 million and HK\$2.8 million share-based payment expenses for the Pre-IPO Share Option granted to eight Directors, employees and/or their respective nominees for the year ended 31 March 2019 and 31 March 2020, respectively, pursuant to the Pre-IPO Share Option Scheme. Employee benefit expenses had increased from approximately HK\$11.6 million for the four months ended 31 July 2020 to HK\$13.2 million for the same period in 2021 which is mainly attributable to increase in bonus paid to our staff in the sum of approximately HK\$1.3 million for the four months ended 31 July 2021 as compared to approximately HK\$0.4 million for the same period in 2020. For details of the share-based payment expenses, please refer to note 17 to the Accountant's Report set out in Appendix I to this prospectus.

Depreciation expenses for plant and equipment

Depreciation expenses for plant and equipment mainly comprise depreciation expenses for medical equipment and devices and leasehold improvement of our offices and Medical Centres. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our depreciation expenses for plant and equipment were approximately HK\$6.5 million, HK\$6.8 million, HK\$8.4

FINANCIAL INFORMATION

million and HK\$3.2 million, representing approximately 3.1%, 3.1%, 3.8% and 4.1% of our revenue, respectively. The overall increase in depreciation expenses for plant and equipment was mainly due to our purchase of new medical devices and renovation of our offices during the Track Record Period.

Depreciation of right-of-use assets

Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased equipment and properties. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our depreciation expenses for right-of-use assets amounted to approximately HK\$12.6 million, HK\$17.3 million, HK\$18.3 million and HK\$5.5 million, representing approximately 6.1%, 7.9%, 8.2% and 7.0% of our revenue, respectively. The overall increase in the depreciation expenses for right-of-use assets during the three years ended 31 March 2021 was primarily due to the expansion of the Mong Kok Medical Centre with the lease of additional units since August 2019. We recorded a decrease of depreciation of right-of-use assets from approximately HK\$6.3 million to HK\$5.5 million for the four months ended 31 July 2021 as compared to the same period in 2020 which is mainly due to the decrease in rental fee of one of our leased properties in Mong Kok upon renewal in May 2021.

Other expenses

Other expenses mainly comprise other general and administration expenses, management fees, business development expenses and bank charges. For the three years ended 31 March 2021 and the four months ended 31 July 2021, other expenses were approximately HK\$18.5 million, HK\$22.0 million, HK\$20.3 million and HK\$8.1 million, representing approximately 9.0%, 10.1%, 9.1% and 10.3% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Business development	4,620	5,610	4,761	1,130	2,677
Management fees	1,281	—	—	—	—
Repair and maintenance	2,401	2,334	2,214	679	901
Professional fees	974	1,165	1,232	338	318
Auditor's remuneration	138	138	138	46	46
Donation	60	40	—	—	—
Bank charges	4,511	6,400	6,548	1,926	2,137
Other general and administrative expenses	4,503	6,277	5,379	2,189	1,982
Other expenses	18,488	21,964	20,272	6,308	8,061

Our business development expenses include the cost of organising eye care educational talks and the related costs of printing leaflets and designing website. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our business development expenses amounted to approximately HK\$4.6 million, HK\$5.6 million, HK\$4.8 million and HK\$2.7 million, representing 2.2%, 2.6%, 2.2% and 3.4% of our revenue, respectively. The increase in the business development

FINANCIAL INFORMATION

expenses for the year ended 31 March 2019 to the year ended 31 March 2020 was primarily due to the continuous effort in brand building activities conducted by the Group. The decrease in business development expenses for the year ended 31 March 2020 to the year ended 31 March 2021 was primarily due to less educational seminars were organised during the year due to the COVID-19 outbreak. The increase in business development expenses incurred of approximately HK\$1.6 million from HK\$1.1 million for the four months ended 31 July 2020 to HK\$2.7 million for the same period in 2021 as our Group had organised more educational seminars since the impact of COVID-19 had alleviated as compared with the same period in 2020 and the continuous effort by our Group on brand-building activities.

Our management fees represent service fees for optometrists, who were employed by Eyecare Hong Kong Holding Limited, a related party of the Company. For the three years ended 31 March 2021 and four months ended 31 July 2021, the management fees amounted to approximately HK\$1.3 million, nil, nil and nil, respectively. Since 1 July 2018, these optometrists have been transferred to our Group and the management agreements had been terminated. Please refer to note 26(a) of the Accountant's Report in Appendix I to this prospectus for details.

Bank charges are expenses related to credit card transfers. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our bank charges amounted to approximately HK\$4.5 million, HK\$6.4 million, HK\$6.5 million and HK\$2.1 million, respectively.

Other general and administrative expenses mainly includes, but not limited to, utilities charges, insurance payments and other telecommunication charges. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our other general and administrative expenses amounted to approximately HK\$4.5 million, HK\$6.3 million, HK\$5.4 million and HK\$2.0 million, respectively.

Finance costs

Finance costs mainly comprise interest expenses on lease liabilities and interest expenses on bank borrowings. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our finance costs amounted to approximately HK\$1.2 million, HK\$1.1 million, HK\$0.9 million and HK\$0.2 million, respectively. The decrease in finance costs from the year ended 31 March 2019 to the year ended 31 March 2020 was mainly attributable to a decrease in our interest expense on bank borrowings of approximately HK\$0.1 million during the same period following the decrease in our outstanding bank borrowing. The finance costs had further decreased for the year ended 31 March 2021 mainly due to our full repayment of bank borrowings during the year. The finance costs recorded for the four months ended 31 July 2021 had decreased from approximately HK\$0.4 million to HK\$0.2 million for the same period in 2020 which is mainly attributable to the full payment of the bank borrowings during the year ended 31 March 2021 and the decrease in interest expenses on lease liabilities resulted from the decrease in rental fee of one of our leased properties in Mong Kok upon renewal in May 2021.

Income tax expenses

We recognised taxation for profit at the rate of 16.5% in Hong Kong with reference to the estimated assessable profits for the Track Record Period. For the three years ended 31 March 2021 and the four months ended 31 July 2021, our income tax expenses amounted to approximately HK\$9.4 million, HK\$6.8 million, HK\$8.0 million and HK\$2.2 million, and our effective tax rates were 23.9%, 20.4%, 18.4% and 30.1%, respectively. Our effective tax rates for the three years ended 31 March 2021 and the four months ended 31 July 2021 were higher than Hong Kong's statutory

FINANCIAL INFORMATION

corporate tax mainly due to certain non-deductible expenses incurred by our Group during the respective periods, which mainly comprised of listing expenses incurred in preparation of the Listing.

The table below sets forth the breakdown of our income tax expenses during the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	HK'000	HK'000	HK'000	HK\$'000	HK\$'000
				(unaudited)	
Hong Kong profits tax					
Current income tax	9,366	7,265	8,384	2,020	2,615
Deferred income tax	47	(486)	(337)	(271)	(399)
Total	9,413	6,779	8,047	1,749	2,216

Net profit

Our net profit attributable to owners of the Company was approximately HK\$30.0 million, HK\$26.4 million, HK\$35.8 million and HK\$5.1 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. For the same periods, our net profit margin was approximately 14.5%, 12.1%, 16.1% and 6.6%, respectively. Our net profit decreased from approximately HK\$30.0 million for the year ended 31 March 2019 to approximately HK\$26.4 million for the year ended 31 March 2020 primarily due to the increase in employee benefit expenses as a result of the increase in the number of employees, the purchase of new medical devices and equipment and the additional lease of our Mong Kok Medical Centre which had resulted in an increase in operating expenses for the year ended 31 March 2020.

Our net profit increased by approximately 35.6% from approximately HK\$26.4 million for the year ended 31 March 2020 to approximately HK\$35.8 million for the year ended 31 March 2021 which was primarily due to (i) the increase in revenue generated from treatment for other eye problems of approximately HK\$7.9 million; (ii) the receipt of government subsidies of approximately HK\$4.9 million under the employment support scheme of the Government's anti-epidemic fund; and (iii) the decrease in employee's benefit expenses of approximately HK\$7.0 million.

Our net profit decreased by approximately 39.8% from approximately HK\$8.5 million for the four months ended 31 July 2020 to HK\$5.1 million for the same period in 2021 which was primarily attributable to (i) the increase expenses incurred in connection with the Company's listing from approximately HK\$3.9 million for the four months ended 31 July 2020 to HK\$7.1 million for the same period in 2021; and (ii) no further government subsidies under the employment support scheme of the Government's anti-epidemic fund was provided during the four months ended 31 July 2021 as compared to the same obtained by our Group in the amount of approximately HK\$2.6 million for the four months ended 31 July 2020.

FINANCIAL INFORMATION

YEAR TO YEAR/PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four months ended 31 July 2020 and 31 July 2021

Revenue

Our revenue increased by approximately HK\$13.0 million, or 19.8%, from approximately HK\$65.4 million for the four months ended 31 July 2020 to approximately HK\$78.4 million for the four months ended 31 July 2021. The growth in revenue was attributable to the increase in patient visits by 14.4% from 14,145 for the four months ended 31 July 2020 to 16,176 for the four months ended 31 July 2021 and the increase in revenue generated from treatments for other eye problems.

Refractive treatments

Our revenue generated from refractive treatments slightly increased by approximately HK\$1.2 million, or 2.5%, from approximately HK\$48.5 million for the four months ended 31 July 2020 to approximately HK\$49.7 million for the four months ended 31 July 2021. The number of refractive treatment conducted increased by 1.8%, from 1,571 treatments for the four months ended 31 July 2020 to 1,599 for the four months ended 31 July 2021. The increase in revenue from the refractive treatments was mainly due to the increase in number of multifocal IOL replacements conducted during the four months ended 31 July 2021. The number of multifocal IOL replacements conducted increased from 338 for the four months ended 31 July 2020 to 404 for the four months ended 31 July 2021, and the revenue generated from multifocal IOL replacements increased by HK\$2.7 million, or 18.0%, from approximately HK\$15.0 million for the four months ended 31 July 2020 to approximately HK\$17.7 million for the four months ended 31 July 2021. The increase in revenue from multifocal IOL replacements was partially offset by the decrease in revenue generated from SMILE surgeries where the number SMILE surgeries conducted had decreased by 55 for the four months ended 31 July 2021 as compared to the four months ended 31 July 2020.

Treatments for other eye problems

Revenue generated from treatments for other eye problems increased by approximately HK\$9.8 million, or 80.2%, from approximately HK\$12.3 million for the four months ended 31 July 2020 to approximately HK\$22.1 million for the four months ended 31 July 2021. The increase in revenue generated from treatment of other eye problems was mainly due to the increase in revenue recorded for each of our standard cataract surgeries, laser procedures, PPV surgeries and other treatments/surgeries.

Consultation and examination services

Revenue generated from consultation and examination services increased by approximately HK\$1.1 million, or 40.7%, from approximately HK\$2.7 million for the four months ended 31 July 2020 to HK\$3.8 million for the four months ended 31 July 2021. The increase in revenue generated from consultation and examination services was mainly due to the growth in number of patient visits.

FINANCIAL INFORMATION

Sales of prescriptions and others

Revenue generated from sales of prescriptions and others increased by approximately HK\$0.8 million, or 39.4%, from approximately HK\$2.0 million for the four months ended 31 July 2020 to HK\$2.8 million for the four months ended 31 July 2021. The increase in revenue generated from sales of prescriptions and others was generally in line with our overall increase in consultation and examination services provided during the period.

Other income/(losses), net

Our net other income recorded for the four months ended 31 July 2021 had decreased by approximately HK\$2.3 million, or 69.0% as compared with the same period in 2020. The decrease was mainly because no further government subsidies under the employment support scheme of the Government's anti-epidemic fund was provided during the four months ended 31 July 2021.

Inventories used

The inventories used increased by approximately HK\$1.3 million, or 11.8%, from approximately HK\$11.0 million for the four months ended 31 July 2020 to approximately HK\$12.3 million for the four months ended 31 July 2021. The increase was mainly due to the increase in number of refractive surgeries conducted for the four months ended 31 July 2021.

Consultation fees

Our consultation fees increased by approximately HK\$5.8 million, or 34.9%, from approximately HK\$16.7 million for the four months ended 31 July 2020 to approximately HK\$22.5 million for the four months ended 31 July 2021. The increase was mainly driven by (i) the increase in revenue generated by our Medical Practitioners from approximately HK\$65.4 million for the four months ended 31 July 2020 to approximately HK\$78.4 million for the same period in 2021; and (ii) the increase in the number of multifocal IOL implantation conducted during the period where the type of surgery has a higher profit sharing ratio than other types of surgeries and treatments.

Employee benefit expenses

Our employee benefit expenses increased by approximately HK\$1.6 million, or 13.8%, from approximately HK\$11.6 million for the four months ended 31 July 2020 to approximately HK\$13.2 million for the four months ended 31 July 2021. The increase in employee benefit was mainly attributable to increase in bonus paid to our staff in the sum of approximately HK\$1.3 million for the four months ended 31 July 2021 as compared to approximately HK\$0.4 million for the same period in 2020.

Depreciation expenses for plant and equipment

Our depreciation expenses for plant and equipment increased by approximately HK\$0.9 million, or 39.1%, from approximately HK\$2.3 million for the four months ended 31 July 2020 to approximately HK\$3.2 million for the four months ended 31 July 2021, primarily due to the purchase of an additional VisuMax Femtosecond Laser System 90° for SMILE surgery in September 2020 and leasehold improvements conducted at our Mong Kok Medical Centre in late 2020.

FINANCIAL INFORMATION

Depreciation of right-of-use assets

Our depreciation of right-of-use assets decreased by approximately HK\$0.8 million, or 12.7% from approximately HK\$6.3 million for the four months ended 31 July 2020 to approximately HK\$5.5 million for the four months ended 31 July 2021. The decrease was mainly due to the decrease in rental fee of one of our leased properties in Mong Kok upon renewal in May 2021.

Other expenses

Other expenses increased by approximately HK\$1.8 million, or 28.6% from approximately HK\$6.3 million for the four months ended 31 July 2020 to approximately HK\$8.1 million for the four months ended 31 July 2021. The increase in other expenses was mainly attributable to the increase in business development expenses incurred of approximately HK\$1.6 million as our Group had organised more educational seminars since the impact of COVID-19 had alleviated as compared with the same period in 2020 and the continuous effort by our Group on brand building activities.

Finance costs

Our finance costs decreased by approximately HK\$0.2 million, or 50.0% from approximately HK\$0.4 million for the four months ended 31 July 2020 to approximately HK\$0.2 million for the four months ended 31 July 2021, primarily due to a the full payment of the bank borrowings during the year ended 31 March 2021 and the decrease in interest expenses on lease liabilities resulted from the decrease in rental fee of one of our leased properties in Mong Kok upon renewal in May 2021.

Income tax expenses

Our income tax expenses increased by approximately HK\$0.5 million, or 29.4% from approximately HK\$1.7 million for the four months ended 31 July 2020 to approximately HK\$2.2 million for the four months ended 31 July 2021, which was consistent with the increase in revenue.

Net profit

As a result of the foregoing, our net profit decreased by approximately 39.8%, from approximately HK\$8.5 million for the four months ended 31 July 2020 to approximately HK\$5.1 million for the four months ended 31 July 2021. Our net profit margin decreased from 13.1% for the four months ended 31 July 2020 to 6.6% for the four months ended 31 July 2021.

Year ended 31 March 2020 and 31 March 2021

Revenue

Our revenue increased by approximately HK\$4.0 million, or 1.8%, from approximately HK\$218.4 million for the year ended 31 March 2020 to approximately HK\$222.4 million for the year ended 31 March 2021. The growth in revenue can be attributable to the increase in patient visits by 1.3% from 46,019 for the year ended 31 March 2020 to 46,602 for the year ended 31 March 2021.

Refractive treatments

Our revenue generated from refractive treatments decreased by approximately HK\$5.1 million, or 3.1%, from approximately HK\$166.8 million for the year ended 31 March 2020 to approximately HK\$161.7 million for the year ended 31 March 2021. The number of refractive treatment conducted

FINANCIAL INFORMATION

decreased by 1.3%, from 5,538 treatments for the year ended 31 March 2020 to 5,465 treatments for the year ended 31 March 2021. The decrease in revenue from refractive treatments was mainly due to the decrease in number of SMILE surgeries conducted during the year ended 31 March 2021. The number of SMILE surgery conducted decreased from 4,302 for the year ended 31 March 2020 to 4,063 for the year ended 31 March 2021, and the revenue generated from SMILE surgery decreased by approximately HK\$12.3 million, or 10.9%, from approximately HK\$112.4 million for the year ended 31 March 2020 to approximately HK\$100.1 million for the year ended 31 March 2021. The impact on our revenue generated from refracting treatments due to the decrease in revenue generated from SMILE surgeries was partially offset by the increase in revenue generated from LASIK surgeries, Multifocal IOL replacements and ICL implantations which the number of treatments conducted for each of the services had increased as compared to the year ended 31 March 2020.

Treatment for other eye problems

Revenue generated from treatments for other eye problems increased by approximately HK\$8.0 million, or 21.7%, from approximately HK\$36.8 million for the year ended 31 March 2020 to approximately HK\$44.8 million for the year ended 31 March 2021. The increase in revenue generated from treatment of other eye problems was mainly due to the increase in revenue recorded for our standard cataract surgeries and laser procedures of approximately HK\$2.3 million and HK\$2.9 million, respectively, as compared to the year ended 31 March 2020.

Consultation and examination services

Revenue generated from consultation and examination remained relatively stable at approximately HK\$8.5 million for the year ended 31 March 2020 and approximately HK\$9.1 million for the year ended 31 March 2021.

Sales of prescriptions and others

Revenue generated from sales of prescriptions and others remained relatively stable at approximately HK\$6.2 million for the year ended 31 March 2020 and approximately HK\$6.9 million for the year ended 31 March 2021.

Other income/(losses), net

We recorded net other income in the amount of approximately HK\$7.0 million for the year ended 31 March 2021 as compare to net other losses in the amount of approximately HK\$8,000 for the year ended 31 March 2020 as (i) we received government subsidies of approximately HK\$4.9 million under the employment support scheme of the Government's anti-epidemic fund; and (ii) we recorded rent concessions from landlords of our leased properties of approximately HK\$2.1 million due to COVID-19 and partially offset by other loss on written-off of plant and equipment of approximately HK\$0.1 million as the tenancy of one of our leased properties located in Mong Kok had not been renewed due to our Group's commercial decisions.

Inventories used

The inventories used decreased by approximately HK\$2.2 million, or 5.6%, from approximately HK\$39.2 million for the year ended 31 March 2020 to approximately HK\$37.0 million for the year ended 31 March 2021. Such decrease was mainly attributable to the decrease in medical device licences used as a result of less SMILE surgeries were conducted during the year.

FINANCIAL INFORMATION

Consultancy fees

Our consultancy fees increased by approximately HK\$5.1 million, or 10.1%, from approximately HK\$50.7 million for the year ended 31 March 2020 to approximately HK\$55.8 million for the year ended 31 March 2021. Such an increase was mainly due to the increase in the overall number of surgeries and treatments conducted by our Medical Practitioners and was driven by the increase in revenue generated by our Medical Practitioners from approximately HK\$218.4 million for the year ended 31 March 2020 to HK\$222.4 million for the same period in 2021.

Employee benefit expenses

Our employee benefit expenses decreased by approximately HK\$7.0 million, or 16.2%, from approximately HK\$43.3 million for the year ended 31 March 2020 to approximately HK\$36.3 million for the year ended 31 March 2021. Such decrease was primarily due to the decrease in staff headcount from 107 as of 31 March 2020 to 100 as of 31 March 2021 and a drop in expenses on staff welfare as we did not hold any staff events due to COVID-19. To the best knowledge of our Directors, after making all reasonable enquiries, the departure of our staff for the year ended 31 March 2021 was primarily due to the pursuit of other business opportunity and they resigned at their own will. In addition, no share-based payment was incurred during the year ended 31 March 2021 given that all the Pre-IPO Shares Options have been fully vested during the year ended 31 March 2020 as compared to approximately HK\$2.8 million of share-based payment for the year ended 31 March 2020.

Depreciation expenses for plant and equipment

Our depreciation expenses for plant and equipment increased by approximately HK\$1.6 million, or 23.5%, from approximately HK\$6.8 million for the year ended 31 March 2020 to approximately HK\$8.4 million for the year ended 31 March 2021, primarily due to the purchase of an additional VisuMax Femtosecond Laser System 90° for SMILE surgery in September 2020.

Depreciation of right-of-use assets

Our depreciation of right-of-use assets amounted to approximately HK\$17.3 million for the year ended 31 March 2020 and approximately HK\$18.3 million for the year ended 31 March 2021, which was relatively stable over the year.

Other expenses

Other expenses decreased by approximately HK\$1.7 million, or 7.7%, from approximately HK\$22.0 million for the year ended 31 March 2020 to approximately HK\$20.3 million for the year ended 31 March 2021. The decrease in other expenses was primarily due to (i) the decrease in business development expenses incurred of approximately HK\$0.8 million as our Group had organised less educational seminars during COVID-19; and (ii) the decrease in other general and administrative expenses of approximately HK\$0.9 million as less travelling expenses was incurred during the year ended 31 March 2021 attributable to less travel activities occurred due to COVID-19.

FINANCIAL INFORMATION

Finance costs

Our finance costs decreased by approximately HK\$0.2 million, from approximately HK\$1.1 million for the year ended 31 March 2020 to approximately HK\$0.9 million for the year ended 31 March 2021, primarily due to a decrease of approximately HK\$0.2 million of interest expense on bank borrowings during the year ended 31 March 2021 mainly attributable to our full repayment of bank borrowing during the year.

Income tax expenses

Our income tax expenses increased by approximately HK\$1.2 million, or 17.6% from approximately HK\$6.8 million for the year ended 31 March 2020 to approximately HK\$8.0 million for the year ended 31 March 2021, which was in line with the increase in profit before income tax for the year ended 31 March 2021.

Net profit

As a result of the foregoing, our net profit increased by approximately 35.6%, from approximately HK\$26.4 million for the year ended 31 March 2020 to approximately HK\$35.8 million for the year ended 31 March 2021. Our net profit margin increased from approximately 12.1% for the year ended 31 March 2020 to approximately 16.1% for the year ended 31 March 2021.

Year ended 31 March 2019 and 31 March 2020

Revenue

Our revenue increased by approximately HK\$11.8 million, or 5.7%, from approximately HK\$206.6 million for the year ended 31 March 2019 to approximately HK\$218.4 million for the year ended 31 March 2020. The growth in revenue can be attributable to the increase in our revenue from our refractive treatments service as the number of treatments and surgeries conducted during the year increased from 5,034 to 5,538.

Refractive treatments

As a result of the increase in patient visits and increase on number of treatment and surgeries conducted, our revenue generated from refractive treatments increased by HK\$12.0 million, or 7.8%, from approximately HK\$154.8 million for the year ended 31 March 2019 to approximately HK\$166.8 million for the year ended 31 March 2020. The number of refractive treatment conducted increased by 10.0%, from 5,034 treatments for the year ended 31 March 2019 to 5,538 treatments for the year ended 31 March 2020. The increase in revenue from refractive treatments was mainly due to the continuous popularity of SMILE surgery. The number of SMILE surgeries conducted increased from 3,711 for the year ended 31 March 2019 to 4,302 for the year ended 31 March 2020, and the revenue generated from SMILE surgery increased by approximately HK\$14.6 million, or 14.9%, from approximately HK\$97.8 million for the year ended 31 March 2019 to approximately HK\$112.4 million for the year ended 31 March 2020. In addition, revenue generated from our ICL implantations had increased by approximately HK\$3.2 million from approximately HK\$5.0 million for the year ended 31 March 2019 to approximately HK\$8.2 million for the year ended 31 March 2020.

FINANCIAL INFORMATION

Treatment for other eye problems

Revenue generated from treatments for other eye problems increased slightly by approximately HK\$0.5 million, or 1.4%, from approximately HK\$36.3 million for the year ended 31 March 2019 to approximately HK\$36.8 million for the year ended 31 March 2020. Such increase was generally consistent with an increase in total number of patient visits with a total of 42,710 patient visits for the year ended 31 March 2019, to a total 46,019 patient visits for the year ended 31 March 2020.

Consultation and examination services

Revenue generated from consultation and examination remained relatively stable at approximately HK\$9.2 million for the year ended 31 March 2019 and approximately HK\$8.5 million for the year ended 31 March 2020.

Sales of prescriptions and others

Revenue generated from sales of prescriptions and others remained relatively stable at approximately HK\$6.3 million for the year ended 31 March 2019 and approximately HK\$6.2 million for the year ended 31 March 2020.

Other income/(losses), net

We recorded net other income for the year ended 31 March 2019 as we received interest income in the amount of HK\$2,000 during the year. For the year ended 31 March 2020, we recorded net other losses of approximately HK\$8,000 which was primarily due to exchange losses recognised during the year.

Inventories used

The inventories used increased by approximately HK\$2.4 million, or 6.5%, from approximately HK\$36.8 million for the year ended 31 March 2019 to approximately HK\$39.2 million for the year ended 31 March 2020. Such increase was mainly due to the increase in number of medical device licenses used as a result of an increase in number of SMILE surgeries conducted for the year ended 31 March 2020.

Consultancy fees

Our consultancy fees increased by approximately HK\$7.8 million, or 18.2%, from approximately HK\$42.9 million for the year ended 31 March 2019 to approximately HK\$50.7 million for the year ended 31 March 2020. Such increase was mainly due to the increase in the number of refractive treatments conducted by our Medical Practitioners and was driven by the increase in revenue generated by our Medical Practitioners from approximately HK\$206.6 million for the year ended 31 March 2019 to HK\$218.4 million for the same period in 2020.

Employee benefit expenses

Our employee benefit expenses increased by approximately HK\$11.2 million, or 34.9%, from approximately HK\$32.1 million for the year ended 31 March 2019 to approximately HK\$43.3 million for the year ended 31 March 2020. The increase in employee benefit expenses was primarily due to (i) an increase in staff headcount from 100 as of 31 March 2019 to 107 as of 31 March 2020, which led to an increase in wages, salaries and bonus paid to our employees from approximately

FINANCIAL INFORMATION

HK\$27.4 million for the year ended 31 March 2019 to approximately HK\$37.8 million for the year ended 31 March 2020; and (ii) the increase in share-based payment expenses from approximately HK\$2.0 million for the year ended 31 March 2019 to approximately HK\$2.8 million for the year ended 31 March 2020.

Depreciation expenses for plant and equipment

Our depreciation expenses for plant and equipment increased by approximately HK\$0.3 million, or 4.6%, from approximately HK\$6.5 million for the year ended 31 March 2019 to approximately HK\$6.8 million for the year ended 31 March 2020, primarily due to the purchase of new medical and office equipment.

Depreciation of right-of-use assets

Our depreciation of right-of-use assets increased by approximately HK\$4.7 million, or 37.3%, from approximately HK\$12.6 million for the year ended 31 March 2019 to approximately HK\$17.3 million for the year ended 31 March 2020, primarily due to the expansion of the Mong Kok Medical Centre with the lease of additional units since August 2019.

Other expenses

Other expenses increased by approximately HK\$3.5 million, or 18.9%, from approximately HK\$18.5 million for the year ended 31 March 2019 to approximately HK\$22.0 million for the year ended 31 March 2020. The increase in other expenses was primarily due to (i) the increase of approximately HK\$1.9 million in bank charges due to an increase in credit payments by our patients which was in line with our increase on revenue; (ii) the increase of approximately HK\$1.0 million in business development expenses which was primarily due to the continuous effort in brand building activities conducted by our Group; and (iii) the increase of approximately HK\$1.8 million in other general and administrative expenses. Such increase was partially offset by the termination of the management agreements with the optometrists as they have been transferred to our Group since 1 July 2018 and therefore no management fees were recorded for the year ended 31 March 2020.

Finance costs

Our finance costs remained stable at approximately HK\$1.2 million for the year ended 31 March 2019 and approximately HK\$1.1 million for the year ended 31 March 2020.

Income tax expenses

Our income tax expenses decreased by approximately HK\$2.6 million, or 27.7% from approximately HK\$9.4 million for the year ended 31 March 2019 to approximately HK\$6.8 million for the year ended 31 March 2020, which was consistent with the decrease in profit before income tax for the year ended 31 March 2020.

Net profit

As a result of the foregoing, our net profit decreased by approximately 12.0%, from approximately HK\$30.0 million for the year ended 31 March 2019 to approximately HK\$26.4 million for the year ended 31 March 2020. Our net profit margin decreased from approximately 14.5% for the year ended 31 March 2019 to approximately 12.1% for the year ended 31 March 2020.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL STRUCTURE

During the Track Record Period, our operations were generally financed from internally generated cash flows and bank borrowings. The Directors believe that in the long term, our operations will be funded by internally generated cash flows and, if necessary, additional equity financing and bank borrowings.

The table below sets forth the summary of our net cash flows for the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2019	2020	2021	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i>
Operating cash flows before movements in working capital	61,856	61,262	71,523	19,248	16,243
Changes in working capital	7,925	(7,934)	5,370	1,376	(883)
Interest paid	(381)	(239)	(86)	(46)	—
Income tax paid	<u>(9,146)</u>	<u>(12,011)</u>	<u>(5,456)</u>	<u>(2,391)</u>	<u>(1,807)</u>
Net cash generated from operating activities	60,254	41,078	71,351	18,187	13,553
Net cash used in investing activities	(47,729)	(44,666)	(43,543)	(10,875)	(5,432)
Net cash generated from/(used in) financing activities	<u>13,946</u>	<u>34,607</u>	<u>(28,595)</u>	<u>(7,164)</u>	<u>(8,819)</u>
Net increase/(decrease) in cash and cash equivalents	26,471	31,019	(787)	148	(698)
Cash and cash equivalents at beginning of the year/period	<u>8,159</u>	<u>34,630</u>	<u>65,649</u>	<u>65,649</u>	<u>64,862</u>
Cash and cash equivalents at the end of the year/period	<u>34,630</u>	<u>65,649</u>	<u>64,862</u>	<u>65,797</u>	<u>64,164</u>

Operating activities

We derive our cash inflow from operating activities primarily through the provision of refractive treatments, consultation and examination services and sales of prescriptions. Cash outflow in connection with our operating activities primarily comprises payments for consultancy fees to our Medical Practitioners, purchase of inventories, and other operating costs such as employee benefit expenses, rents, and general and administrative expenses. Our net cash flow generated from operating activities reflects our profit before income tax, as adjusted for non-cash items, such as depreciation of plant and equipment, and the effects of changes in working capital items.

FINANCIAL INFORMATION

For the four months ended 31 July 2021, we had net cash generated from operating activities of approximately HK\$13.6 million, primarily attributable to (i) profit before income tax of approximately HK\$7.4 million, as adjusted to reflect non-cash items, which principally included depreciation expenses of plant and equipment of approximately HK\$3.2 million, depreciation expenses of right-of-use assets of approximately HK\$5.5 million and finance costs of approximately HK\$0.2 million. Our general working capital changes mainly included (i) an increase in inventories of approximately HK\$0.7 million; (ii) a decrease in trade and other receivables of approximately HK\$0.7 million; and (iii) a decrease in trade and other payables of approximately HK\$0.9 million.

For the year ended 31 March 2021, we had net cash generated from operating activities of approximately HK\$71.4 million, primarily attributable to (i) the profit before income tax of approximately HK\$43.8 million, as adjusted to reflect non-cash items, which principally included depreciation expenses of plant and equipment of approximately HK\$8.4 million, depreciation expenses of right-of-use assets of approximately HK\$18.3 million and write-off of plant and equipment of approximately HK\$86,000 and finance costs of approximately HK\$0.9 million; and (ii) an inflow of approximately HK\$5.4 million for changes in working capital. Our general working capital changes mainly included (i) an increase in trade payable, accruals and other payables of approximately HK\$9.7 million; and (ii) a decrease in inventories of approximately HK\$1.5 million, partly offset by (i) a decrease in amount due to a related party of approximately HK\$4.2 million; and (ii) an increase in trade receivable, deposits, prepayment and other receivables of approximately HK\$1.7 million.

For the year ended 31 March 2020, we had net cash generated from operating activities of approximately HK\$41.1 million, primarily attributable to (i) profit before income tax of approximately HK\$33.2 million, as adjusted to reflect non-cash items, which principally included depreciation expenses of plant and equipment of approximately HK\$6.8 million, depreciation expenses of right-of-use of assets of approximately HK\$17.3 million, share-based payment expenses of approximately HK\$2.8 million and finance costs of approximately HK\$1.1 million; and; (ii) an outflow of approximately HK\$7.9 million for changes in working capital. Our general working capital changes mainly included (i) a decrease in trade payable, accruals and other payables of approximately HK\$6.0 million; and (ii) an increase in inventories of approximately HK\$2.1 million, partly offset by a decrease in trade receivable, deposits, prepayment and other receivables of approximately HK\$0.1 million.

For the year ended 31 March 2019, we had net cash generated from operating activities of approximately HK\$60.3 million, primarily attributable to (i) profit before income tax of approximately HK\$39.5 million, as adjusted to reflect non-cash items, which principally included depreciation expenses of plant and equipment of approximately HK\$6.5 million, depreciation expenses of right-of-use of assets of approximately HK\$12.6 million, share-based payment expenses of approximately HK\$2.0 million and finance costs of approximately HK\$1.2 million; and; (ii) an inflow of approximately HK\$7.9 million for changes in working capital. Our general working capital changes mainly included an increase in trade payable, accruals and other payables of approximately HK\$10.7 million, partly offset by (i) an increase in trade receivable, deposits, prepayment and other receivables of approximately HK\$2.4 million; and (ii) an increase in inventories of approximately HK\$0.3 million.

FINANCIAL INFORMATION

Investing activities

Our cash used in investing activities primarily reflects our cash used in payments for purchases of plant and equipment and advances to related parties. Cash inflow in connection with investing activities comprises proceeds from sale of plant and equipment.

For the four months ended 31 July 2021, net cash used in investment activities was approximately HK\$5.4 million which was mainly attributable to advance to related parties.

For the year ended 31 March 2021, net cash used in investment activities was approximately HK\$43.5 million which was mainly attributable to (i) purchase of new medical and office equipment of approximately HK\$7.4 million and leasehold improvements of approximately HK\$1.8 million; and (ii) approximately HK\$34.4 million of advance to related parties.

For the year ended 31 March 2020, net cash used in investing activities was approximately HK\$44.7 million which was mainly attributable to (i) purchase of new medical and office equipment of approximately HK\$2.1 million and addition of construction in progress of approximately HK\$3.5 million; and (ii) approximately HK\$39.0 million of advance to related parties.

For the year ended 31 March 2019, net cash used in investing activities was approximately HK\$47.7 million which was mainly attributable to (i) purchase of new medical and office equipment of approximately HK\$2.6 million and leasehold improvement of HK\$3.5 million; and (ii) approximately HK\$41.5 million of advance to related parties.

Financing activities

We use cash in financing activities primarily for repayments of bank borrowings and finance lease obligations. Cash inflow in connection with financing activities during the Track Record Period mainly comprises proceeds from the Rights Issue, proceeds from bank borrowings and advances from related parties.

For the four months ended 31 July 2021, we recorded net cash used in financing activities amounted to approximately HK\$8.8 million which was mainly attributable to (i) the payment of the principal portion of lease liabilities of approximately HK\$6.0 million; and (ii) the payment of listing expenses.

For the year ended 31 March 2021, we recorded net cash used in financing activities amounted to approximately HK\$28.6 million, which was mainly due to (i) payment of the principal portion of lease liabilities of approximately HK\$17.6 million; (ii) repayment of our bank borrowings of approximately HK\$3.8 million; and (iii) dividends paid to owners of the Company of approximately HK\$5.3 million.

FINANCIAL INFORMATION

For the year ended 31 March 2020, our net cash generated from financing activities amounted to approximately HK\$34.6 million, which was mainly attributable to the proceeds from issuance of ordinary shares of approximately HK\$55.0 million from the Rights Issue partially offset by (i) the repayment of principal portion of lease liabilities of approximately HK\$16.8 million and (ii) repayment of bank borrowings of approximately HK\$3.7 million.

For the year ended 31 March 2019, our net cash generated from financing activities amounted to approximately HK\$13.9 million, which was mainly attributable to (i) the increase of approximately HK\$26.5 million in amounts due to related parties, and (ii) deemed contribution from ultimate Shareholders in the amount of approximately HK\$9.2 million partially offset by (i) repayment of bank borrowings of approximately HK\$3.5 million; and (ii) repayment of principal portion of lease liabilities of approximately HK\$17.4 million.

Working capital sufficiency

During the Track Record Period, we met our working capital needs mainly from our cash and cash equivalents and cash generated from operations. We manage our cash flow and working capital by closely monitoring and managing our operations. We also diligently review future cash flow requirements and adjust our operations, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents and the cash generated from operating activities as the main sources of liquidity. For the three years ended 31 March 2021 and the four months ended 31 July 2021, we had net cash generated from operating activities of approximately HK\$60.3 million, HK\$41.1 million, HK\$71.4 million and HK\$13.6 million, respectively. As of 31 March 2019, 2020 and 2021 and 31 July 2021, our cash and cash equivalents were approximately HK\$34.6 million, HK\$65.6 million, HK\$64.9 million and HK\$64.2 million, respectively.

Our Directors confirm that, taking into consideration of the financial resources presently available to us, which primarily consists of cash and cash equivalents, cash generated through operating activities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Our Directors are not aware of any other factors that would have a material impact on our liquidity. Details of the funds necessary to meet our existing operations and to finance our future plans are set out in the section headed “Future Plans and Use of Proceeds” of this prospectus.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Net current assets

The table below sets forth current assets and liabilities as of the dates mentioned below:

	As of 31 March			As of 31 July	As of 30 November
	2019	2020	2021	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Current assets					
Inventories	3,668	5,739	4,200	4,852	5,004
Trade receivables	1,318	764	1,885	1,135	1,123
Deposits, prepayments and other receivables	4,416	2,396	7,767	9,734	7,239
Amounts due from related parties	—	39,048	662	6,055	—
Cash and cash equivalents	34,630	65,649	64,862	64,164	66,829
Total current assets	44,032	113,596	79,376	85,940	80,195
LIABILITIES					
Current liabilities					
Trade payables	4,394	7,905	8,410	7,459	9,084
Accruals and other payables	11,828	2,325	11,501	11,568	12,358
Amounts due to related parties	3,177	4,175	—	—	—
Bank borrowings	7,502	3,845	—	—	—
Lease liabilities	6,890	16,998	8,561	8,027	12,259
Income tax payable	4,893	147	3,075	3,883	10,954
Total Current liabilities	38,684	35,395	31,547	30,937	44,655
Total net current assets	5,348	78,201	47,829	55,003	35,540

As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, we recorded net current assets. As of 31 July 2021, our net current assets were approximately HK\$55.0 million, consisting of current assets of approximately HK\$85.9 million and current liabilities of HK\$30.9 million. Our net current assets increased by approximately HK\$7.2 million from approximately HK\$47.8 million as of 31 March 2021 to approximately HK\$55.0 million as of 31 July 2021. The increase was primarily due to increase in amount due from related parties of approximately HK\$5.4 million, increase on deposits, prepayments and other receivables of approximately HK\$1.9 million and a decrease in trade payables of approximately HK\$1.0 million, which is partly offset by an increase in income tax payable of approximately HK\$0.8 million.

FINANCIAL INFORMATION

As of 31 March 2021, our net current assets were approximately HK\$47.8 million, consisting of current assets of approximately HK\$79.4 million and current liabilities of approximately HK\$31.5 million. Our net current assets decreased by approximately HK\$30.4 million from approximately HK\$78.2 million as of 31 March 2020 to approximately HK\$47.8 million as of 31 March 2021. The decrease was primarily due to a decrease in amounts due from related parties of approximately HK\$38.4 million attributable to the settlement from related parties during the year, partly offset by a decrease in lease liabilities of approximately HK\$8.4 million as a result of the repayment of lease liabilities during the year.

As of 31 March 2020, our net current assets were approximately HK\$78.2 million, consisting of current assets of approximately HK\$113.6 million and current liabilities of approximately HK\$35.4 million. Our net current assets increased by approximately HK\$72.9 million from approximately HK\$5.3 million as of 31 March 2019 to approximately HK\$78.2 million as of 31 March 2020. The increase was primarily due to (i) the increase in cash and cash equivalents of approximately HK\$31.0 million mainly attributable to the cash received from Rights Issue during the year; and (ii) an increase in amounts due from related parties of approximately HK\$39.0 million.

Trade receivables, deposits, prepayments and other receivables

The table below sets forth the breakdown of our trade receivables, rental and other deposits and prepayments and other receivables as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	1,318	764	1,885	1,135
Rental and other deposits	5,084	5,945	5,722	5,432
Prepayment for listing expenses	—	—	1,175	3,884
Prepayments and other receivables	<u>1,198</u>	<u>762</u>	<u>1,421</u>	<u>1,720</u>
	<u>7,600</u>	<u>7,471</u>	<u>10,203</u>	<u>12,171</u>
Less: non-current portion				
Rental and other deposits	<u>(1,866)</u>	<u>(4,311)</u>	<u>(551)</u>	<u>(1,302)</u>
Current portion	<u>5,734</u>	<u>3,160</u>	<u>9,652</u>	<u>10,869</u>

Our trade receivables mainly consist of amounts due from customers and banks, as some customers settle payment by credit cards or EPS. Payments by patients using credit cards and EPS were normally settled within a few days after the trade date or date of service provided. We generally do not offer credit terms to our customers. The balance of our trade receivables decreased by approximately HK\$0.5 million, from approximately HK\$1.3 million as of 31 March 2019, to approximately HK\$0.8 million as of 31 March 2020 and increased to approximately HK\$1.9 million as of 31 March 2021. The decrease in trade receivables from 31 March 2019 to 31 March 2020 was primarily due to less customers had chosen EPS and credit cards for payment prior to the year ended of 31 March 2020 as compared to that of 31 March 2019. Our trade receivables increased by approximately HK\$1.1 million from approximately HK\$0.8 million as of 31 March 2020 to approximately HK\$1.9 million as of 31 March 2021 primarily due to more patients had chosen EPS

FINANCIAL INFORMATION

and credit cards for payment prior to the year end of 31 March 2021 as compared to that of 31 March 2020. Our trade receivables decreased by HK\$0.8 million from approximately HK\$1.9 million as of 31 March 2021 to approximately HK\$1.1 million as of 31 July 2021 as less customers had chosen EPS and credit cards for payment prior to the four months ended 31 July 2021 as compared to the same period in 2020.

The table below sets forth the ageing analysis of our trade receivables as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively, based on the invoice date:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	1,161	643	1,742	1,046
31-60 days	93	27	25	74
61-90 days	42	18	10	—
Over 90 days	<u>22</u>	<u>76</u>	<u>108</u>	<u>15</u>
	<u>1,318</u>	<u>764</u>	<u>1,885</u>	<u>1,135</u>

The table below sets forth the turnover days for our trade receivables for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July
	2019	2020	2021	2021
Trade receivables turnover days ⁽¹⁾	3	2	2	2

Note:

- (1) Trade receivables turnover days are equal to average trade receivables balances divided by revenue during the relevant year/period and then multiplied by 365 days/122 days.

As of the Latest Practicable Date, an aggregate amount of HK\$1.1 million, or 99.9% of our trade receivables as of 31 July 2021, had been subsequently settled.

Rental and other deposits represent deposits made towards lease payments for our offices and Medical Centres. Our rental and other deposits increased by approximately HK\$0.8 million from approximately HK\$5.1 million as of 31 March 2019 to approximately HK\$5.9 million as of 31 March 2020, due to the increased rent payments upon entering into tenancy agreement for the expansion of our Mong Kok Medical Centre in August 2019.

FINANCIAL INFORMATION

Our rental and other deposits remained relatively stable at approximately HK\$5.7 million as of 31 March 2021 as compared to that as of 31 March 2020. The rental and other deposits had decreased by approximately HK\$0.3 million from approximately HK\$5.7 million as of 31 March 2021 to approximately HK\$5.4 million as of 31 July 2021 which is mainly attributable to decrease in rental fee of one of our leased properties in Central upon renewal in June 2021.

Inventories

Our inventories mainly comprise medical device licences, IOLs, and drugs and dispensary supplies, and are stated at lower of cost and net realisable value. The value of our inventories was approximately HK\$3.7 million, HK\$5.7 million and HK\$4.2 million as of 31 March 2019, 2020 and 2021, respectively. The increase in inventories from 31 March 2019 to 31 March 2020 was mainly attributable to the increases of (i) IOLs to cope with the growing demand of surgeries requiring implantation of IOLs; (ii) licences required for using our VisuMax Femtosecond Laser System 90° and LensAR Laser System to perform SMILE and cataract surgeries; and (iii) drugs and dispensary supplies used for surgeries and prescriptions. Our inventories as of 31 March 2021 decreased by approximately HK\$1.5 million as compared to 31 March 2020 was mainly due to the decreased in IOLs inventories from approximately HK\$2.2 million as of 31 March 2020 to HK\$0.4 million as of 31 March 2021 as a result of increased multifocal IOL replacement surgeries and standard cataract surgeries were conducted during the year ended 31 March 2021 as compared to the same period in 2020. Our inventories recorded as of 31 July 2021 had increased by approximately HK\$0.7 million as compared to 31 March 2021, which was mainly attributable to the increase in number of licenses required for conducting SMILE and cataract surgeries. The table below sets forth the breakdown of our inventories as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively:

	As of 31 March			As of
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
				HK\$'000
Medical device licences	1,539	2,303	2,091	2,610
IOLs	1,198	2,176	447	439
Drugs and dispensary supplies	931	1,260	1,662	1,803
Inventories	3,668	5,739	4,200	4,852

FINANCIAL INFORMATION

The following table sets forth the turnover days for our inventory for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July
	2019	2020	2021	2021
Inventory turnover days ⁽¹⁾	35	44	49	45

Note:

- (1) Inventory turnover days are equal to average inventory divided by cost of inventory used during the relevant year/period and then multiplied by 365 days/122days.

As of the Latest Practicable Date, an aggregate amount of HK\$4.3 million, or 88.6% of our inventories as of 31 July 2021 had been utilised.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and cash on hand. Our cash and cash equivalents increased from approximately HK\$34.6 million as of 31 March 2019 to approximately HK\$65.6 million as of 31 March 2020. The increase in cash and cash equivalents was partially driven by an increase in cash at bank of approximately HK\$31.0 million, or 89.8%, from approximately HK\$34.5 million as of 31 March 2019 to approximately HK\$65.5 million as of 31 March 2020. The increase in cash at bank was mainly due to the result of the Rights Issue conducted during the year ended 31 March 2020 which had a gross proceeds amounting to approximately HK\$55.0 million. For details of the Rights Issue, please refer to the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments — Rights Issue” of this prospectus. Our cash and cash equivalents remained relatively stable at approximately HK\$65.6 million as of 31 March 2020, approximately HK\$64.9 million as of 31 March 2021 and HK\$64.2 million as of 31 July 2021.

FINANCIAL INFORMATION

Trade payables, other payables and accruals

Our trade payables, other payables and accruals amounted to approximately HK\$17.0 million, HK\$11.5 million, HK\$21.2 million and HK\$20.3 million as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively. The table below sets forth the breakdown of trade payables, other payables and accruals as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	4,394	7,905	8,410	7,459
Accruals and other payables	1,674	2,334	8,459	7,323
Accrued listing expenses	<u>10,954</u>	<u>1,241</u>	<u>4,292</u>	<u>5,495</u>
	<u>17,022</u>	<u>11,480</u>	<u>21,161</u>	<u>20,277</u>
Less: non-current portion				
Provisions	<u>(800)</u>	<u>(1,250)</u>	<u>(1,250)</u>	<u>(1,250)</u>
Current portion	<u>16,222</u>	<u>10,230</u>	<u>19,911</u>	<u>19,027</u>

Our trade payables represent payables for our suppliers who generally offered us credit terms of approximately 30 days. Our trade payables increased by approximately HK\$3.5 million, or 79.5% from approximately HK\$4.4 million as of 31 March 2019 to approximately HK\$7.9 million as of 31 March 2020, and amounted to approximately HK\$8.4 million and HK\$7.5 million as of 31 March 2021 and 31 July 2021, respectively. The increase in trade payables as of 31 March 2020 was mainly due to an increase in the purchase of inventories for treatments and surgeries which was generally in line with the increase in inventories used to cope with our business expansion. The increase of our trade payables as of 31 March 2021 was mainly due to the purchase of ophthalmic lens, drugs and consumables towards the end of the financial year. Our trade payable had decreased by approximately HK\$0.9 million as of 31 July 2021 which was mainly due to improvement of aging of our trade payable as we have settled our suppliers' invoice more promptly.

The table below sets forth the ageing analysis of our trade payables as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively, based on invoice dates:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0-30 days	2,881	2,277	3,373	4,267
31-60 days	386	2,598	2,947	2,176
61-90 days	398	2,259	1,641	207
Over 90 days	<u>729</u>	<u>771</u>	<u>449</u>	<u>809</u>
	<u>4,394</u>	<u>7,905</u>	<u>8,410</u>	<u>7,459</u>

FINANCIAL INFORMATION

The table below sets forth the turnover days for our trade payables for the periods indicated:

	For the year ended 31 March			For the four months ended 31 July
	2019	2020	2021	2021
Trade payables turnover days ⁽¹⁾	43	57	80	78

Note:

- (1) Trade payable turnover days are equal to average trade payables balance divided by cost of inventories used during the relevant year/period and then multiplied by 365 days/122 days.

Accrual and other payables mainly comprise operating expenses, other rents and bonus accruals, and amounted to approximately HK\$1.7 million, HK\$2.3 million, HK\$8.5 million and HK\$7.3 million as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively. The increase in accrual and other payables from approximately HK\$1.7 million as of 31 March 2019 to approximately HK\$2.3 million as of 31 March 2020 was mainly attributable to the provision for reinstatement cost of approximately HK\$0.5 million for our rental premises. The increase in accrual and other payables from approximately HK\$2.3 million as of 31 March 2020 to approximately HK\$8.5 million as of 31 March 2021 was a result of the termination of the Management Agreement and the Partnership Deed where consultancy fees payable to our Medical Practitioners were directly paid to our Medical Practitioners since May 2020 rather than paid to the Partnership and was classified as a related party transaction, and such balance was recorded as amount due to related parties. The decrease in accrual and other payables from approximately HK\$8.5 million as of 31 March 2021 to approximately HK\$7.3 million as of 31 July 2021 was mainly due to decrease in accrual for consultation fee from approximately HK\$5.8 million as of 31 March 2021 to approximately HK\$4.9 million as of 31 July 2021. We further incurred approximately HK\$11.0 million, HK\$1.2 million, HK\$4.3 million and HK\$5.5 million in accrued listing expenses as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively.

As of the Latest Practicable Date, all of our trade payables as of 31 July 2021, had been subsequently settled.

Bank borrowings

We used the proceeds from bank borrowings to purchase certain medical devices and refurbish our Medical Centres and as working capital. Our bank borrowing decreased by approximately HK\$3.7 million from approximately HK\$7.5 million as of 31 March 2019 to approximately HK\$3.8 million as of 31 March 2020. We did not record any bank borrowings as of 31 March 2021 and 31 July 2021 as the bank borrowings were fully settled during the year ended 31 March 2021. We did not obtain any new bank borrowings as we have maintained sufficient cash and cash equivalents from the Rights Issue and from our operating activities during the Track Record Period. As of 31 March 2019 and 2020, the bank borrowing bore interest at floating rate and the effective interest rate per annum was 4.0% and 4.0%, respectively.

FINANCIAL INFORMATION

Lease liabilities

Our Group has adopted HKFRS 16 consistently throughout the Track Record Period. Leases have been recognized in the form of an asset (for the right-of-use assets) and a financial liability (for the payment obligations) in our Group's combined statements of financial position. As of 31 March 2019, 2020 and 2021 and 31 July 2021, our Group had lease liabilities amounted to approximately HK\$8.3 million, HK\$26.2 million, HK\$12.0 million and HK\$11.6 million, respectively. The increase in lease liabilities as of 31 March 2020 as compared to 31 March 2019 was mainly due to the entry of tenancy agreement for the expansion of our Mong Kok Medical Centre in August 2019.

KEY FINANCIAL RATIOS

	For the years ended 31 March			For the four months ended 31 July
	2019	2020	2021	2021
Net profit margin (%) ⁽¹⁾	14.5	12.1	16.1	6.6
Return on equity (%) ⁽²⁾	77.9	21.5	44.4	N/A
Return on total assets (%) ⁽³⁾	37.2	15.6	30.5	N/A

	As of 31 March			As of 31 July
	2019	2020	2021	2021
Gearing ratio (%) ⁽⁴⁾	41.1	24.5	14.9	13.5
Current ratio (%) ⁽⁵⁾	113.8	320.9	251.6	277.8
Quick ratio (%) ⁽⁶⁾	104.3	304.7	238.3	262.1

Notes:

- (1) Net profit margin is calculated based on the net profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100%.
- (2) Return on equity is calculated based on our net profit for each reporting year or annualised profit for the four months ended 31 July 2021 divided by equity attributable to owners of the Company as of the end of each reporting year/period and multiplied by 100%.
- (3) Return on total assets is calculated based on our net profit for each reporting year or annualised profit for the four months ended 31 July 2021 divided by total assets as of the end of each reporting year/period and multiplied by 100%.
- (4) Gearing ratio equals to total debts (being total borrowings and lease liabilities) divided by total equity as of the end of the year/period and multiplied by 100%. As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, we maintained a net cash position.
- (5) Current ratio is calculated based on total current assets divided by the total current liabilities as of the end of each reporting year/period and multiplied by 100%.
- (6) Quick ratio is calculated based on our total current assets excluding inventories divided by the total current liabilities as of the end of each reporting year/period and multiplied by 100%.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from approximately 77.9% for the year ended 31 March 2019 to approximately 21.5% for the year ended 31 March 2020, because our equity increased by approximately 217.9%, from approximately HK\$38.6 million as of 31 March 2019 to approximately HK\$122.7 million as of 31 March 2020, as a result of the Rights Issue conducted during the year ended 31 March 2020. For details of the Rights Issue, please refer to the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investments — Rights Issue” of this prospectus.

Our return on equity increased from approximately 21.5% for the year ended 31 March 2020 to approximately 44.4% for the year ended 31 March 2021, as a result of the decrease in equity of approximately HK\$42.2 million mainly attributable to the declaration of a dividend of HK\$78.0 million by our Company in March 2021 to its then Shareholders.

Return on total assets

Our return on total assets decreased from approximately 37.2% for the year ended 31 March 2019 to approximately 15.6% for the year ended 31 March 2020, primarily because our net profit decreased by approximately 12.2%, or HK\$3.7 million, while our total assets increased by approximately 109.5%, from approximately HK\$80.8 million as of 31 March 2019 to approximately HK\$169.3 million as of 31 March 2020 due to an increase of approximately HK\$31.0 million in cash and cash equivalents as a result of the proceeds from the Rights Issue and increase of approximately HK\$39.0 million in amounts due from related party.

Our return on total assets increased from approximately 15.6% for the year ended 31 March 2020 to approximately 30.5% for the year ended 31 March 2021, primarily because our net profit increased by approximately 35.6%, or HK\$9.4 million, while our total assets decreased by approximately 30.8%, from approximately HK\$169.3 million as of 31 March 2020 to HK\$117.2 million as of 31 March 2021 due to the decrease in the amount due from related parties of approximately HK\$38.4 million.

Gearing ratio

Our gearing ratio decreased from approximately 41.1% as of 31 March 2019 to approximately 24.5% as of 31 March 2020, as a result of the increase in total equity from the proceeds of the Rights Issue.

Our gearing ratio further decreased from approximately 24.5% as of 31 March 2020 to approximately 14.9% as of 31 March 2021, as a result of repayment of bank borrowing and repayment of lease liabilities during the year.

Our gearing ratio further decreased from approximately 14.9% as of 31 March 2021 to 13.5% as of 31 July 2021, as a result of the repayment of lease liabilities during the four months ended 31 July 2021.

FINANCIAL INFORMATION

Current ratio

Our current ratio increased from approximately 113.8% as of 31 March 2019 to approximately 320.9% as of 31 March 2020, mainly due to an increase in our current assets as a result of an increase in cash and cash equivalents from the proceeds of the Rights Issue and increase in amounts due from related parties.

Our current ratio decreased from approximately 320.9% as of 31 March 2020 to approximately 251.6% as of 31 March 2021 as a result of the decrease in current asset from approximately HK\$113.6 million as of 31 March 2020 to approximately HK\$79.4 million as of 31 March 2021 due to the decrease in the amounts due from related parties of approximately HK\$38.4 million.

Our current ratio increased from approximately 251.6% as of 31 March 2021 to 277.8% as of 31 July 2021 as a result of total current asset mainly due to the increase in amounts due from related parties.

Quick Ratio

Our quick ratio increased from approximately 104.3% as of 31 March 2019 to approximately 304.7% as of 31 March 2020, decreased to approximately 238.3% as of 31 March 2021 and increased to approximately 262.1% as of 31 July 2021, which was generally in line with the change of our current ratio during the relevant periods.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily related to leasehold improvement of our Medical Centres, purchase of new medical equipment and furniture and fixtures. We funded our capital expenditures by internal cash resources and finance lease arrangements. The table below sets forth the breakdown of capital expenditures for the periods indicated.

	For the years ended 31 March			For the four months ended	
	2019	2020	2021	31 July	
	HK\$'000	HK\$'000	HK\$'000	2020	2021
				HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Construction in progress ^(Note)	—	3,485	—	—	—
Leasehold improvements	3,463	—	1,830	19	—
Medical and office equipment	2,613	2,133	7,354	63	39
Furniture and fixtures	123	—	—	—	—
Total	6,199	5,618	9,184	82	39

Note: Construction in progress represents renovation costs associated with leasehold improvements, which was transferred to leasehold improvements upon the completion of the renovation.

FINANCIAL INFORMATION

For the four months ended 31 July 2020 and 2021, our capital expenditure was approximately HK\$82,000 and HK\$39,000, respectively. The decrease was mainly due to the decrease in expenditure on medical and office equipment and there was no leasehold improvements during the four months ended 31 July 2021.

For the three years ended 31 March 2021, our capital expenditure was approximately HK\$6.2 million, HK\$5.6 million, and HK\$9.2 million, respectively. The decrease of approximately HK\$0.6 million in capital expenditures from the year ended 31 March 2019 to the year ended 31 March 2020 was due to slight decrease in acquisition of medical and office equipment of approximately HK\$0.5 million. The increase in capital expenditure of approximately HK\$3.6 million for the year ended 31 March 2021 was primarily due to the increase in expenditure on medical and office equipment as a result of the purchase of one additional Visumax Femtosecond Laser System 90° for SMILE surgery in September 2020.

CONTRACTUAL COMMITMENTS

Capital commitments

The following table sets forth our capital commitment contracted but not provided for in the financial information as of the dates indicated:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Plant and equipment	—	4,722	—	—
Renovation	—	889	—	—
Total	—	5,611	—	—

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Save for the capital commitments disclosed above, we had not entered into any material off-balance sheet commitments and arrangements during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INSTRUMENTS

We had not entered into any financial instruments for hedging purposes during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth our indebtedness as of dates mentioned below:

	As of 31 March			As of 31 July	As of 30 November
	2019	2020	2021	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Non-current					
— Lease liabilities	<u>1,452</u>	<u>9,167</u>	<u>3,397</u>	<u>3,530</u>	<u>11,135</u>
Current					
— Amount due to related party	3,177	4,175	—	—	—
— Bank borrowings	7,502	3,845	—	—	—
— Lease liabilities	<u>6,890</u>	<u>16,998</u>	<u>8,561</u>	<u>8,027</u>	<u>12,259</u>
	<u>17,569</u>	<u>25,018</u>	<u>8,561</u>	<u>8,027</u>	<u>12,259</u>
Total	<u>19,021</u>	<u>34,185</u>	<u>11,958</u>	<u>11,557</u>	<u>23,394</u>

During the Track Record Period, we borrowed a number of loans that were secured by unlimited personal guarantees given by Dr. Tse. As of 31 March 2019 and 2020, the effective interest rate of our bank borrowings was 4.0% and 4.0%, respectively. All of our bank borrowings are denominated in Hong Kong dollars. Such bank borrowings were fully settled during the year ended 31 March 2021 and the personal guarantees provided by Dr. Tse had been released as of the Latest Practicable Date.

Our amounts due to related parties amounted to approximately HK\$3.2 million, HK\$4.2 million, nil and nil as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively. Our balances with related parties were unsecured, interest-free and repayable on demand. Our amounts due to related parties were fully settled in April 2020.

As stated in Note 2.1 of the Accountant's Report in Appendix I to this prospectus, we have adopted HKFRS 16 during the Track Record Period. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our consolidated statements of financial position as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively.

As of 30 November 2021, the latest practicable date for the purpose of indebtedness statement in this prospectus, our lease liabilities amounted to approximately HK\$23.4 million, and we did not have any outstanding bank borrowings and we did not have unutilised banking facilities as of 30 November 2021.

FINANCIAL INFORMATION

Our Directors confirm that, during the Track Record Period and up to 30 November 2021, (i) there were no material covenants restricting our ability to raise additional debt or equity financing and (ii) we had not breached any financial covenant or defaulted in repayment of bank borrowings or other loan facilities that were due. As of 30 November 2021, there had not been any material adverse change in our indebtedness liabilities or financial or trading position. Other than as disclosed above, as otherwise disclosed in this prospectus, 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 acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities, as of 30 November 2021. We do not expect to raise material external debt financing in the near future based on our current business plans.

Contingent liabilities

As of each of 31 March 2019, 2020 and 2021 and 31 July 2021, the Group did not have any material contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

Our operations are exposed to a variety of risks, including market risk, including foreign exchange risk and cash flow interest rate risk, credit risk, liquidity risks and operation cost risk. Our overall risk management seeks to minimise potential adverse effects on our financial performance. Our risk management is carried out under policies approved by our Directors, who provide principles for an overall risk management, as well as policies covering specific areas. For details of financial risk, please refer to note 3 to the Accountant's Report set out in Appendix I to this prospectus.

Cash flow interest rate risk

Our exposure to the risk of changes in interest rates relates primarily to our interest bearing bank borrowings with floating interest rates. As of 31 March 2019, 2020 and 2021 and 31 July 2021, our bank borrowings amounted to approximately HK\$7.5 million, HK\$3.8 million, nil and nil, respectively. We have not used any interest rate swaps to hedge our exposure to interest rate risk.

For each of the three years ended 31 March 2021 and the four months ended 31 July 2021, if the interest rates had been 100 basis-points higher/lower with all other variables held constant, pre-tax profit for the three years ended 31 March 2021 and four months ended 31 July 2021 would be HK\$7,500, HK\$38,000, nil and nil lower/higher respectively mainly due to the higher/lower interest expenses.

Credit risk

Our credit risk mainly arises from trade receivables, deposits and other receivables, amounts due from related parties and cash and bank balances. Our maximum exposure to credit risk is the carrying amounts of these financial assets.

The credit risk of cash and bank balances are limited because they are deposited in medium or large listed banks. We do not expect that there will be any significant losses from non-performance of these counterparties.

FINANCIAL INFORMATION

We have assessed that the expected loss rate for trade receivables was immaterial during the Track Record Period. We have a highly diversified source of patients, without any single patient contributing to revenue in a material way. We also have procedures in place to ensure that follow-up action is taken to recover overdue debts. Our management determines the expected credit losses on trade receivables based on Group's historical observed default rates, existing market conditions as well as forward-looking estimates at the end of each reporting period. Our management reviews patients' billing and payment status at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In addition, we have appropriate measures in place to ensure credit sales made to customers with an appropriate credit history. During the Track Record period, we had not identified specific concentrations of credit risk related to trade receivables, as the amounts recognised represent a large number of receivables from various customers.

The credit risk of deposits and other receivables and amounts due from related parties have been assessed with reference to historical information about the counterparties default and financial positions of the counterparty. We consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12-month expected credit losses and the expected credit loss rate for these financial assets is immaterial under 12 months expected credit losses model.

Liquidity risk

We adopt prudent liquidity risk management by maintaining sufficient cash balances and the availability of receiving funding from related parties to meet our financial commitments when they become due. Accordingly, we believe that we do not have significant liquidity risk.

We maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer terms. We aim to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and finance leases. For further details, please refer to note 3 to the Accountant's Report in Appendix I set out in this prospectus.

Capital risk management

Our capital structure consists of shareholders' equity and borrowings. In order to maintain or adjust our capital structure, we may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. We monitor capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. The net debt includes the total borrowings including lease liabilities less cash and cash equivalents. As of 31 March 2019, 2020 and 2021 and 31 July 2021, we maintained at net cash position.

FINANCIAL INFORMATION

Operation cost risk exposure

The following sensitivity analysis illustrates the impact of hypothetical changes, based on historical fluctuations of (i) consultancy fees; (ii) employee benefit expenses; and (iii) inventories used for the Track Record Period:

Sensitivity analysis on consultancy fees

% change in consultancy fees	For the years ended 31 March			For the four months ended
	2019	2020	2021	31 July
	Impact on profit or loss account (after tax)			2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
+ 5%	(1,790)	(2,117)	(2,328)	(941)
+ 10%	(3,580)	(4,233)	(4,656)	(1,882)
+ 15%	(5,370)	(6,350)	(6,983)	(2,823)
+ 20%	(7,159)	(8,466)	(9,311)	(3,764)

Sensitivity analysis on employee benefit expenses

% change in employee benefit expenses	For the years ended 31 March			For the four months ended
	2019	2020	2021	31 July
	Impact on profit or loss account (after tax)			2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
+ 5%	(1,339)	(1,809)	(1,516)	(550)
+ 10%	(2,678)	(3,617)	(3,033)	(1,101)
+ 15%	(4,017)	(5,426)	(4,549)	(1,651)
+ 20%	(5,356)	(7,234)	(6,066)	(2,202)

Sensitivity analysis on inventories used

% change in costs of inventories consumed	For the years ended 31 March			For the four months ended
	2019	2020	2021	31 July
	Impact on profit or loss account (after tax)			2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
+ 5%	(1,537)	(1,635)	(1,544)	(515)
+ 10%	(3,074)	(3,270)	(3,089)	(1,030)
+ 15%	(4,612)	(4,905)	(4,633)	(1,545)
+ 20%	(6,149)	(6,540)	(6,177)	(2,060)

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, our amounts due to related parties are non-trade nature and mainly represented accrued consultancy fee for medical practitioners owed to the Partnership. As of 31 March 2019, 2020 and 2021 and 31 July 2021, our amounts due to related parties amounted to approximately HK\$3.2 million, HK\$4.2 million, nil and nil, respectively. As of the Latest Practicable Date, our amounts due to related parties were fully settled.

During the Track Record Period, our amounts due from related parties are non-trade nature and represented (i) the amounts due from Clarity Medical Group Limited for it and its group companies' business operations under treasury management among the group companies of the Clarity Medical Group Limited; and (ii) amounts withdrawn from Saintford by Dr. Tse for his investment and personal use. As of 31 March 2019, 2020 and 2021 and 31 July 2021, our amounts due from related parties were nil, HK\$39.0 million, HK\$0.7 million and HK\$6.1 million, respectively. The amounts due from related parties as of 31 July 2021 had been fully settled as at the Latest Practicable Date. For the list of parties that had transactions or balances with our Group as of and during the Track Record Period, please refer to note 26 of the Accountant's Report in Appendix I to this prospectus. The table below sets forth the balances with related parties as of 31 March 2019, 2020 and 2021 and 31 July 2021, respectively:

	As of 31 March			As of 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Amounts due from related parties				
— Clarity Medical Group Limited	—	20,859	662	6,055
— Dr. Tse	—	18,189	—	—
	<u>—</u>	<u>39,048</u>	<u>662</u>	<u>6,055</u>
Current				
Amounts due to related parties				
— The Partnership ^(Note)	<u>3,177</u>	<u>4,175</u>	<u>—</u>	<u>—</u>

Note: The consultancy fee represented the total remuneration payable to medical practitioners engaged by pursuant to the management agreement entered into by Saintford and Tse, Lau & Hui Medical Practice in April 2015. There was no consultancy fee paid to the Partnership following the dissolution of the Partnership in May 2020. For details, please refer to the section headed "History, Reorganisation and Corporate Structure — History and Development — Our Business Operation" of this prospectus.

FINANCIAL INFORMATION

With respect to the related party transactions set forth in note 26 of the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms, and their terms were fair, reasonable and in the interest of our Company and Shareholders as a whole. After the Listing, the related party transactions to be continued will include (i) the IT Consulting Agreement entered into between Saintford and Star Lite; (ii) the consultancy fee paid to Starry Profit Limited (which is the service company of Dr. Hui); and (iii) the consultancy fee paid to Metro Grace Limited (which is the service company of Dr. Lau). The table below sets forth the related party transactions that were carried out for the periods indicated:

	For the years ended 31 March			For the four months ended	
	2019	2020	2021	31 July	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Consultancy fee to the Partnership ^(Note)	(42,871)	(50,696)	(3,584)	(3,584)	—
Management fee paid to Eyecare Hong Kong Holding Limited	(1,281)	—	—	—	—
Consultancy fee to Starry Profit Limited	—	—	(2,200)	(600)	(800)
Consultancy fee to Metro Grace Limited	—	—	(2,200)	(600)	(800)
IT consultancy services to Star Lite Energy Management Limited	<u>(180)</u>	<u>(180)</u>	<u>(180)</u>	<u>(60)</u>	<u>(57)</u>

Note: The consultancy fee represented the total remuneration payable to medical practitioners engaged by Tse, Lau & Hui Medical Practice pursuant to the management agreement entered into by Saintford and Tse, Lau & Hui Medical Practice in April 2015. There was no more consultancy fee paid to the Partnership following the dissolution of the Partnership in May 2020. The consultancy fee were paid to the Medical Practitioners personally or their respective service companies under the Novation Agreements.

LISTING EXPENSES

Assuming that the Over-allotment Option is not exercised, the Listing expenses (including underwriting commission) are estimated to be HK\$41.9 million (based on the mid-point of the indicative range of the Offer Price of HK\$2.3), representing approximately 14.6% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$2.3 per Offer Share, being the mid-point of the stated range of the Offer Price), of which an amount of HK\$8.6 million and HK\$7.1 million has been charged to the consolidated statements of comprehensive income for the year ended 31 March 2021 and the four months ended 31 July 2021, respectively. We expect that HK\$11.7 million will be charged to the consolidated statements of comprehensive income for the year ending 31 March 2022, and HK\$21.6 million will be accounted for as a deduction from equity upon Listing. The amount of Listing expenses could have an adverse impact on our profitability for the year ending 31 March 2022. Listing expenses incurred for engagement of professional parties in connection with the Listing and the underwriting commission relating to underwriting the new Shares of the Global Offering are to be borne by our Company as all professional services rendered in connection with the Listing are for our Company's benefits and interests to be brought by its

FINANCIAL INFORMATION

listing status. Our Company will not have any interest in the sale of the Sale Shares and therefore any underwriting commission, fees and expenses in that regard will be borne by the Selling Shareholder.

DIVIDENDS

For the years ended 31 March 2019 and 2021, dividends declared and settled to respective shareholding of members of our Group amounted to approximately HK\$43.5 million and HK\$78.0 million, respectively. On 15 November 2021, our Group had also declared and settled dividends to the respective shareholding members of our Company amounted to approximately HK\$26.0 million. The foregoing should not be viewed as basis to determine the level of dividends that may be declared in the future. After the completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board.

Under our Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Act and the Articles of Association. According to the Companies Act and the Articles, dividend may be declared and paid out of profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Further, with the sanction of an ordinary resolution passed by the shareholders at a general meeting, dividends may also be declared and paid out of share premium account provided that immediately following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. Our Company has been advised by its Cayman legal advisers that provided that our Company complies with the foregoing, dividend may be paid by our Company notwithstanding that our Company may have accumulated losses. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, *inter alia*, our Group's earnings, financial position, business conditions, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider that if there is material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate. We will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods, and there is no pre-determined dividend payout ratio.

Our Company was incorporated on 19 February 2019 and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For the unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules to show the effect of the Global Offering on our net tangible assets as of 31 July 2021, as if the Global Offering had taken place on that date, please refer to Appendix II to this prospectus. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets had the Global Offering been completed on 31 July 2021 or at any future date.

NO DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since 31 March 2021, our operation had expanded. The number of patient and patient visits had increased from 9,191 and 21,895 for the six months ended 30 September 2020 to 10,595 and 24,558 for the six months ended 30 September 2021, representing an increase of 15.3% and 12.2%, respectively.

In April 2021, an additional Medical Practitioner had commenced her employment with our Group. Furthermore, we entered into an employment agreement with a Registered Medical Practitioner specialised in ophthalmology in September 2021 and he had commenced his employment in November 2021, making a total of 11 Medical Practitioners as of the Latest Practicable Date. In addition, we had renewed the tenancy agreement of our leased property located on 9th Floor of Wai Fung Plaza, which is part of our Mong Kok Medical Centre for a term until 31 December 2022.

We incurred Listing expenses of HK\$8.6 million and HK\$7.1 million for the year ended 31 March 2021 and the four months ended 31 July 2021, respectively. We expect that HK\$11.6 million of Listing expenses will be charged to the consolidated statements of comprehensive income for the year ending 31 March 2022 and HK\$15.9 million will be accounted for as a deduction from equity upon Listing. In addition, we expect to incur additional consultancy fees and employee's benefit expenses as a result of the addition of two Medical Practitioners which one of them had commenced her employment in April 2021 and the other shall commence his employment in November 2021 and a pay rise will be given to our employees in the second quarter of the financial year ending 31 March 2022. The amount of Listing expenses and the expected increase in consultancy fees and employee's benefit expenses may have an adverse impact on our profitability for the year ending 31 March 2022.

On 15 November 2021, our Group had declared and settled dividends to the respective shareholding members of our Company amounted to approximately HK\$26.0 million.

Our Directors confirm that, after the Track Record Period and up to the date of this prospectus: (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operation position; (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountant's Report in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our Strategies” of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.3 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$245.6 million, after deduction of underwriting fees, commissions and other estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised:

- approximately 44.8%, or HK\$110.0 million, will be used for establishing two new medical centres in Hong Kong for the provision of ophthalmic services.

We plan to open one new medical centre in Kowloon and one on the Hong Kong Island. In deciding the specific locations for the new medical centres, we will consider various factors, including the suitability of the premises under the then current Hong Kong laws and regulations, the accessibility of the premises, its approximation to our existing network and the rental rate. The two new medical centres in Kowloon and on Hong Kong Island is expected to have a gross floor area of approximately 10,000 sq.ft. and approximately 8,000 sq.ft., respectively, and it is expected that both of them will be capable of providing full range of consultation and examination services, treatment services and prescription services, which are expected to commence operations in the second half of 2022 and the second half of 2023, respectively. For the two new medical centres in Kowloon and on Hong Kong Island, we expect that our capital expenditures, including operating lease payments, purchases for medical devices and equipment and other relevant operation costs, will amount to approximately HK\$35.5 million and approximately HK\$34.6 million, respectively. For each of the new medical centre in Kowloon and on the Hong Kong Island, we plan to acquire the following, among others, key medical devices and equipment which are material to the operation of the new medical centres:

<u>Medical devices and equipment</u>	<u>Function</u>	<u>Quantity</u>
VisuMax Femtosecond Laser System 90°	To conduct SMILE surgery and Femtosecond LASIK surgery	2
LensAR Laser System	Provides customised treatment by using femtosecond laser and break the cataractous lens	2
Oculus Pentacam	Measurement of the anterior and posterior corneal surfaces	4
Centurion vision system	To conduct cataract surgeries	2
Optical Coherence Tomography	Provide comprehensive solution for retinal analysis	4

FUTURE PLANS AND USE OF PROCEEDS

We plan to recruit approximately 20 frontline staff for each of the two new medical centres, including approximately three optometrists, one registered and enrolled nurse, one pharmacist, approximately two customer service staff and approximately ten nursing staff, and approximately three Registered Medical Practitioners for each of the two new medical centres. Our employee benefit expenses for the two new medical centres in Kowloon and on Hong Kong Island are expected to be approximately HK\$19.9 million and approximately HK\$19.9 million, respectively, which can support the remunerations to be paid to the newly recruited Registered Medical Practitioners and frontline staff of each of the two new medical centres for a term of approximately one year. The number of Registered Medical Practitioners and frontline staff to be recruited for the two new medical centres is determined with reference to the expected scope of ophthalmic services as stated above and the number of Medical Practitioners and frontline staff currently working under the Medical Centres. Details of the Registered Medical Practitioners and the frontline staff which our Group plans to recruit is as out below:

Staff	Education and experience	Average level of monthly salary per staff (approximate)
Registered Medical Practitioners	Specialists in ophthalmology	HK\$420,000
Optometrists	Registered optometrists with more than three years of experience	HK\$40,000
Pharmacists	Registered pharmacists with at least one year of experience	HK\$30,000
Registered and enrolled nurses	Registered or enrolled nurses with the Nursing Council of Hong Kong with more than one year of experience	HK\$30,000
Customer service staff	Diploma or above with more than five years of experience	HK\$20,000
Nursing staff	Secondary education or above with more than three years of experience	HK\$18,000
Back office staff	Diploma or above with more than three years of experience	HK\$20,000

The table below sets forth the expected timeframe and estimated investment for the establishment of the two new medical centres:

Location of medical centres	Expected timeframe for the commencement of operations	Estimated investment amount <i>HK\$ million</i>
Kowloon	Second half of 2022	55.4
Hong Kong Island	Second half of 2023	54.6

FUTURE PLANS AND USE OF PROCEEDS

Bases of estimation

The above estimates for the establishment of the two new medical centres in Hong Kong are based primarily on our experience gained from operating our Medical Centres, the pricing strategies, the specific locations, and the anticipated market positioning of the medical centres to be established.

Investment payback and breakeven period

Our Directors had estimated that it will take an average of two and a half years to achieve investment payback when the cash flow generated will be equal to the initial costs of establishing the two medical centres and that the new medical centres will reach breakeven within one year of operations when the monthly revenue will be equal to the monthly operating expenses (excluding finance costs, income tax expense, depreciation and amortisation).

- approximately 30.5%, or HK\$75.0 million, will be used to acquire majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals, each of which, after adoption of our business model and standardised clinical practice, can reach the operating scale of approximately three to six medical practitioners, approximately 35 to 40 frontline staff (including optometrists, registered and enrolled nurses and nursing staff) and a gross floor area of approximately 10,000 to 15,000 sq.ft. in selected cities in the Greater Bay Area with strong consumer spending power. Other than provision of general consultation and examination service, the relevant eye-related clinic, outpatient department or hospital would focus on provision of refractive treatments. We expect each medical practitioners can provide on average approximately 40 refractive treatments monthly. In evaluating our potential acquisition targets, which may include eye-related clinics, outpatient department or hospitals established in different states, we would prudently consider various factors where applicable, including without limitation to, (i) their key licences, approvals and permits, in particular that the target should possess Medical Institution Practising Licence (醫療機構執業許可證) issued by the National Health Commission of the PRC or its local counterparty, as we regard such licences would facilitate our business operations in the PRC as we will not be required to put additional resources and efforts to apply for such licence for targets which have not obtained the licence, (ii) the background of the potential target shareholders, (iii) their past financial performance, in particular that they shall have no substantive indebtedness and/or capital contribution obligations, (iv) their past compliance record in terms of provision of ophthalmic services, (v) their existing scope of ophthalmic services and key medical devices, in particular that they shall provide ophthalmic services which are substantively in line with ours, (vi) their operating scale, in particular the capacity for substantive upgrade and enhancement in order to deliver quality ophthalmic services which are consistent with those provided by the Medical Centres, (vii) location, in particular that the selected cities shall have strong consumer spending power with reasonably intensive competition environment and the potential acquisition targets shall be centrally located in the selected cities, and (viii) the reputation of the potential acquisition targets and their medical practitioners. We would highly value the background, business networks, competitiveness and the potential cooperative synergies of such potential target shareholder(s). As of the Latest Practicable Date, we have yet to identify targets for our acquisition purpose. We also intend to utilize the proceeds from the Listing for brand building in the Greater Bay Area of the PRC through different social

FUTURE PLANS AND USE OF PROCEEDS

media platforms in order to raise awareness of our brand “Clarity” to potential patients. Such brand building activities are vital for our Group to establish ourselves in the ophthalmic services market in the PRC.

The table below sets forth the expected timeframe and estimated investment for our acquisition plan:

<u>Facilities</u>	<u>Expected timeframe for completion of the acquisition</u>	<u>Estimated investment amount</u> <i>HK\$ million</i>
Eye-related clinic, outpatient department or hospital A in selected cities in the Greater Bay Area	12–24 months after the Listing	37.5
Eye-related clinic, outpatient department or hospital B in selected cities in the Greater Bay Area	12–24 months after the Listing	37.5

Bases of estimation

The above estimates for the acquisition of the two eye-related clinics, outpatient department or hospitals in the PRC are based primarily on our experience gained from operating our Medical Centres where we can assess whether the targets are profitable in the long run and the soundness of their operation model based on our knowledge. Our estimated investment amount for the acquisition of eye-related clinic, outpatient department or hospital in selected cities in the Greater Bay Area is also arrived at based on the estimation of the pricing strategies, the specific locations, and the anticipated market positioning of potential acquisition targets, and may vary if we decide to acquire only one eye-related clinic, outpatient department or hospital in the PRC. We have also make reference to publicly available information of acquisitions of eye-related clinics, outpatient departments or hospitals in the PRC conducted by our counterparts, including listed companies, based on information such as scale of operation, financial information and value of assets of the targets and through discussion with the Strategic Committee, which comprises of members with ample experience in operation of the ophthalmic healthcare service industry in the PRC.

Investment payback and breakeven period

Our Directors had estimated that it will take an average of three to four years to achieve investment payback when the cash flow generated will be equal to the initial costs of acquisition of the two eye-related medical centres and that the two eye-related medical centres will reach breakeven within one and a half years of operations when the monthly revenue will be equal to the monthly operating expenses (excluding finance costs, income tax expense, depreciation and amortisation).

- approximately 14.7%, or HK\$36.0 million, will be used to set up a medical centre for the provision of ophthalmic medical services in the PRC with suitable collaboration partners. We expect that the collaboration partners can provide human resources and/or medical supplies for the establishment of the medical centre and our Group shall contribute with

FUTURE PLANS AND USE OF PROCEEDS

our business model, standardised clinical practice and administration and operation model to the medical centre. We expect that there will be approximately three to five medical practitioners, approximately 35 to 40 frontline staff (including optometrists, registered and enrolled nurses and nursing staff) in the medical centre which will have a gross floor area of approximately 10,000 to 15,000 sq.ft. located in the Greater Bay Area. In selecting our collaboration partners, we will take into considerations their reputation, operating history, compliance records, human resources and the synergy that the collaboration will be brought to our Group.

As of the Latest Practicable Date, we had not identified any specific collaboration partners or had any specific plans or entered into any definitive agreements with any collaboration partners. The table below sets forth the expected timeframe and estimated investment for our collaboration plan:

<u>Facilities</u>	<u>Expected timeframe for the commencement of operations</u>	<u>Estimated investment amount</u> <i>HK\$ million</i>
Medical Centre with our collaboration partner in the PRC	12–24 months after the Listing	36.0

Bases of estimation

The above estimates for the establishment of the new medical centre in the PRC are based primarily on the pricing strategies, the specific locations, and the anticipated market positioning of the medical centres to be established. The estimated investment amount is also arrived at based on quotation obtained from suppliers in the PRC of equipment and consumables used in ophthalmic medical centres, the publicly available information of salary level of medical practitioners, frontline staff and administrative staff in the Greater Bay Area.

Investment payback and breakeven period

Our Directors had estimated that it will take an average of three to four years to achieve investment payback when the cash flow generated will be equal to the initial costs of setting up the new medical centre with our collaboration partners and that the new medical centre will reach breakeven within one and a half years of operations when the monthly revenue will be equal to the monthly operating expenses (excluding finance costs, income tax expense, depreciation and amortisation).

- the remaining amount of approximately 10.0%, or HK\$24.6 million, of the net proceeds, will be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

REASONABLENESS AND FEASIBILITY OF OUR EXPANSION PLANS

We believe that our expansion plans in Hong Kong and the PRC is reasonable and feasible on the following grounds:

- (i) ***The Group had conducted thorough research on its expansion plan:*** In preparation for our expansion plan, we have conducted thorough research in respect of expanding our network in Hong Kong, Guangdong and Shenzhen to gain insight into such markets and ensure that our expansion plan is supported by sufficient demand. The research covers, among other things, (i) market size and demographics; (ii) patient base; (iii) pricing; (iv) competition; (v) site selection; (vi) revenue and cost structure; (vii) availability of qualified medical practitioners; and (viii) legal framework for operation of medical institutions;
- (ii) ***The market data has suggested growing demand for ophthalmic healthcare services in Hong Kong, Guangzhou and Shenzhen:*** Taking into account the market size of Hong Kong, Guangzhou and Shenzhen, we consider that each of the markets offer attractive features which allow our Group to explore opportunity for growth and capture the demand for ophthalmic healthcare services. Set out below is a summary of the relevant data of these markets according to Frost & Sullivan and the competitive advantages that our Group possesses:
 - (a) ***Hong Kong:*** the market size of private ophthalmic healthcare service market in Hong Kong is expected to grow further, from HK\$4,587.9 million in 2021 to HK\$5,872.0 million in 2025, with a CAGR of 6.4%. It is also expected that the myopia population in Hong Kong will increase to 4.0 million in 2025 due to increasing social behaviour and prevalence of digital products. The relatively lower penetration rate of ophthalmic medical service in Hong Kong at 9.3% in 2019 as compared to other developed countries is expected to drive the demand for ophthalmic medical services.

Our Group is well equipped and positioned in capturing the expected growth in the Hong Kong market based on our established brand, our track record and quality of services rendered by our experienced and seasoned Medical Practitioners. We ranked fourth in 2020 in terms of revenue from ophthalmic healthcare services among all private healthcare institutions in Hong Kong with a market share of 5.0% and ranked (i) first in SMILE surgery; (ii) second in multifocal IOL replacement; and (iii) first in ICL implantation, in terms of revenue generated from the respective type of treatment in 2020. We also accounted for approximately 38.0% of Hong Kong's SMILE surgery market by revenue, approximately 6.0% of Hong Kong's multifocal IOL replacement market by revenue and approximately 46.4% of Hong Kong's ICL implantation in 2020. Our brand of "Clarity" is well recognised in Hong Kong as a leading provider of ophthalmic services and we have received various awards for our quality of services throughout our track record; and

- (b) ***Guangzhou and Shenzhen:*** as compared to the Hong Kong market, the market size of private ophthalmic healthcare services in the Greater Bay Area is substantially larger with RMB6.9 billion recorded in 2019 and the market size of Guangzhou and Shenzhen represent one-third of the Greater Bay Area. The growth rate of Guangzhou and Shenzhen market has a higher growth rate than that of Hong Kong and is expected to increase at a CAGR of 17.3% and 16.0% from the year 2020 to 2024, respectively. The higher growth rate is attributable to various market drivers, such as higher demands by aging population and increasing prevalence of

FUTURE PLANS AND USE OF PROCEEDS

eye diseases, improvement of living standards and favourable government policies on medical services. The expected increase in demand for private ophthalmic healthcare services in Guangzhou and Shenzhen indicates that there will be a shortage of ophthalmic healthcare services in the area which justifies our Group's expansion plan in the Greater Bay Area;

- (iii) ***Recovery of economy:*** While we have recorded increase in revenue throughout the Track Record Period, the number of patient visits had decreased from 15,831 for the year ended 31 March 2020 to 15,311 for the same period in 2021. The decrease was primarily due to the drop in number of new patients due to increased competition from other industry players who had adopted a more competitive pricing and market strategy and partly due to the economic downturn caused by the impact of COVID-19. According to Frost & Sullivan, since the second half of 2020, the overall market demand for ophthalmic healthcare services in Hong Kong had started to recover as the impact of the COVID-19 outbreak had alleviated. The recovery of the business environment can be demonstrated by the strong growth in revenue from approximately HK\$65.4 million for the four months ended 31 July 2020, where Hong Kong was experiencing the second wave of COVID-19 outbreak, to approximately HK\$78.4 million for the same period of 2021, representing a growth of 19.9%. Our Directors are of the view that with the recovery of the economic environment and alleviated impact of COVID-19 in Hong Kong, there will continue to be a strong demand for our services in Hong Kong;
- (iv) ***Our Group's performance as compared to the market:*** According to Frost & Sullivan, the market size of private ophthalmic services in Hong Kong had recorded a growth of 7.3% from 2018 to 2020. Despite the increase in competition in the market in recent years, our Group had slightly outperformed the market, recording an increase of revenue of 7.6% from the year ended 31 March 2019 to the same period in 2021. While we continued to rank first in SMILE surgery in terms of revenue in 2020 with a market share of 38.0%, we have also outperformed the market in other types of refractive treatments that we offer to our patients. We have recorded a substantial growth in revenue of 78.0% generated from ICL implantations from the year ended 31 March 2019 to the same period in 2021 as compared to the growth of 46.6% from 2018 to 2020 in the Hong Kong private healthcare institutions market, according to Frost & Sullivan. We have also recorded a growth of revenue of LASIK surgeries of 33.6% during the Track Record Period while the market had recorded a decrease in market size of 7.4% from 2018 and 2020. In view of the above, we consider that we will be able to continue to capture the market demand and drive our business growth;
- (v) ***Our needs for expansion for further growth in Hong Kong:*** As illustrated in the section headed "Business — Our Strategies — A. Increasing our market share in Hong Kong — We will continue to strengthen our market position in Hong Kong by establishing new medical centres and acquisition" of this prospectus, the utilization rate in terms of the availability of our Medical Practitioners had maintained at a high level despite the expansion of the Mong Kok Medical Centre during the year ended 31 March 2020 and this has significantly limited the expansion of our operation and ability to capture the growing market demand for ophthalmic healthcare services. We intend to establish new medical centres to diversify our coverage on Hong Kong Island and Kowloon and acquire interests in ophthalmic healthcare institutions to provide easily accessible locations for our target patients from various districts in Hong Kong as we only had two locations for our patients to choose from as of the Latest Practicable Date; and

FUTURE PLANS AND USE OF PROCEEDS

- (vi) ***Our network established in the PRC will assist our Group's development in the Greater Bay Area:*** Over the years, we have established network in the PRC through our Shareholders and on business occasions. As disclosed in the section headed “Business — Our Strategies — B. Establishing our brand in the Greater Bay Area” of this prospectus, we had commenced to establish our brand in the PRC by demonstrating the experience and professional knowledge of our Medical Practitioners through online healthcare education platforms which target at more than 2.2 million users including medical practitioners in the PRC. We are also determined to ensure our expansion plans in the Greater Bay Area will be executed effectively and efficiently by establishing the Strategic Committee comprising members which have ample experience and are authoritative in the ophthalmic healthcare industry and pharmaceutical industry in the PRC. Our Directors are of the view that these steps taken will allow our Group to effectively tap into the PRC market.

In view of the above, our Directors are of the view, which the Sole Sponsor concurs, that the expansion plans of our Group in Hong Kong and the PRC, as disclosed in the section headed “Business — Our Strategies” of this prospectus are reasonable and feasible.

The allocation of the proceeds as set out above will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the midpoint of the indicative price range.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$44.3 million, after deducting underwriting commissions, fees and other estimated expenses payable by us, assuming an Offer Price of HK\$2.3 per Offer Share (being the mid-point of the Offer Price range of HK\$1.6 to HK\$3.0 per Offer Share). We intend to apply all additional net proceeds for the same purposes as set out above on a pro rata basis.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$3.0 per Offer Share, the net proceeds from the Global Offering will increase by approximately HK\$82.7 million (assuming the Over-allotment Option is not exercised), in which case we intend to apply the additional net proceeds as set out above on a pro rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.6 per Offer Share, the net proceeds from the Global Offering will decrease by approximately HK\$82.7 million (assuming the Over-allotment Option is not exercised), in which case we intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to place the same in short-term deposits with licenced banks or financial institutions in Hong Kong as permitted by the relevant laws and regulations.

We estimate that the net proceeds to be received by the Selling Shareholder from the sale of Sale Shares (after deduction of underwriting commissions payable by our Selling Shareholder in relation to the Global Offering, and assuming an Offer Price of HK\$2.3 per Offer Share, being the mid-point of the Offer Price range and assuming the Over-allotment Option is not exercised) are approximately HK\$23.9 million. We will not receive any of the proceeds from the Sale Shares.

UNDERWRITING

HONG KONG UNDERWRITERS

China Everbright Securities (HK) Limited

CMB International Capital Limited

Zhongtai International Securities Limited

ABCI Securities Company Limited

BOCOM International Securities Limited

Bradbury Securities Limited

Chuenman Securities Limited

CMBC Securities Company Limited

First Shanghai Securities Limited

Futu Securities International (Hong Kong) Limited

Guotai Junan Securities (Hong Kong) Limited

Shenwan Hongyuan Securities (H.K.) Limited

Valuable Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreements

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 Underwriters, in each case on a several basis. The Hong Kong Underwriting Agreement was entered into on 28 January 2022 and, subject to an agreement being reached on the Offer Price between the Company (for itself and on behalf of the Selling Shareholder) and the Joint Representatives (for themselves on behalf of the Underwriters). The Hong Kong Underwriting Agreement is conditional upon (among other things) the International Underwriting Agreement being entered into and having become effective, and the respective Underwriting Agreements are expected to be inter-conditional. See the section headed “Structure of the Global Offering”.

Hong Kong Underwriting Agreement

Subject to the Listing Committee granting listing of, and permission to deal in, our Shares in issue and our Shares to be issued as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe for or procure subscribers to subscribe for, their respective applicable proportions of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Hong Kong Underwriting Agreement. The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares are subject to termination.

UNDERWRITING

Grounds for termination by the Hong Kong Underwriters

The Joint Representatives, at their sole and absolute discretion, may, for themselves and on behalf of the Hong Kong Underwriters, upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Joint Representatives:
 - (i) that any statement contained in this Prospectus, the **GREEN** Application Form, the formal notice and/or any notices, announcement published on the Stock Exchange website and/or advertisement, documents or other written materials (including any advertisements, brochures, marketing materials and presentations) approved to be used by our Company in connection with the Hong Kong Public Offering, and/or the preliminary offering circular and the final offering circular to be issued by our Company in connection with the International Offering, and/or any notices, announcements, advertisements or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”) was, when it was issued, or has become, untrue, incorrect, or misleading or deceptive in any material respect, or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute reasonable opinion of the Joint Representatives (for themselves and on behalf of other Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
 - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters) which has or may have or will have a material adverse effect, or any development involving or likely to involve a prospective material adverse effect, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial, operational or otherwise, or performance of our Company and its subsidiaries, taken as a whole (“**Material Adverse Effect**”) on the Global Offering; or
 - (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of Ultimate Bliss, Dr. Tse, Dr. Lau, Dr. Hui, Mr. Wong and Mr. Lo Tsz Hong as warrantors (the “**Warrantors**”) under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or
 - (v) any event that has or may have or will have a Material Adverse Effect on our Company or the Global Offering; or
 - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any of the representations, warranties, agreements and undertakings to be given by the Warrantors under the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) our Company withdraws any of the Relevant Documents or the Global Offering; or
 - (ix) any expert (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offer Documents; or
 - (x) a significant portion of the orders in the book-building process, at the time the International Underwriting Agreement is entered into have been withdrawn, terminated or cancelled, and the Joint Representatives, in their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, in the nature of force majeure (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities, acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, political change, economic sanctions, withdrawal of trading privileges, state of emergency, outbreaks, escalation, adverse mutation or aggravation of diseases, pandemics or epidemics or interruption or delay in transportation) in or affecting any of the U.S., the United Kingdom, the European Union, Hong Kong, the PRC, the Cayman Islands, the British Virgin Islands or any other jurisdictions relevant to any member of our Group (collectively, the “**Specific Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Specific Jurisdictions; or
 - (iii) any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or
 - (iv) any new Laws (as defined in the Hong Kong Underwriting Agreement), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or

UNDERWRITING

development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any Specific Jurisdictions; or

- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union, or any of the Specific Jurisdictions, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, a material devaluation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions; or
- (viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this Prospectus; or
- (ix) any material litigation or claim of any third party or investigations or actions being announced, threatened or instigated against any member of our Group or any of the Warrantors; or
- (x) any executive Director being charged with an indictable offence or prohibited by operation of Law (as defined in the Hong Kong Underwriting Agreement) or otherwise disqualified from taking part in the management of a company; or
- (xi) the chief executive officer of our Company vacating his or her office; or
- (xii) the commencement by any governmental or regulatory body or organisation or self-regulatory organisation of any action against any executive Director in his or her capacity as such or an announcement by any governmental, regulatory body or organization that it intends to take any such action; or
- (xiii) saved as disclosed in this Prospectus, a contravention by any member of our Group of the Listing Rules, or any other Laws (as defined in the Hong Kong Underwriting Agreement) applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or any Shares to be issued pursuant to the Over-allotment Option pursuant to the terms of the Global Offering; or

UNDERWRITING

- (xv) non-compliance of this Prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws (as defined in the Hong Kong Underwriting Agreement) applicable to the Global Offering; or
- (xvi) unless otherwise expressly consented by the Sole Sponsor, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or
- (xvii) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xviii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xix) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person),

which in each case individually or in aggregate in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the other Hong Kong Underwriters) after consultation with our Company:

- (A) has or is or will or may or could be expected to have a Material Adverse Effect; or
- (B) has or will or may have or could be expected to have a Material Adverse Effect on the success, marketability or pricing 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
- (C) makes or will make or may make it inadvisable, inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement or the Global Offering to proceed or to market the Global Offering; or
- (D) has or will or may have the adverse effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

UNDERWRITING

Lock-up

Restrictions and undertakings to the Stock Exchange pursuant to the Listing Rules

Restrictions imposed on our Company

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or other securities convertible into 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 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 in the circumstances prescribed by Rule 10.08 of the Listing Rules.

Restrictions imposed on our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders undertakes to the Stock Exchange and to our Company that except pursuant to the Global Offering (including the Over-allotment Option), they will not at any time:

- (a) during the period commencing on the date by reference to which disclosure of his/its interests in our Company is made in this prospectus and ending on the date falling six months from the Listing Date (the “**First Six-month Period**”), 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 securities of our Company in respect of which he/it is shown by this prospectus to be the beneficial owners; or
- (b) in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (a) above (the “**Second Six-month Period**”), 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 securities mentioned in paragraph (a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholdings is made in this prospectus and to the date which is 12 months from the Listing Date, they will:

- (a) when they pledge or charge any securities of our Company or interests therein beneficially owned by them in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when they receive indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Under the Hong Kong Underwriting Agreement, our Company has agreed and undertaken with each of the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), it will not, without the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the expiry of the First Six-month Period:

- (i) 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 dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, 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 other warrants or other rights to purchase, any Shares), or deposit any Shares or any other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts, or repurchase any Shares or other securities of our Company, 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 any Shares or other securities of our Company, 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 other securities of our Company); or
- (iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in sub-paragraphs (i) or (ii) or (iii) above,

in each case, whether any of the foregoing transactions specified in sub-paragraphs (i) to (iv) above is to be settled by delivery of shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the Second Six-month Period, the Company enters into any of the foregoing transactions described in sub-paragraphs (i) to (iv) above, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any shares or other securities of the Company.

Commissions and expenses

Under the terms and conditions of the Underwriting Agreements, (i) our Company has agreed to pay an underwriting commission equal to 3.50% of the aggregate Offer Price for all the Offer Shares offered under the Global Offering (including Shares to be issued pursuant to the Over-allotment Option); and (ii) our Company may pay at our sole and absolute discretion, an additional incentive fee (payable at the sole discretion of the Company) of up to 2.00% of the

UNDERWRITING

aggregate Offer Price of all the Offer Shares offered under the Global Offering (including Shares to be issued pursuant to the Over-allotment Option (save for Sale Shares, the incentive fee for which will be borne by the Selling Shareholder (if any))).

The aggregate commissions and estimated expenses, together with the Stock Exchange trading fee, SFC transaction levy, Financial Reporting Council transaction levy, Stock Exchange listing fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$41.9 million (assuming the Over-allotment Option is not exercised and an Offer Price of HK\$2.3 per Offer Share, being the mid-point of the stated range of the Offer Price in this prospectus) and are to be borne by our Company, save for such underwriting commissions, fees and expenses relating to the sale of the Sale Shares by the Selling Shareholder which will be borne by the Selling Shareholder.

The Selling Shareholder will pay underwriting commission, brokerage, SFC transaction levy, Financial Reporting Council transaction levy and Hong Kong Stock Exchange trading fee and any stamp or capital duty (if any) or premium duty (if any) in respect of the Sale Shares.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the relevant Underwriting Agreement(s) or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

INTERNATIONAL UNDERWRITING AGREEMENT

In connection with the International Offering, it is expected that we will, shortly after determination of the Offer Price, enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters to be named therein would severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at the sole and absolute discretion of the Joint Representatives for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 20,400,000 additional Shares representing, in aggregate, 15% of the Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price and will be, among others, for the purpose of covering over-allocations in the International Offering, if any.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor has declared its independence from us pursuant to Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- the Hong Kong Public Offering of 13,600,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the sub-section headed “— The Hong Kong Public Offering” in this section;
- the International Offering of 122,400,000 Shares (comprising 111,400,000 new shares and 11,000,000 Sale Shares to be offered by the Selling Shareholder, and subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for our Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for our Shares under the International Offering, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. 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 institutional and professional investors and other investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the International Offering. Prospective 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.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to re-allocation and Over-allotment Option as described in the sub-section headed “— Pricing and Allocation” in this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. Details of the underwriting arrangements are summarised in the section headed “Underwriting” of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 10 February 2022 and in any event, no later than Thursday, 17 February 2022.

The Offer Price will be not more than HK\$3.0 per Offer Share and is expected not to be less than HK\$1.6 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. 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.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Representatives (for themselves on behalf of the Underwriters) and with the consent of our Company (for ourselves and on behalf of the Selling Shareholder) consider it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may be reduced 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 Thursday, 10 February 2022, being the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.claritymedic.com) notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, the Company will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed “Summary” of this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

The Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Joint Representatives.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of our Shares pursuant to the International Offering will be determined by the Joint Representatives 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 may be made to professional, institutional and retail or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of 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, and may 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.

The final Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Thursday, 17 February 2022 through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — D. Publication of Results" of this prospectus.

STABILISATION

Stabilisation is a practise 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 retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, China Everbright Securities (HK) Limited or its affiliates, as the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising 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. Short sales involve the sale by the Stabilising Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. Covered short sales are short sales made in an amount not greater than the Over-allotment Option and a covered short position is any short position, including any such position created as a result of any covered short sales or other sales, in an amount not greater than the Over-allotment Option.

STRUCTURE OF THE GLOBAL OFFERING

The Stabilising Manager may close out any covered short position by exercising the Over-allotment Option to purchase additional Shares in consultation with the Joint Representatives, purchasing Shares in the open market or through stock borrowing arrangements or a combination of these means.

In determining the source of the Shares to close out the covered short position, the Stabilising Manager will consider, among other things, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of our Shares may be effected on any stock exchange, including the Stock Exchange, any over the counter market or otherwise, provided that they are made 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 such stabilising activity, which, if commenced, will be done at the absolute discretion of the Stabilising Manager in consultation with the Joint Representatives and may be discontinued at any time. Any such stabilising activity is required to 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 our Shares that may be over-allocated will not exceed the number of our Shares that may be sold under the Over-allotment Option, namely 20,400,000 Shares, which is 15% of the Shares initially available under the Global Offering. Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v). Stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;

STRUCTURE OF THE GLOBAL OFFERING

- liquidation of any such long position by the Stabilising Manager which may also take place during the stabilisation period, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period, which will begin on the Listing Date and is expected to expire on Saturday, 12 March 2022, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price (or, in case after the initial stabilising action, there has been a deal done or transaction effected at a price above the stabilising price on the relevant market, the price at which that deal was done or at which that transaction was effected if such price is lower than the Offer Price), which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilising period.

THE STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Stabilising Manager or any person acting for it may choose to borrow Shares from Ultimate Bliss pursuant to the Stock Borrowing Agreement (being the maximum number of Share which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option. The loan of Shares by Ultimate Bliss pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the controlling shareholders following the Listing, on the basis that such arrangement will be on the terms that:

- (i) they will only be used for settlement of over-allocations in the International Offering;
- (ii) the maximum number of Shares to be borrowed from Ultimate Bliss will be limited to the maximum number of Shares which may be issued and allotted by us and our Selling Shareholder upon exercise of the Over-allotment Option, which is limited to 20,400,000 Shares (equivalent to 15% of the Shares initially available under the Global Offering);

STRUCTURE OF THE GLOBAL OFFERING

- (iii) the same number of Shares so borrowed must be returned to Ultimate Bliss no later than three business days following the earlier of (a) the last date on which the Over-allotment Option can be exercised, and (b) the day on which the Over-allotment Option is exercised in full;
- (iv) borrowing of stock pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and
- (v) no payment will be made to Ultimate Bliss by the Underwriters in relation to the Stock Borrowing Agreement.

If the Stock Borrowing Agreement with Ultimate Bliss is entered into, it will only be effected by the Stabilising Manager or its agents for settlement of over-allocation in the International Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of any application for the Offer Shares pursuant to the Global Offering will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Shares in issue, the Shares to be issued and allotted as mentioned in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- the Offer Price having been duly agreed upon between the Joint Representatives (for themselves on behalf of the Hong Kong Underwriters) and our Company (for ourselves and on behalf of our Selling Shareholder) and the delivery of the price determination agreement on or around the Price Determination Date;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under both the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become and remaining unconditional 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 agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms. If for any reason, the Offer Price is not agreed by 12:00 noon on Thursday, 17 February 2022 between the Joint Representatives (for themselves on behalf of the Underwriters) and our Company (for ourselves and on behalf of our Selling Shareholder), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause notice of the lapse of the Hong Kong Public Offering to be published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.claritymedic.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — D. Publication of Results” of this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licenced under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended.

Share certificates for the Offer Shares are expected to be issued on Thursday, 17 February 2022 but will only become valid evidence of title at 8.00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Friday, 18 February 2022, if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Underwriting Agreement — Grounds for termination by the Hong Kong Underwriters” of this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 13,600,000 Shares at the Offer Price, representing 10% of the 136,000,000 Offer Shares initially available under the Global Offering, for subscription by the Public in Hong Kong. Subject to the re-allocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the number of Shares initially offered under the Hong Kong Public Offering will represent approximately 2.72% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any options which may be granted under the Share Option Scheme. In Hong Kong, individual retail investors are expected to apply for Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Offering will not be allotted Offer Shares in the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Representatives (for themselves on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK\$3.0 per Offer Share and is expected to be not less than HK\$1.6 per Offer Share. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK\$3.0 per Offer Share plus brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$3.0 per Offer Share, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and Financial Reporting Council transaction levy 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 — 13. Refund of Application Monies” of this prospectus.

Allocation

The allocation of 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. Such allocation 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.

For allocation purposes only, the Hong Kong Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering) will be divided equally into two pools: Pool A and Pool B, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total subscription amount (excluding brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

STRUCTURE OF THE GLOBAL OFFERING

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of 13,600,000 Shares initially comprised in the Hong Kong Public Offering (that is 6,800,000 Hong Kong Offer Shares) are liable to 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).

Reallocation

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practise Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below. If the number of Hong Kong Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 40,800,000, 54,400,000 and 68,000,000 Hong Kong Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Joint Representatives deems appropriate, and such additional Offer Shares will be re-allocated to Pool A and Pool B in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed, the Joint Representatives has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deems appropriate. In addition, the Joint Representatives, shall at its sole absolute discretion, reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times of the initial number of the Hong Kong Offer Shares; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than

STRUCTURE OF THE GLOBAL OFFERING

15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (1) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not be more than double of the number of Offer Shares initially allocated to the Hong Kong Public Offering (i.e., 27,200,000 Offer Shares); and (2) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK\$1.6 per Offer Share) stated in this prospectus. In the event that the International Offer Shares are undersubscribed under the International Offering and the Hong Kong Offer Shares are also undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements.

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 discretion of the Joint Representatives.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$3.0 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “— Pricing and Allocation”, is less than the maximum price of HK\$3.0 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. For details, please refer to the section headed “How to Apply for Hong Kong Offer Shares”.

References in this prospectus to applications, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The number of Shares to be initially offered under the International Offering will be 122,400,000 Shares (subject to adjustment and the Over-allotment Option) and comprising 111,400,000 new Shares and 11,000,000 Sale Shares to be offered by our Selling Shareholder. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the 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 Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer 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 its shareholders as a whole.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-Allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives at their sole and absolute discretion on behalf of the International Purchasers within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. An announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Joint Representatives will have the right to require us and our Selling Shareholder to allot and issue up to 20,400,000 additional Shares representing in aggregate 15% of the initial number of Offer Shares to cover over-allocations in the International Offering, if any. The Joint Representatives may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of the Over-allotment Option or by a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. An announcement will be made in the event that the Over-allotment Option is exercised.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering and the International Offering become unconditional at or before 8:00 a.m. in Hong Kong on Friday, 18 February 2022, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 18 February 2022. The Shares will be traded in board lots of 1,250 Shares.

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 Joint Representatives (for themselves on behalf of the Underwriters) and our Company (for ourselves and on behalf of our Selling Shareholder) on the Price Determination Date and subject to the other conditions set out in the sub-section headed “— Conditions of the Global Offering” in this section.

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” of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.claritymedic.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Hong Kong Share Registrar at +852 3907 7333 which is available during (i) 9:00 a.m. to 9:00 p.m. on Monday, 31 January 2022, Friday, 4 February 2022, Saturday, 5 February 2022, Monday, 7 February 2022, Tuesday, 8 February 2022, Wednesday, 9 February 2022 and (ii) 9:00 a.m. to 12:00 noon on Thursday, 10 February 2022.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service through the designated website at www.hkeipo.hk or in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp); or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing 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; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will 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.

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.

The Company, the 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 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 U.S. 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 applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

If an application is made by a person under power of attorney, the Joint Representatives may accept it at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by 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;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Representatives (or their agents or nominees), as agents of the 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 of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus, on the designated website under the **HK eIPO White Form** service and in the **IPO App**, and agree to be bound by them;
- (iv) 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;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Selling Shareholder, the Joint Representatives, the Underwriters, the **HK eIPO White Form** Service Provider 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);
- (vii) 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (viii) agree to disclose to the Company, the Selling Shareholder, our Hong Kong Share Registrar, receiving bank, the Joint Representatives, 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;
- (ix) 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 the Company, the Selling Shareholder, the Joint Representatives 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 on the designated website or in the **IPO App** under the **HK eIPO White Form** service;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. 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;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company (for ourselves and on behalf of our Selling Shareholder) 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 have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) 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;
- (xvii) understand that the Company and the Joint Representatives 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;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xix) (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 by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provision) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant and 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).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 1,250 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

NUMBER OF SHARES THAT MAY BE APPLIED FOR AND PAYMENTS (HK\$3.0 per Offer Share)

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
1,250	3,787.80	30,000	90,907.07	300,000	909,070.65	2,000,000	6,060,471.00
2,500	7,575.59	40,000	121,209.42	400,000	1,212,094.20	2,500,000	7,575,588.75
3,750	11,363.38	50,000	151,511.78	500,000	1,515,117.75	3,000,000	9,090,706.50
5,000	15,151.18	60,000	181,814.13	600,000	1,818,141.30	3,500,000	10,605,824.25
6,250	18,938.98	70,000	212,116.49	700,000	2,121,164.85	4,000,000	12,120,942.00
7,500	22,726.77	80,000	242,418.84	800,000	2,424,188.40	4,500,000	13,636,059.75
8,750	26,514.56	90,000	272,721.20	900,000	2,727,211.95	5,000,000	15,151,177.50
10,000	30,302.36	100,000	303,023.55	1,000,000	3,030,235.50	6,000,000	18,181,413.00
20,000	60,604.71	200,000	606,047.10	1,500,000	4,545,353.25	6,800,000*	20,605,601.40

* Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “— A. How to apply for Hong Kong Offer Shares — 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 or the **IPO App**.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website or the **IPO App**. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website or the **IPO App**, 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 Provider.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the Hong Kong Share Registrar at +852 3907 7333 which is available during (i) 9:00 a.m. to 9:00 p.m. on Monday, 31 January 2022, Friday, 4 February 2022, Saturday, 5 February 2022, Monday, 7 February 2022, Tuesday, 8 February 2022, Wednesday, 9 February 2022 and (ii) 9:00 a.m. to 12:00 noon on Thursday, 10 February 2022.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application through the **HK eIPO White Form** service at www.hkeipo.hk or the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 31 January 2022 until 11:30 a.m. on Thursday, 10 February 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 10 February 2022 or such later time as described under the “— 10. Effect of Bad Weather on the Opening of the Applications Lists” of this section.

6. APPLYING THROUGH CCASS EIPO SERVICE

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 **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS internet system (<https://ip.ccass.com>) (using the procedures contained 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.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Global Coordinator and our Hong Kong Share Registrar.

Applying through CCASS EIPO Service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms of this prospectus;
- (ii) 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 their agent;
 - confirm that you understand that the Company, the Selling Shareholder, the Directors and the Joint Representatives 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 the Company to place HKSCC Nominees' name on the Company's 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 (for ourselves and on behalf of our Selling Shareholder) and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 out in any supplement to this prospectus;
- agree that none of the Company, the Selling Shareholder, the Joint Representatives, 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);
- agree to disclose your personal data to the Company, the Selling Shareholder, our Hong Kong Share Registrar, receiving bank, the Joint Representatives, the Underwriters and/or its 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 our Company (for ourselves and on behalf of our Selling Shareholder) and to become binding when you give the instructions and such collateral contract to be in consideration of the 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 the Company's announcement of the Hong Kong Public Offering results;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 the Company, for itself and for the benefit of each Shareholder (and so that the 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 Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** Service, 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 the 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, the Stock Exchange trading fee and Financial Reporting Council transaction levy 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, the Stock Exchange trading fee and the Financial Reporting Council transaction levy is paid to the Financial Reporting Council) 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 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 1,250 Hong Kong Offer Shares. Instructions for more than 1,250 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Prospectus. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing or Custodian Participants should input **electronic application instructions** at the following times on the following dates:

Monday, 31 January 2022	—	9:00 a.m. to 8:30 p.m.	(Note)
Friday, 4 February 2022	—	8:00 a.m. to 8:30 p.m.	(Note)
Saturday, 5 February 2022	—	8:00 a.m. to 1:00 p.m.	(Note)
Monday, 7 February 2022	—	8:00 a.m. to 8:30 p.m.	(Note)
Tuesday, 8 February 2022	—	8:00 a.m. to 8:30 p.m.	(Note)
Wednesday, 9 February 2022	—	8:00 a.m. to 8:30 p.m.	(Note)
Thursday, 10 February 2022	—	8:00 a.m. (Note) to 12:00 noon	

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 31 January 2022, until 12:00 noon on Thursday, 10 February 2022 (24 hours daily, except on Thursday, 10 February 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 10 February 2022, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed “— 10. Effect of Bad Weather on the Opening of the Application Lists” below.

Note: 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.

The application for the Hong Kong Offer Shares will commence on Monday, 31 January 2022 through Thursday, 10 February 2022. Such time period is longer than the normal market practice of 3.5 days. The application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, 17 February 2022. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, 18 February 2022.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Selling Shareholder, the Hong Kong Share Registrar, the receiving bank, the Joint Representatives, 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 for 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, the Selling Shareholder, the Directors, the Sole Sponsor and the Underwriters take no responsibility for any 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.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC, 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 connecting to the CCASS phone system or the CCASS internet system to submit their **electronic application instructions**, they should

HOW TO APPLY FOR HONG KONG OFFER SHARES

go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 10 February 2022, or such later time as described under the section headed “— 10. Effect of Bad Weather on the Opening of the Application Lists” below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) 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**), and the number of Hong Kong Offer Shares applied 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 behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made. 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).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$3.0 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%. This means that for one board lot of 1,250 Hong Kong Offer Shares, you will pay HK\$3,787.80. You must pay the maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and the Financial Reporting Council transaction levy is paid to the Financial Reporting Council in full upon application for Hong Kong Offer Shares under the terms set out in the Prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 1,250 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,250 Hong Kong Offer Shares must be in one of the numbers set out in “4. Minimum Application Amount and Permitted Numbers” in this section or as otherwise specified on the designated website at www.hkeipo.hk or the **IPO App**.

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, the SFC transaction levy is collected by the Stock Exchange on behalf of the SFC and the Financial Reporting Council transaction levy is collected by the Stock Exchange on behalf of the Financial Reporting Council.

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

10. EFFECT OF BAD WEATHER 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
- a “black” rainstorm warning
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 10 February 2022. 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 signals in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon. For this purpose, “Business Day” means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists do not open and close on Thursday, 10 February 2022 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

It is expected that the final Offer Price, the level of indications of interest in the International Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares will be published on Thursday, 17 February 2022 on the Company’s website at www.claritymedic.com and the website of the Stock Exchange at 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 the Company’s website at www.claritymedic.com and on the website of the Stock Exchange at www.hkexnews.hk on Thursday, 17 February 2022;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- from the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult or the “IPO App” with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 17 February 2022 to 12:00 midnight on Wednesday, 23 February 2022. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result; and
- by telephone enquiry line by calling 3691-8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 17 February 2022 to Tuesday, 22 February 2022 (excluding Saturday, Sunday and public holiday in Hong Kong)

If the 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 of the Global Offering”.

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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked

By applying through the **CCASS EIPO** service or the **HK eIPO White Form** service, 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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked 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 the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, you may or may not (depending on the information contained in the supplement) be notified that you are required to confirm your applications. If you have been so notified but have not confirmed your applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 our agents exercise their discretion to reject your application

Our Company, the Joint Representatives, or their respective agents have full discretion to reject or accept any application, or to accept only part of any application without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares is void

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange 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 a suspected multiple application;
- 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 allotted (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- 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 at www.hkeipo.hk or in the **IPO App**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- any of the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement does not become unconditional or is terminated;
- our Company and the Joint Representatives (on behalf of our Company) believe that the acceptance of your application would violate the applicable securities or other laws, rules or regulations; or
- you apply for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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\$3.0 per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering — Conditions of the Global Offering” of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies (if any) is expected to be made on Thursday, 17 February 2022.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service 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.

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund of your application monies are expected to be posted and/or available for collection (as the case may be) on or around Thursday, 17 February 2022. 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 certificates of title at 8:00 a.m. on Friday, 18 February 2022, provided that the Global Offering has become unconditional in all respects and the right of termination under the Underwriting Agreements as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Underwriting Agreement — Grounds for termination by the Hong Kong Underwriters” of this prospectus has not been exercised. Investors who trade Shares 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.

Personal Collection

(a) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 or more Hong Kong Offer Shares 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 Thursday, 17 February 2022, or such other dates as notified by the Company in the newspapers.

If you do not collect your Share certificate(s) in person within the time specified for collection, it/they will be despatched promptly to the address as specified in your application instructions by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) and/or refund cheque(s) (where relevant) will be sent to the address specified in your application instructions 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 dispatched 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 dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(b) If you apply through the CCASS EIPO service

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.

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 Thursday, 17 February 2022, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 Offer in the manner specified in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" of this prospectus on Thursday, 17 February 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 17 February 2022 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 Thursday, 17 February 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank

HOW TO APPLY FOR HONG KONG OFFER SHARES

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, the Stock Exchange trading fee and Financial Reporting Council transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 17 February 2022.

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, the 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 Settlement 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 for 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 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 CLARITY MEDICAL GROUP HOLDING LIMITED AND CHINA EVERBRIGHT CAPITAL LIMITED

Introduction

We report on the historical financial information of Clarity Medical Group Holding Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-51, which comprises the consolidated statements of financial position as at 31 March 2019, 2020 and 2021 and 31 July 2021, the statements of financial position of the Company as at 31 March 2019, 2020 and 2021 and 31 July 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021 (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-51 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 January 2022 (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 March 2019, 2020 and 2021 and 31 July 2021 and the consolidated financial position of the Group as at 31 March 2019, 2020 and 2021 and 31 July 2021 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 four months ended 31 July 2020 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 Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. 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 Hong Kong 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 24 to the Historical Financial Information which contains information about the dividends 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, 31 January 2022

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 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 Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK\$'000"), unless otherwise stated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 March			Four months ended 31 July	
		2019	2020	2021	2020	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
Revenue	5	206,601	218,376	222,381	65,448	78,398
Other income/(losses), net	6	2	(8)	6,978	3,299	1,022
Inventories used		(36,820)	(39,164)	(36,989)	(10,953)	(12,334)
Consultancy fee		(42,871)	(50,696)	(55,756)	(16,707)	(22,537)
Employee benefit expenses	8	(32,070)	(43,319)	(36,321)	(11,635)	(13,183)
Depreciation for plant and equipment	12	(6,495)	(6,803)	(8,377)	(2,295)	(3,156)
Depreciation of right-of-use assets	20	(12,647)	(17,342)	(18,341)	(6,285)	(5,541)
Expenses incurred in connection with the Company's listing		(16,524)	(4,799)	(8,584)	(3,896)	(7,062)
Other expenses	7	(18,488)	(21,964)	(20,272)	(6,308)	(8,061)
Operating profit		40,688	34,281	44,719	10,668	7,546
Finance costs	9	(1,236)	(1,115)	(903)	(372)	(181)
Profit before income tax		39,452	33,166	43,816	10,296	7,365
Income tax expense	10	(9,413)	(6,779)	(8,047)	(1,749)	(2,216)
Profit and total comprehensive income for the years/periods attributable to owners of the Company		<u>30,039</u>	<u>26,387</u>	<u>35,769</u>	<u>8,547</u>	<u>5,149</u>
Earnings per share for profit attributable to owners of the Company during the year/period (expressed in HK\$ per share)						
— Basic	11	<u>6,756</u>	<u>5,600</u>	<u>5,619</u>	<u>1,343</u>	<u>809</u>
— Diluted	11	<u>6,539</u>	<u>5,540</u>	<u>5,619</u>	<u>1,343</u>	<u>809</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 July
	Note	2019	2020	2021	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Plant and equipment	12	25,661	24,476	25,197	22,080
Right-of-use assets	20	9,214	26,953	12,026	12,101
Deposits and other receivables	14	1,866	4,311	551	1,302
		36,741	55,740	37,774	35,483
Current assets					
Inventories	13	3,668	5,739	4,200	4,852
Trade receivables	14	1,318	764	1,885	1,135
Deposits, prepayments and other receivables	14	4,416	2,396	7,767	9,734
Amounts due from related parties	26	—	39,048	662	6,055
Cash and cash equivalents	15	34,630	65,649	64,862	64,164
		44,032	113,596	79,376	85,940
Total assets		80,773	169,336	117,150	121,423
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	—	—	—	—
Share premium	16	53,899	108,849	108,849	108,849
Reserves		(15,347)	13,876	(28,355)	(23,206)
Total equity		38,552	122,725	80,494	85,643
LIABILITIES					
Non-current liabilities					
Provisions	18	800	1,250	1,250	1,250
Lease liabilities	20	1,452	9,167	3,397	3,530
Deferred income tax liabilities	21	1,285	799	462	63
		3,537	11,216	5,109	4,843
Current liabilities					
Trade payables	18	4,394	7,905	8,410	7,459
Accruals and other payables	18	11,828	2,325	11,501	11,568
Amount due to a related party	26	3,177	4,175	—	—
Bank borrowings	19	7,502	3,845	—	—
Lease liabilities	20	6,890	16,998	8,561	8,027
Income tax payable		4,893	147	3,075	3,883
		38,684	35,395	31,547	30,937
Total liabilities		42,221	46,611	36,656	35,780
Total equity and liabilities		80,773	169,336	117,150	121,423

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 March			As at 31 July
	Note	2019	2020	2021	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current asset					
Investment in a subsidiary		55,925	58,761	58,761	58,761
Current asset					
Prepayment	14	—	—	1,175	3,884
Cash and cash equivalents		—	45,269	39,998	1,998
Amount due from a subsidiary	26	—	—	—	17,104
		—	45,269	41,173	22,986
Total assets		55,925	104,030	99,934	81,747
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	—	—	—	—
Share premium	16	53,899	108,849	108,849	108,849
Reserves		(14,498)	(16,609)	(25,536)	(32,597)
Total equity		39,401	92,240	83,313	76,252
LIABILITIES					
Current liabilities					
Accrual	18	10,953	1,241	4,292	5,495
Amount due to a subsidiary	26	5,571	10,549	12,329	—
		16,524	11,790	16,621	5,495
Total equity and liabilities		55,925	104,030	99,934	81,747

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Share- based payment reserve	Retained earnings/ (Accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 16)	(Note 16)	(Note 16)			
For the year ended						
31 March 2019						
At 1 April 2018	—	—	10	—	7,577	7,587
Comprehensive income						
Profit for the year	—	—	—	—	30,039	30,039
Total comprehensive income	—	—	—	—	30,039	30,039
Transactions with the owner in its capacity as owner:						
Deemed contribution from ultimate shareholders upon loan capitalisation (Note 16(b))	—	—	33,195	—	—	33,195
Deemed contribution from ultimate shareholders (Note 16(b))	—	—	9,205	—	—	9,205
Share-based payments (Note 17)	—	—	—	2,026	—	2,026
Deemed distribution to ultimate shareholders (Note 24)	—	—	—	—	(43,500)	(43,500)
Issuance of ordinary shares upon reorganisation (Note 1.2)	—	53,899	(53,899)	—	—	—
Total transactions with owners in its capacity as owner	—	53,899	(11,499)	2,026	(43,500)	926
At 31 March 2019	—	53,899	(11,489)	2,026	(5,884)	38,552

APPENDIX I

ACCOUNTANT'S REPORT

	Share capital	Share premium	Other reserves	Share- based payment reserve	(Accumulated losses)/ Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 16)	(Note 16)	(Note 16)			
For the year ended						
31 March 2020						
At 1 April 2019	—	53,899	(11,489)	2,026	(5,884)	38,552
Comprehensive income						
Profit for the year	—	—	—	—	26,387	26,387
Total comprehensive income	—	—	—	—	26,387	26,387
Transactions with the owner in its capacity as owner:						
Share-based payments (Note 17)	—	—	—	2,836	—	2,836
Issuance of ordinary shares (Note 16(a))	—	54,950	—	—	—	54,950
Total transactions with owners in its capacity as owner	—	54,950	—	2,836	—	57,786
At 31 March 2020	—	108,849	(11,489)	4,862	20,503	122,725
	Share capital	Share premium	Other reserves	Share- based payment reserve	Retained earnings/ (Accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 16)	(Note 16)	(Note 16)			
For the year ended						
31 March 2021						
At 1 April 2020	—	108,849	(11,489)	4,862	20,503	122,725
Comprehensive income						
Profit for the year	—	—	—	—	35,769	35,769
Total comprehensive income	—	—	—	—	35,769	35,769
Transactions with owners in its capacity as owner:						
Dividends declared to shareholders (Note 24)	—	—	—	—	(78,000)	(78,000)
At 31 March 2021	—	108,849	(11,489)	4,862	(21,728)	80,494

	Share capital	Share premium	Other reserves	Share-based payment reserve	Retained earnings/ (Accumulated losses)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 16)</i>	<i>(Note 16)</i>	<i>(Note 16)</i>			
For the four months ended						
31 July 2020 (Unaudited)						
At 1 April 2020	—	108,849	(11,489)	4,862	20,503	122,725
Comprehensive income						
Profit for the period	—	—	—	—	8,547	8,547
Total comprehensive income	—	—	—	—	8,547	8,547
At 31 July 2020	—	108,849	(11,489)	4,862	29,050	131,272
For the four months ended						
31 July 2021						
At 1 April 2021	—	108,849	(11,489)	4,862	(21,728)	80,494
Comprehensive income						
Profit for the period	—	—	—	—	5,149	5,149
Total comprehensive income	—	—	—	—	5,149	5,149
At 31 July 2021	—	108,849	(11,489)	4,862	(16,579)	85,643

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 March			Four months ended 31 July	
		2019	2020	2021	2020	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	22(a)	69,781	53,328	76,893	20,624	15,360
Interest paid		(381)	(239)	(86)	(46)	—
Income tax paid		(9,146)	(12,011)	(5,456)	(2,391)	(1,807)
Net cash generated from operating activities		60,254	41,078	71,351	18,187	13,553
Cash flows from investing activities						
Purchase of plant and equipment	12	(6,199)	(5,618)	(9,184)	(82)	(39)
Advance to related parties		(41,530)	(39,048)	(34,359)	(10,793)	(5,393)
Net cash used in investing activities		(47,729)	(44,666)	(43,543)	(10,875)	(5,432)
Cash flows from financing activities						
Deemed contribution from ultimate shareholders	16(b)	9,205	—	—	—	—
Dividends paid to owners of the Company	24	—	—	(5,255)	—	—
Payment of listing expenses		—	—	(1,057)	—	(2,621)
Proceeds from issuance of ordinary shares	16(a)	—	54,950	—	—	—
Repayment of bank borrowings	22(c)	(3,514)	(3,657)	(3,845)	(1,253)	—
Repayment of principal portion of lease liabilities	22(c)	(17,382)	(16,808)	(17,621)	(5,585)	(6,017)
Repayment of interest portion of lease liabilities	22(c)	(855)	(876)	(817)	(326)	(181)
Increase in amount due to a related party	22(c)	26,492	998	—	—	—
Net cash generated from/(used in) financing activities		13,946	34,607	(28,595)	(7,164)	(8,819)
Net increase/(decrease) in cash and cash equivalents		26,471	31,019	(787)	148	(698)
Cash and cash equivalents at beginning of the year		8,159	34,630	65,649	65,649	64,862
Cash and cash equivalents at end of the year	15	34,630	65,649	64,862	65,797	64,164

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Clarity Medical Group Holding Limited (the “Company”) was incorporated in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company together with its subsidiaries now comprising the Group (together, the “Group”) are principally engaged in provision of ophthalmic services (the “Listing Business”) in Hong Kong. The ultimate shareholders are Ultimate Bliss Limited (“Ultimate Bliss”), Clear Lead Ventures Limited (“Clear Lead”), WuXi AppTec (Hong Kong) Limited (“Wuxi AppTec”), Dr. Lau Yze Yan Teresa (“Dr. Lau”), Dr. Hui Yung Lam (“Dr. Hui”) and Mr. Wu Ting Yuk (“Mr. Wu”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Listing Business was primarily operated by Saintford Limited (“Saintford”) during the Track Record Period. Prior to the reorganisation, Saintford had been wholly and beneficially owned by Logmax Limited (“Logmax”) and Logmax has been wholly and beneficially owned by Clarity Medical Group Limited (“Clarity Medical”). Prior to the reorganisation, Clarity Medical was owned by Ultimate Bliss, Clear Lead, WuXi AppTec, Dr. Hui, Dr. Lau and Mr. Wu as to 42.89%, 30.22%, 20.83%, 2.77%, 2.96% and 0.33%, respectively.

In preparation for the Listing, the Group underwent a group reorganisation (the “Reorganisation”), which principally involved the following steps:

- (a) On 19 February 2019, the Company was incorporated in the Cayman Islands with limited liability. Upon its incorporation, one share was allotted and issued for cash at par to an independent third party and the share was transferred to Ultimate Bliss on the same date.
- (b) On 21 February 2019, Clarity Medical Group International Limited (“Clarity International”) was incorporated in the British Virgin Islands (“BVI”) with limited liability. Upon its incorporation, one share was allotted and issued for cash at par as fully paid to the Company.
- (c) On 20 March 2019, Clarity International acquired the entire issued share capital of Saintford from Logmax, which was satisfied by the allotment and issue of new shares by the Company to Ultimate Bliss, Clear Lead, Wuxi Apptec, Dr. Lau, Dr. Hui and Mr. Wu, as to 1,905.94 shares, 1,343.46 shares, 926.32 shares, 131.81 shares, 123.25 shares and 14.54 shares respectively, all credited as fully paid. Upon completion of the aforesaid acquisition, Saintford became the indirect wholly-owned subsidiary of the Company through Clarity International.
- (d) On 20 February 2020, the Company completed a rights issue (the “Rights Issue”) pursuant to which a total of 1,920 shares has been offered to then shareholders of the Company on a pro-rata basis. Clear lead, WuXi AppTec and Mr. Wu participated in the Rights Issue and subscribed for 1,470.88 shares, 400 shares and 49.12 shares, respectively. Upon the completion of the Rights Issue, the Company was owned by Clear Lead, Ultimate Bliss, Wuxi AppTec, Dr. Lau, Dr. Hui and Mr. Wu, as to 44.21%, 29.95%, 20.83%, 2.07%, 1.94% and 1.00%, respectively.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

Name of subsidiaries	Country and date of incorporation	Principal activities	Issued and fully paid up capital	Effective interest held by the Group					Notes
				As at 31 March			As at 31 July	As at date of report	
				2019	2020	2021	2021		
Directly held									
Clarity International	BVI, 21 February 2019	Investment holding	HK\$1	100%	100%	100%	100%	100%	(1)
Indirectly held									
Saintford Limited	Hong Kong, 31 August 2005	Provision of ophthalmic services	HK\$10,000 (before 24 December 2018) HK\$42,410,000 (on and after 24 December 2018)	100%	100%	100%	100%	100%	(2)

Notes:

- (1) No audited financial statements have been issued for this company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (2) The statutory financial statements of this company for the years ended 31 March 2019, 2020 and 2021 were audited by PricewaterhouseCoopers.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is conducted through Saintford. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management and the ultimate shareholders of the Listing Business. Accordingly, the Historical Financial Information has been prepared and presented as continuation of the financial statements of Saintford, using the carrying values of the assets, liabilities and operating results of the Listing Business for all years presented.

Intercompany transactions, balances, unrealised profits or losses on transactions between companies now comprising the Group 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 during the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and has been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRS 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 Historical Financial Information are disclosed in Note 4.

HKFRS 16, 'Leases' and Amendments to HKFRS 16 'COVID-19 related Rental concession' were effective for annual periods beginning on or after 1 April 2020 and earlier application is permitted. The Group has applied HKFRS 16 and amendments to HKFRS 16 consistently throughout the Track Record Period.

- (a) New standards, amendments to standards and interpretations have been issued but not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 3	Reference to Conceptual Framework ⁽¹⁾
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ⁽¹⁾
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ⁽¹⁾
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 ⁽¹⁾
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽²⁾
HKFRS 17	Insurance Contracts ⁽²⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽²⁾
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁽²⁾
Amendments to HKAS 8	Definition of Accounting Estimates ⁽²⁾
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

(1) Effective for annual periods beginning on 1 January 2022.

(2) Effective for annual periods beginning on 1 January 2023.

(3) To be determined.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2021 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2.2 Subsidiaries

2.2.1 Consolidation

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

The Group applies the acquisition method of accounting 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.

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. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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 profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to confirm 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 consolidated 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 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 makes strategy decision.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the Historical Financial Information 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 is presented in HK\$ which is the Company's functional and the Group'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/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

2.5 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are expensed in the consolidated statements of comprehensive income during the reporting period in which they are incurred.

Depreciation of both owned and leased plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

Furniture and fixtures	5 years
Leasehold improvement	Shorter of lease terms or 5 years
Medical and office equipment	5–10 years
Construction in progress	No depreciation

The assets' 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 of the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated statements of comprehensive income.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets 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 to sell 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 (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(i) Classification

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

- those to be measured at amortised cost

The Group's financial assets measured at amortised cost comprise "trade receivables", "deposits and other receivables", "amounts due from related parties" and "cash and cash equivalents" in the consolidated statements of financial position.

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

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus 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 is one measurement category into which the Group classifies its debt instruments:

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

2.8 Impairment of financial assets

The Group has the following types of financial assets subject to HKFRS 9's expected credit loss ("ECL") model: trade receivables, deposits and other receivables, amounts due from related parties and cash and cash equivalents. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. 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 HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other financial assets at amortised cost are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group currently has 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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade and other receivables expected to be recovered in one year or less (or within the normal operating cycle of business if longer) are classified as current assets. If not, they are presented as non-current assets. See note 2.7 for further information about the Group's accounting for trade and other receivables and note 2.8 for a description of the Group's impairment policies.

2.12 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturity of three months or less, and bank overdraft. In the consolidated statements of financial position, bank overdraft is shown within bank borrowings in current liabilities.

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 stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired.

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

2.16 Borrowings costs

Borrowing costs are charged to the consolidated statements of comprehensive income in the period in which they are incurred. Borrowing costs include interest expense and finance charges in respect of finance leases.

2.17 Current and deferred income tax

The tax expense comprises current and deferred income tax. Tax is recognised in the consolidated statements 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 substantively enacted at the reporting date in the countries where the Company and its subsidiaries 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.

(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, deferred tax liabilities are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date 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 Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Depending on the terms of the contract and the applicable laws, services may be provided over time or at a point in time.

When control of goods or services is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

A contract liability is recognised when the Group has the obligation to transfer services to the customers for which the consideration received (or an amount of considerations is due) exceed the measure of the remaining unsatisfied performance obligations.

The Group recognises the costs of obtaining and fulfilling a contract with a customers within the contract assets if the Group expects to recover those costs.

The following is a description of the accounting policy for the principal revenue streams of the Group:

(i) Revenue from provision of ophthalmic services

Ophthalmic service income is recognised at a point in time when the respective services are rendered.

(ii) Revenue from sales of prescription

Revenue from sales of prescription is recognised at a point in time when the control of the products have been transferred to the customer.

2.19 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of consolidated statements of financial position.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(b) Retirement benefits

The Group operates defined contribution plans and pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses 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.

2.20 Share-based payments

Share-based compensation benefits are provided to directors and employees of the Group (the “Eligible Participants”) via the share option scheme of Saintford (“Saintford Share Option Scheme”), which was replaced by the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) of the Company on 29 March 2019. Information relating to the scheme is set out in Note 17.

The fair value of options granted under the Saintford Share Option Scheme and the Pre-IPO Share Option Scheme is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity’s share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as the Eligible Participants of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for the employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the Eligible Participants, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

When the options are exercised, the Company issues and transfers the appropriate number of shares to the grantees. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.21 Provisions

Provisions 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 can be 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.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases properties and equipment as lessee. Rental contracts are typically made for fixed periods of 1 to 5 years but may have termination options.

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. 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 payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;

- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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

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 incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The useful life used for the asset's depreciation purpose are:

Buildings	Remaining lease term
Medical and office equipment	5–10 years

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividend distribution to the then shareholders of the group companies during the period before the Reorganisation was completed is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the directors of the respective group companies.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out under policies approved by the directors of the Group. The directors provide principles for an overall risk management, as well as policies covering specific areas.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the Group's functional currency.

The Group's mainly operates in Hong Kong with the majority of the transactions settled in HK\$. The Group closely monitors and manages foreign exchange risk exposures to ensure the exposures do not have significant impact on the operation of the Group.

As the Group does not have any significant transactions, assets or liabilities which are settled in currencies other than HK\$ during the Track Record Period, the Group's income and operating cash flows are substantially independent of changes in market foreign exchange rate.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

For each of the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021, if the interest rates had been 100 basis-points higher/lower with all other variables held constant, pre-tax profit for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021 would be HK\$75,000, HK\$38,000, Nil, Nil and Nil lower/higher respectively mainly due to the higher/lower interest expenses.

(b) Credit risk

The Group is exposed to credit risks in relation to its trade receivables, deposits and other receivables, amounts due from related parties, and cash and bank balances. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information such as macroeconomic factors. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors in the group and changes in the operating results of the debtors.

Credit risk is controlled by the application of credit limit and monitoring procedures. The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Trade receivables

The Group applies the simplified approach to provide expected credit prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised represent a large number of receivables from various customers.

The Group's management determines the expected credit losses on trade receivables based on the Group's historical observed default rates, existing market conditions as well as forward looking estimates at the end of each reporting period.

As at 31 March 2019, 2020 and 2021 and 31 July 2021, the Group has assessed that the expected loss rate for trade receivables was immaterial. Thus no loss allowance provision for trade receivables was recognised during the Track Record Period.

Trade receivables are written off when there is no reasonable expectation of recovery.

Deposits and other receivables and amounts due from related parties

The Group adopt the general approach for expected credit losses of deposits and other receivables and amounts due from related parties and consider these financial assets have not significantly increased in credit risk from initial recognition. These financial assets are classified in stage one which only consider 12-month expected credit losses and the expected credit loss rate for these financial assets is immaterial under 12 months expected credit losses model.

Cash and bank balances

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are deposited in medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance of these counterparties.

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash balances and the availability of the funding from related companies to meet the financial commitments when they fall due.

(i) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year-end/period-end date). Where the loan agreement contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	On demand or less than 12 months <i>HK\$ '000</i>	More than 12 months <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
As at 31 March 2019			
Trade payables	4,394	—	4,394
Accruals and other payables	11,828	—	11,828
Amount due to a related party	3,177	—	3,177
Bank borrowings	7,824	—	7,824
Lease liabilities	7,045	1,469	8,514
	<u>34,268</u>	<u>1,469</u>	<u>35,737</u>
As at 31 March 2020			
Trade payables	7,905	—	7,905
Accruals and other payables	2,325	—	2,325
Amount due to a related party	4,175	—	4,175
Bank borrowings	3,932	—	3,932
Lease liabilities	17,582	9,596	27,178
	<u>35,919</u>	<u>9,596</u>	<u>45,515</u>
As at 31 March 2021			
Trade payables	8,410	—	8,410
Accruals and other payables	11,192	—	11,192
Lease liabilities	8,820	3,466	12,286
	<u>28,422</u>	<u>3,466</u>	<u>31,888</u>
As at 31 July 2021			
Trade payables	7,459	—	7,459
Accruals and other payables	11,568	—	11,568
Lease liabilities	8,325	3,575	11,900
	<u>27,352</u>	<u>3,575</u>	<u>30,927</u>

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.

The capital structure of the Group consists of shareholders' equity and borrowings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

As at 31 March 2019, 2020 and 2021 and 31 July 2021, the Group maintained at net cash position.

3.3 Fair value estimation

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade receivables, deposits and other receivables, amounts due from related parties and current financial liabilities, including trade payables, accruals and other payables and amount due to a related party, approximate their fair values due to their short maturities.

The fair values of financial assets and financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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) Estimated useful lives of plant and equipment

Management estimates useful lives of the plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the assets, expected repair and maintenance, the technical or commercial obsolescence arising from changes or improvements in the market. Depreciation expense would be significantly affected by the useful lives of the plant and equipment as estimated by management.

(b) Determination of lease term and discount rate

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. Extension options (or periods after termination options) are only included in the lease term if the Group has enforceable right to extend the lease term and the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

(c) Share-based payments

As disclosed in Note 17, the Group granted equity-settled share options to certain Eligible Participants, which was subsequent replaced by the share options granted by the Company and a modification took place during the year ended 31 March 2020. Significant estimate on key assumptions are required to be made by management in determining the fair value of the granted share options, including risk-free rate, expected volatility and expected dividend yield.

5 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the Track Record Period is analysed by the chief operating decision-maker. For the purposes of resources allocation and performance assessment, the executive directors, reviews the overall results and financial position of the Group as a whole prepared based on the same set of accounting policies as set out in Note 2. Accordingly, the Group has only one single operating segment and no discrete operating segment financial information is available.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

No information about major customers is presented as there is no single customer which individually contributed more than 10% of the total revenue for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

The Group's derived revenue from the transfer of goods and services at a point in time in the ordinary course of business. Revenue is recognised in the following major revenue streams:

	Year ended 31 March			Four months ended 31 July	
	2019 HK\$ '000	2020 HK\$ '000	2021 HK\$ '000	2020 HK\$ '000 (Unaudited)	2021 HK\$ '000
Ophthalmic service income	200,281	212,152	215,519	63,424	75,576
Sales of prescriptions	6,239	6,224	6,862	2,024	2,822
Others	81	—	—	—	—
	<u>206,601</u>	<u>218,376</u>	<u>222,381</u>	<u>65,448</u>	<u>78,398</u>

6 OTHER INCOME/(LOSSES), NET

	Year ended 31 March			Four months ended 31 July	
	2019 HK\$ '000	2020 HK\$ '000	2021 HK\$ '000	2020 HK\$ '000 (Unaudited)	2021 HK\$ '000
Other income					
Interest income	2	23	3	—	—
Government subsidies (<i>Note i</i>)	—	—	4,907	2,593	—
Miscellaneous income	—	26	27	26	3
Rent concessions (<i>Note ii</i>)	—	—	2,127	680	1,019
	2	49	7,064	3,299	1,022
Other losses					
Exchange losses	—	(57)	—	—	—
Loss on written-off of plant and equipment	—	—	(86)	—	—
	<u>2</u>	<u>(8)</u>	<u>6,978</u>	<u>3,299</u>	<u>1,022</u>

Notes:

- (i) For the year ended 31 March 2021 and the four months ended 31 July 2020, government subsidies represent the subsidy from the Covid-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR Government").
- (ii) Rent concessions represent the change in lease payment directly related to COVID-19.

7 EXPENSES BY NATURE

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Auditor's remuneration	138	138	138	46	46
Bank charges	4,511	6,400	6,548	1,926	2,137
Business development	4,620	5,610	4,761	1,130	2,677
Donation	60	40	—	—	—
Repair and maintenance	2,401	2,334	2,214	679	901
Professional fees	974	1,165	1,232	338	318
Management fee (<i>note 26(a)</i>)	1,281	—	—	—	—
Short-term lease payments	238	232	474	158	161

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Wages, salaries and bonus	27,438	37,758	34,656	11,005	12,446
Share-based payments (<i>Note 17</i>)	2,026	2,836	—	—	—
Retirement benefit costs —					
defined contribution plan (<i>Note</i>)	1,225	1,511	1,382	456	487
Staff welfare	1,381	1,214	283	174	250
	32,070	43,319	36,321	11,635	13,183

Note: The Group maintains a defined contribution pension schemes for its employees in Hong Kong under Mandatory Provident Fund ("MPF").

Under MPF Scheme, each of the Group and its employees make monthly contributions to the scheme at 5% of the employee's relevant income, as defined in the Hong Kong Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month. The contributions are fully and immediately vested for the employees. The assets of this scheme are held separately from those of the Group under independently administered funds.

(a) Benefits and interests of directors

The remuneration of every director of the Company for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021 are set out below:

For the year ended 31 March 2019:

	Director's fee	Salaries and wages	Retirement benefit costs — defined contribution plan	Discretionary bonus	Other allowances and benefits in kind	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Wong Tai Cheung Andrew (Chief Executive Officer)	—	600	18	50	—	1,202	1,870
Lo Tsz Hong	—	444	18	36	—	162	660
Non-executive Director							
Ng Roy	—	—	—	—	—	324	324

For the year ended 31 March 2020:

	Director's fee	Salaries and wages	Retirement benefit costs — defined contribution plan	Discretionary bonus	Other allowances and benefits in kind	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Wong Tai Cheung Andrew (Chief Executive Officer)	—	500	18	50	—	1,683	2,251
Lo Tsz Hong	—	469	18	60	—	227	774
Non-executive Director							
Ng Roy	—	—	—	—	—	453	453

For the year ended 31 March 2021:

	Director's fee	Salaries and wages	Retirement benefit costs — defined contribution plan	Discretionary bonus	Other allowances and benefits in kind	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Wong Tai Cheung Andrew (Chief Executive Officer)	—	600	18	189	—	—	807
Lo Tsz Hong	—	492	18	31	—	—	541
Non-executive Director							
Ng Roy	—	—	—	—	—	—	—

For the four months ended 31 July 2020 (Unaudited):

	Director's fee	Salaries and wages	Retirement benefit costs — defined contribution plan	Discretionary bonus	Other allowances and benefits in kind	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Wong Tai Cheung Andrew (Chief Executive Officer)	—	200	6	97	—	—	303
Lo Tsz Hong	—	164	6	11	—	—	181
Non-executive Director							
Ng Roy	—	—	—	—	—	—	—

For the four months ended 31 July 2021:

	Director's fee	Salaries and wages	Retirement benefit costs — defined contribution plan	Discretionary bonus	Other allowances and benefits in kind	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Wong Tai Cheung Andrew (Chief Executive Officer)	—	200	6	41	—	—	247
Lo Tsz Hong	—	164	6	29	—	—	199
Non-executive Director							
Ng Roy	—	—	—	—	—	—	—

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

(b) Directors' retirement benefits and termination benefits

There were no retirement benefits or termination benefits paid to any directors during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled body corporates and connected entities with such directors

Save as disclosed elsewhere in the Historical Financial Information, there are no loans, quasi-loans and other dealings in favour of directors, controlled body corporates and connected entities with such directors for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in the Historical Financial Information, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021, or at any time during Track Record Period.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 2, 1, 1, 1 and Nil directors for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021, respectively, and their emoluments are reflected in the analysis shown above. The emoluments payable to the remaining 3, 4, 4, 4 and 5 individuals for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021 respectively are as follows:

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Wages, salaries and bonus	2,143	3,469	3,681	1,203	1,590
Retirement benefit costs — defined contribution plan	53	72	72	24	30
Share-based payments	216	416	—	—	—
	<u>2,412</u>	<u>3,957</u>	<u>3,753</u>	<u>1,227</u>	<u>1,620</u>

The emoluments of the above individuals fell within the following bands:

	Number of individuals Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
				(Unaudited)	
HK\$0 to HK\$500,000	—	—	—	4	5
HK\$500,001 to HK\$1,000,000	3	3	3	—	—
HK\$1,000,001 to HK\$1,500,000	—	1	1	—	—
	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>

9 FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Finance costs:					
— Interest expenses on lease liabilities	855	876	817	326	181
— Interest expense on bank borrowings	381	239	86	46	—
	<u>1,236</u>	<u>1,115</u>	<u>903</u>	<u>372</u>	<u>181</u>

10 INCOME TAX EXPENSE

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

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Hong Kong profits tax					
Current income tax	9,366	7,265	8,384	2,020	2,615
Deferred income tax (<i>Note 21</i>)	47	(486)	(337)	(271)	(399)
	<u>9,413</u>	<u>6,779</u>	<u>8,047</u>	<u>1,749</u>	<u>2,216</u>

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit during the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021, except for the first HK\$2 million of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered tax rate regime with the effect from the year of assessment 2018–2019.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Profit before income tax	<u>39,452</u>	<u>33,166</u>	<u>43,816</u>	<u>10,296</u>	<u>7,365</u>
Tax at Hong Kong profits tax rate at 16.5%	6,510	5,472	7,230	1,699	1,215
Income not subject to tax	—	(4)	(810)	(428)	—
Expenses not deductible for tax purposes	3,068	1,476	1,792	643	1,166
Tax concession	<u>(165)</u>	<u>(165)</u>	<u>(165)</u>	<u>(165)</u>	<u>(165)</u>
Income tax expense	<u>9,413</u>	<u>6,779</u>	<u>8,047</u>	<u>1,749</u>	<u>2,216</u>

11 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Year ended 31 March			Four months ended 31 July	
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit attributable to owners of the Company during the year (HK\$'000)	30,039	26,387	35,769	8,547	5,149
Weighted average number of ordinary shares in issue	4,446.32	4,711.90	6,366.32	6,366.32	6,366.32
Basic earnings per share (expressed in HK\$ per share)	6,756	5,600	5,619	1,343	809

In determining the weighted average number of ordinary shares in issue during the Track Record Period, the ordinary shares issued upon the incorporation of the Company and the ordinary shares issued in exchange for the Listing Business were deemed to be issued on 1 April 2018 as if the Company had been incorporated by then.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential ordinary shares. For the pre-IPO share options, the number of shares included as below is the number of shares that are dilutive and would have been outstanding assuming the completion of the share issue to the grantees.

	Year ended 31 March			Four months ended 31 July	
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit attributable to owners of the Company during the year (HK\$'000)	30,039	26,387	35,769	8,547	5,149
Weighted average number of ordinary shares in issue	4,446.32	4,711.90	6,366.32	6,366.32	6,366.32
Adjustments for impact of the Pre-IPO Share Option Scheme	147.82	50.66	—	—	—
Weighted average number of share for calculating diluted earnings per share	4,594.14	4,762.56	6,366.32	6,366.32	6,366.32
Diluted earnings per share (expressed in HK\$ per share)	6,539	5,540	5,619	1,343	809

12 PLANT AND EQUIPMENT

	Furniture and fixtures	Leasehold improvement	Medical and office equipment	Construction in progress	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2018					
Cost	2,041	14,138	11,687	—	27,866
Accumulated depreciation	(636)	(4,535)	(3,773)	—	(8,944)
Net book amount	<u>1,405</u>	<u>9,603</u>	<u>7,914</u>	<u>—</u>	<u>18,922</u>
Year ended 31 March 2019					
Opening net book amount	1,405	9,603	7,914	—	18,922
Additions	123	3,463	2,613	—	6,199
Transfer from right-of-use assets (Note 20)	—	—	7,035	—	7,035
Depreciation	(406)	(2,983)	(3,106)	—	(6,495)
Closing net book amount	<u>1,122</u>	<u>10,083</u>	<u>14,456</u>	<u>—</u>	<u>25,661</u>
At 31 March 2019					
Cost	2,164	17,601	30,692	—	50,457
Accumulated depreciation	(1,042)	(7,518)	(16,236)	—	(24,796)
Net book amount	<u>1,122</u>	<u>10,083</u>	<u>14,456</u>	<u>—</u>	<u>25,661</u>
Year ended 31 March 2020					
Opening net book amount	1,122	10,083	14,456	—	25,661
Additions	—	—	2,133	3,485	5,618
Depreciation	(414)	(3,276)	(3,113)	—	(6,803)
Closing net book amount	<u>708</u>	<u>6,807</u>	<u>13,476</u>	<u>3,485</u>	<u>24,476</u>

	Furniture and fixtures <i>HK\$ '000</i>	Leasehold improvement <i>HK\$ '000</i>	Medical and office equipment <i>HK\$ '000</i>	Construction in progress <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 31 March 2020					
Cost	2,164	17,601	32,825	3,485	56,075
Accumulated depreciation	(1,456)	(10,794)	(19,349)	—	(31,599)
Net book amount	<u>708</u>	<u>6,807</u>	<u>13,476</u>	<u>3,485</u>	<u>24,476</u>
Year ended 31 March 2021					
Opening net book amount	708	6,807	13,476	3,485	24,476
Additions	—	1,830	7,354	—	9,184
Transfer	—	3,485	—	(3,485)	—
Write-off	(9)	—	(77)	—	(86)
Depreciation	(412)	(4,500)	(3,465)	—	(8,377)
Closing net book amount	<u>287</u>	<u>7,622</u>	<u>17,288</u>	<u>—</u>	<u>25,197</u>
At 31 March 2021					
Cost	2,146	21,425	40,023	—	63,594
Accumulated depreciation	(1,859)	(13,803)	(22,735)	—	(38,397)
Net book amount	<u>287</u>	<u>7,622</u>	<u>17,288</u>	<u>—</u>	<u>25,197</u>
Four months ended 31 July 2020 (Unaudited)					
Opening net book amount	708	6,807	13,476	3,485	24,476
Additions	—	19	63	—	82
Depreciation	(138)	(1,093)	(1,064)	—	(2,295)
Closing net book amount	<u>570</u>	<u>5,733</u>	<u>12,475</u>	<u>3,485</u>	<u>22,263</u>
At 31 July 2020 (Unaudited)					
Cost	2,164	17,620	32,888	3,485	56,157
Accumulated depreciation	(1,594)	(11,887)	(20,413)	—	(33,894)
Net book amount	<u>570</u>	<u>5,733</u>	<u>12,475</u>	<u>3,485</u>	<u>22,263</u>
Four months ended 31 July 2021					
Opening net book amount	287	7,622	17,288	—	25,197
Additions	—	—	39	—	39
Depreciation	(122)	(1,718)	(1,316)	—	(3,156)
Closing net book amount	<u>165</u>	<u>5,904</u>	<u>16,011</u>	<u>—</u>	<u>22,080</u>
At 31 July 2021					
Cost	2,146	21,425	40,062	—	63,633
Accumulated depreciation	(1,981)	(15,521)	(24,051)	—	(41,553)
Net book amount	<u>165</u>	<u>5,904</u>	<u>16,011</u>	<u>—</u>	<u>22,080</u>

During the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021, depreciation of HK\$6,495,000, HK\$6,803,000, HK\$8,377,000, HK\$2,295,000 and HK\$3,156,000 was charged to the consolidated statements of comprehensive income.

13 INVENTORIES

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Medical consumables	3,668	5,739	4,200	4,852

As at 31 March 2019, 2020 and 2021 and 31 July 2021, the management considers there was no inventory obsolescence. The cost of inventories recognised as expenses and included in “inventories used” in the consolidated statements of comprehensive income amounted to HK\$36,820,000, HK\$39,164,000, and HK\$36,989,000, HK\$10,953,000 and HK\$12,334,000 for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

14 TRADE RECEIVABLES, AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Group

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	1,318	764	1,885	1,135
Rental and other deposits	5,084	5,945	5,722	5,432
Prepayments for listing expenses	—	—	1,175	3,884
Prepayments and other receivables	1,198	762	1,421	1,720
	7,600	7,471	10,203	12,171
Less: non-current portion				
Rental and other deposits	(1,866)	(4,311)	(551)	(1,302)
Current portion	5,734	3,160	9,652	10,869

Company

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayment for listing expense	—	—	1,175	3,884

(a) Trade receivables

As at 31 March 2019, 2020 and 2021 and 31 July 2021, the carrying amounts of trade receivables and deposits and other receivables approximated their fair values and are denominated in HK\$.

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0–30 days	1,161	643	1,742	1,046
31–60 days	93	27	25	74
61–90 days	42	18	10	—
Over 90 days	22	76	108	15
	<u>1,318</u>	<u>764</u>	<u>1,885</u>	<u>1,135</u>

The Group applies the simplified approach permitted by HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2019, 2020 and 2021 and 31 July 2021, the Group has assessed that the expected loss allowance for trade receivables was immaterial. Thus no loss allowance provision for trade receivables was recognised during the Track Record Period.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

15 CASH AND CASH EQUIVALENTS

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at bank	34,513	65,492	64,740	63,858
Cash on hand	117	157	122	306
Cash and cash equivalents	<u>34,630</u>	<u>65,649</u>	<u>64,862</u>	<u>64,164</u>
Maximum exposure to credit risk	<u>34,513</u>	<u>65,492</u>	<u>64,740</u>	<u>63,858</u>

The carrying amounts of cash and cash equivalents were denominated in HK\$.

16 SHARE CAPITAL AND OTHER RESERVE

(a) Share capital

	<u>Number of ordinary shares</u>	<u>Nominal value of ordinary shares</u> HK\$'000
<i>Authorised:</i>		
As at 19 February 2019 (date of incorporation) and 31 March 2019, 2020 and 2021 and 31 July 2021	<u>38,000,000.00</u>	<u>380</u>
<i>Issued and fully paid:</i>		
As at 19 February 2019 (date of incorporation)	1.00	—
Issuance of ordinary shares	<u>4,445.32</u>	<u>—</u>
As at 31 March 2019	4,446.32	—
Issuance of ordinary shares	<u>1,920.00</u>	<u>—</u>
As at 31 March 2020 and 2021 and 31 July 2021	<u>6,366.32</u>	<u>—</u>

As of the date of incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

Upon its incorporation, one share of the Company was allotted and issued for cash at par.

On 20 March 2019, the Company allotted and issued new shares to Ultimate Bliss, Clear Lead, Wuxi Apptec, Dr. Lau, Dr. Hui and Mr. Wu, as to 1,905.94 shares, 1,343.46 shares, 926.32 shares, 131.81 shares, 123.25 shares and 14.54 shares respectively, all credited as fully paid, in connection with the Reorganisation (Note 1.2(c)).

During the year ended 31 March 2020, the Company further allotted and issued 1,920.00 new shares to Clear Lead, Wuxi AppTec and Mr. Wu, as to 1,470.88 shares, 400.00 shares and 49.12 shares respectively, at a consideration of HK\$54,950,000.

(b) Other reserve

Other reserves mainly represented the combined share capital of the subsidiaries comprising the Group before the completion of the Reorganisation, and contributed surplus and merger reserve after completion of the Reorganisation.

Pursuant to the resolutions of the Board of Directors of Saintford passed on 24 December 2018, Logmax Limited applied for 1 ordinary share in the capital of Saintford, for an aggregate consideration of HK\$42,400,000, part of which were settled by capitalising of the amount due to a related party of HK\$33,195,000, and the remaining amount of HK\$9,205,000 was settled in cash. The abovementioned share was issued and allotted to Logmax on the same date.

(c) Share capital and share premium of the Company

	<u>Share capital</u> <i>HK\$'000</i>	<u>Share premium</u> <i>HK\$'000</i>	<u>Total</u> <i>HK\$'000</i>
As at 19 February 2019 (date of incorporation)	—	—	—
Issuance of ordinary shares (<i>Note</i>)	—	53,899	53,899
As at 31 March 2019	—	53,899	53,899
Issuance of ordinary shares (<i>Note</i>)	—	54,950	54,950
As at 31 March 2020, 2021 and 31 July 2021	—	108,849	108,849

Note:

The investment in a subsidiary was accounted for using the net asset value of Saintford in March 2019. The difference between the net asset value of the subsidiary and the nominal value of Company's shares issued in exchange for the acquisition of Saintford pursuant to the Reorganisation amounted to approximately HK\$53,899,000. The amount was credited as share premium.

During the year ended 31 March 2020, the Company further allotted and issued 1,920.00 new shares to Clear Lead, Wuxi AppTec and Mr. Wu, as to 1,470.88 shares, 400.00 shares and 49.12 shares respectively, at a consideration of HK\$54,950,000.

17 SHARE-BASED PAYMENTS

The establishment of the Saintford Share Option Scheme was approved by shareholders pursuant to a shareholder's resolution passed on 1 April 2018. The Saintford Share Option Scheme is designed to provide incentives or rewards for the contribution or potential contribution by the Eligible Participants to Saintford. As a result of the reorganisation and for the purpose of the proposed listing of the Company, the Company adopted the Pre-IPO Share Option Scheme on 29 March 2019 on the same terms and conditions in replacement of the Saintford Share Option Scheme.

At the grant date, 750 options were granted to a total of 8 grantees. This represented 7.5% of the issued shares of Saintford. The options are subject to the following vesting schedule:

<u>Vesting period of the relevant percentage of the options</u>	<u>Maximum percentage of options exercisable</u>
From 1 April 2018 to 1 June 2019	50%
From 1 April 2018 to 1 April 2020	50%

The assessed fair value at grant date of options granted for the share option scheme was HK\$3,980 per share. The fair values of the employee share option scheme were calculated using the binomial option pricing model and subject to a number of assumptions and with regard to the limitation of the model. The fair value of the employee share option scheme granted and the significant input to the model at grant date are summarised as below:

Fair value of the share options granted (HK\$)	2,985,000
Number of share options granted	750
Exercise price per share (HK\$)	42,612
Grant date	1 April 2018
Expiry date	1 April 2021
Risk-free rate	1.58%
Expected volatility	36.37%
Expected dividend yield	0%

Upon replacement of the Saintford Share Option Scheme by the Pre-IPO Share Option Scheme on 29 March 2019, the number of share options granted and the exercise price per share has been adjusted to 333.47 share options of the Company and HK\$95,490 per share to reflect the proportionate beneficial interest under the Saintford Share Option Scheme. The vesting conditions were not changed, and there was no significant incremental cost incur upon the modification.

Upon completion of the Rights Issue in February 2020, the number of share options granted and the exercise price per share has been adjusted to 477 share options of the Company and HK\$66,934 per share, respectively, to reflect the proportionate beneficial interest under the Pre-IPO Share Option Scheme. The vesting conditions were not changed, and there was no significant incremental cost incur upon the modification.

On 2 March 2020, a shareholder's resolution in relation to the modification of the expiry date of the share option scheme was approved by the shareholder. The Company extended the exercisable period by modifying the expiry date to 31 December 2022 and reduced the exercise price to HK\$33,506 per share. The assessed fair value at modification date of the share option was approximately HK\$4,308 per share. The incremental fair value of HK\$1,876,000 will be recognised as an expense over the period from the modification date to the end of the vesting period. The expense for the original option grant will continue to be recognised as if the terms had not been modified. The fair value of the modified options was determined using the same models and principles as described above, with the following model inputs:

Fair value of the share options granted (HK\$)	2,055,000
Number of share options granted	477
Exercise price per share (HK\$)	33,506
Grant date	1 April 2018
Expiry date	31 December 2022
Risk-free rate	0.89%
Expected volatility	48.00%
Expected dividend yield	10%

As at 31 March 2021 and 31 July 2021, all of the 477 outstanding options have been vested. The total expense recognised in the consolidated statement of comprehensive income on the share options was HK\$2,026,000, HK\$2,836,000, Nil, Nil and Nil for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

18 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Group

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	4,394	7,905	8,410	7,459
Accruals and other payables	1,675	2,334	8,459	7,323
Accrued listing expenses	10,953	1,241	4,292	5,495
	17,022	11,480	21,161	20,277
Less: non-current portion				
Provisions for reinstatement cost	(800)	(1,250)	(1,250)	(1,250)
Current portion	16,222	10,230	19,911	19,027

Company

	As at 31 March			As at
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
				HK\$'000
Accrued listing expenses	10,953	1,241	4,292	5,495

As at 31 March 2019, 2020 and 2021 and 31 July 2021, all trade payables, accruals and other payables of the Group were denominated in HK\$, and their fair value approximated to their carrying amounts.

Aging analysis of the trade payables to third parties as at 31 March 2019, 2020 and 2021 and 31 July 2021 based on invoice date are as follows:

	As at 31 March			As at
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
				HK\$'000
0–30 days	2,881	2,277	3,373	4,267
31–60 days	386	2,598	2,947	2,176
61–90 days	398	2,259	1,641	207
Over 90 days	729	771	449	809
	4,394	7,905	8,410	7,459

19 BANK BORROWINGS

	As at 31 March			As at
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
				HK\$'000
Bank borrowings — secured	7,502	3,845	—	—

As at 31 March 2019 and 2020, the bank borrowings are denominated in HK\$ and bear interest at floating rate and effective interest rate per annum of 4.0% and 4.0% respectively.

The fair value of the bank borrowings approximates their carrying amounts, as their interest rates are considered current market rates.

The Group's borrowings were repayable (based on the scheduled repayment dates as set out in the loan agreements without taking into account the effect of the repayment on demand clause) as follows:

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	3,659	3,845	—	—
Between 1 and 2 years	3,531	—	—	—
Between 2 and 5 years	312	—	—	—
	<u>7,502</u>	<u>3,845</u>	<u>—</u>	<u>—</u>

As at 31 March 2019 and 2020, the Group's bank borrowings are secured/guaranteed by unlimited personal guarantees given by Mr. Tse Wai Ip.

The guarantee provided by Mr. Tse Wai Ip was released as at 31 March 2021.

20 LEASES

This note provides information for leases where the Group is a lessee.

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

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Right-of-use assets				
Equipment	1,066	744	483	396
Buildings	8,148	26,209	11,543	11,705
	<u>9,214</u>	<u>26,953</u>	<u>12,026</u>	<u>12,101</u>
Lease liabilities				
Current	6,890	16,998	8,561	8,027
Non-current	1,452	9,167	3,397	3,530
	<u>8,342</u>	<u>26,165</u>	<u>11,958</u>	<u>11,557</u>

Additions to the right-of-use assets during the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021 were HK\$6,624,000, HK\$35,081,000, HK\$3,414,000, HK\$3,414,000 and HK\$5,616,000.

For the year ended 31 March 2019, right-of-use assets of HK\$7,035,000 were transferred to plant and equipment (Note 12).

(b) Amounts recognised in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	As at 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of right-of-use assets					
Equipment	327	322	261	87	87
Buildings	12,320	17,020	18,080	6,198	5,454
	<u>12,647</u>	<u>17,342</u>	<u>18,341</u>	<u>6,285</u>	<u>5,541</u>
Interest expense (included in finance cost) (Note 9)	<u>855</u>	<u>876</u>	<u>817</u>	<u>326</u>	<u>181</u>

The total cash outflow for leases for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021 were HK\$18,475,000, HK\$17,916,000, HK\$18,912,000, HK\$6,069,000 and HK\$6,359,000, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases various properties and equipment. Rental contracts are typically made for fixed periods of 1 year to 5 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 other than the security interests in the leased assets that are held by the lessor.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

21 DEFERRED INCOME TAX

The analysis of the Group's deferred tax liabilities is as follows:

	As at 31 March			As at
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
Deferred tax liabilities:				
— Deferred tax liabilities to be recovered after 12 months	<u>1,285</u>	<u>799</u>	<u>462</u>	<u>63</u>
Deferred tax liabilities	<u>1,285</u>	<u>799</u>	<u>462</u>	<u>63</u>

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation
	<u>HK\$'000</u>
Deferred tax liabilities:	
At 1 April 2018	1,238
Charged to the consolidated statements of comprehensive income (<i>Note 10</i>)	<u>47</u>
At 31 March 2019	<u><u>1,285</u></u>
At 1 April 2019	1,285
Credited to the consolidated statements of comprehensive income (<i>Note 10</i>)	<u>(486)</u>
At 31 March 2020	<u><u>799</u></u>
At 1 April 2020	799
Credited to the consolidated statements of comprehensive income (<i>Note 10</i>)	<u>(337)</u>
At 31 March 2021	<u><u>462</u></u>
At 1 April 2021	462
Credited to the consolidated statements of comprehensive income (<i>Note 10</i>)	<u>(399)</u>
At 31 July 2021	<u><u>63</u></u>

There was no material unprovided deferred income tax for the Track Record Period.

22 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Year ended 31 March			Four months ended 31 July	
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000 (Unaudited)	2021 HK\$'000
Profit before income tax	39,452	33,166	43,816	10,296	7,365
Depreciation of plant and equipment	6,495	6,803	8,377	2,295	3,156
Depreciation of right-of-use assets	12,647	17,342	18,341	6,285	5,541
Share-based payments	2,026	2,836	—	—	—
Write-off of plant and equipment	—	—	86	—	—
Finance costs	1,236	1,115	903	372	181
	61,856	61,262	71,523	19,248	16,243
Changes in working capital:					
(Increase)/decrease in inventories	(328)	(2,071)	1,539	1,861	(652)
(Increase)/decrease in trade receivables, deposits, prepayment and other receivables	(2,400)	129	(1,675)	(5)	652
Increase/(decrease) in trade payable, accruals and other payables	10,653	(5,992)	9,681	3,695	(883)
Decrease in amount due to a related party	—	—	(4,175)	(4,175)	—
Cash generated from operations	69,781	53,328	76,893	20,624	15,360

(b) Non-cash investing and financing activities

Principal non-cash investing and financing activities are as follows:

- (1) Loan capitalisation of HK\$33,195,000 as settlement for the issuance of 1 ordinary share to Logmax Limited during the year ended 31 March 2019 (Note 16(b));
- (2) The set off of dividend of HK\$43,500,000 with the amount due from a related party during the year ended 31 March 2019 (Note 24);
- (3) The set off of amounts due from related parties of HK\$30,389,000 with amounts due to related parties during the year ended 31 March 2019;
- (4) Transfer of right-of-use assets of HK\$7,035,000 to plant and equipment during the year ended 31 March 2019;
- (5) The set off of dividend of HK\$72,745,000 with the amount due from related parties during the year ended 31 March 2021 (Note 24); and
- (6) Addition to right-of-use assets and lease liabilities during the year ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2020 and 2021.

	Year ended 31 March			Four months ended 31 July	
	2019	2020	2021	2020	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Right-of-use assets	6,624	35,081	3,414	3,414	5,616
Lease liabilities	6,624	34,631	3,414	3,414	5,616

(c) Net debt reconciliation

	As at 31 March			As at
	2019	2020	2021	31 July
	HK\$'000	HK\$'000	HK\$'000	2021
				HK\$'000
Cash and cash equivalents	34,630	65,649	64,862	64,164
Bank borrowings	(7,502)	(3,845)	—	—
Lease liabilities	(8,342)	(26,165)	(11,958)	(11,557)
Amount due to a related party	(3,177)	(4,175)	—	—
Net cash	15,609	31,464	52,904	52,607
Cash and cash equivalents	34,630	65,649	64,862	64,164
Gross debt — interest free	(3,177)	(4,175)	—	—
Gross debt — fixed interest rates	(8,342)	(26,165)	(11,958)	(11,557)
Gross debt — variable interest rates	(7,502)	(3,845)	—	—
Net cash	15,609	31,464	52,904	52,607

	Other assets	Liabilities from financing activities			Total
	Cash and cash equivalents	Lease liabilities	Bank borrowings	Amount due to a related party	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net debt as at 1 April 2018	8,159	(19,157)	(11,016)	(37,137)	(59,151)
Net cash flows	26,471	18,237	3,514	(26,492)	21,730
Non-cash item	—	(7,422)	—	60,452	53,030
Net debt as at 31 March 2019	<u>34,630</u>	<u>(8,342)</u>	<u>(7,502)</u>	<u>(3,177)</u>	<u>15,609</u>
Net debt as at 1 April 2019	34,630	(8,342)	(7,502)	(3,177)	15,609
Net cash flows	31,019	17,684	3,657	(998)	51,362
Non-cash item	—	(35,507)	—	—	(35,507)
Net debt as at 31 March 2020	<u>65,649</u>	<u>(26,165)</u>	<u>(3,845)</u>	<u>(4,175)</u>	<u>31,464</u>
Net debt as at 1 April 2020	65,649	(26,165)	(3,845)	(4,175)	31,464
Net cash flows	(787)	18,438	3,845	4,175	25,671
Non-cash item	—	(4,231)	—	—	(4,231)
Net debt as at 31 March 2021	<u>64,862</u>	<u>(11,958)</u>	<u>—</u>	<u>—</u>	<u>52,904</u>
Net debt as at 1 April 2020 (Unaudited)	65,649	(26,165)	(3,845)	(4,175)	31,464
Net cash flows	148	5,911	1,253	4,175	11,487
Non-cash item	—	(3,740)	—	—	(3,740)
Net debt as at 31 July 2020	<u>65,797</u>	<u>(23,994)</u>	<u>(2,592)</u>	<u>—</u>	<u>39,211</u>
Net debt as at 1 April 2021	64,862	(11,958)	—	—	52,904
Net cash flows	(698)	6,198	—	—	5,500
Non-cash item	—	(5,797)	—	—	(5,797)
Net debt as at 31 July 2021	<u>64,164</u>	<u>(11,557)</u>	<u>—</u>	<u>—</u>	<u>52,607</u>

23 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting periods but not yet recognised as liabilities is as follows:

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Plant and equipment	—	4,722	—	—
Renovation	—	889	—	—
	—	5,611	—	—

24 DIVIDENDS

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Dividends	43,500	—	78,000	—

In February 2019, Saintford declared interim dividend of HK\$43,500,000 to its then shareholder. The amount has been set-off against amount due from a related party during the year ended 31 March 2019.

In March 2021, Clarity Medical Group Holding Limited declared dividend of HK\$78,000,000 to its current shareholder. The amount of HK\$72,745,000 has been set-off against amount due from related parties during the year ended 31 March 2021.

25 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March			As at 31 July
	2019	2020	2021	2021
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Financial assets at amortised cost				
Trade receivable and deposit and other receivable	6,455	6,756	8,666	7,524
Amounts due from related parties	—	39,048	662	6,055
Cash and cash equivalents	34,630	65,649	64,862	64,164
	41,085	111,453	74,190	77,743
Financial liabilities at amortised cost				
Trade payable and accruals and other payable	16,222	10,230	19,602	19,027
Amount due to a related party	3,177	4,175	—	—
Bank borrowings	7,502	3,845	—	—
Lease liabilities	8,342	26,165	11,958	11,557
	35,243	44,415	31,560	30,584

26 RELATED PARTY TRANSACTIONS

For the purposes of this Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and during the Track Record Period:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Mr. Tse Wai Ip ("Dr. Tse")	One of the shareholders
Tse, Lau & Hui Medical Practice	A partnership of medical practice formed by Dr. Tse, Dr. Lau and Dr. Hui, which was dissolved in May 2020
Clarity Medical Group Limited	Intermediate holding company of Saintford prior to 20 March 2019, and a company controlled by the ultimate shareholders since then
Logmax Limited	Immediate holding company of Saintford prior to 20 March 2019, and a company controlled by the ultimate shareholders since then
Eyecare Hong Kong Holding Limited	A subsidiary of Logmax Limited
Starry Profit Limited	A company of medical practice controlled by Dr. Hui
Metro Grace Limited	A company of medical practice controlled by Dr. Lau
Star Lite Energy Management Limited	A company controlled by a non-executive director of the Company

(a) Transactions with related parties

In addition to those disclosed elsewhere in the Historical Financial Information the following transactions were carried out with related parties at terms mutually agreed by both parties:

	<u>Year ended 31 March</u>			<u>Four months ended 31 July</u>	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
				(Unaudited)	
Discontinued transaction:					
Consultancy fee to Tse, Lau & Hui Medical Practice (Note i)	(42,871)	(50,696)	(3,584)	(3,584)	—
Management fee paid to Eyecare Hong Kong Holding Limited (Note ii)	(1,281)	—	—	—	—
IT consultancy service fee to Star Lite Energy Management Limited (Note iii)	(180)	(180)	(180)	(60)	(57)
Continuing transaction:					
Consultancy fee to Starry Profit Limited	—	—	(2,200)	(600)	(800)
Consultancy fee to Metro Grace Limited	—	—	(2,200)	(600)	(800)

Notes:

- (i) The consultancy fee represented the total remuneration payable to medical practitioners engaged by Tse, Lau & Hui Medical Practice pursuant to the management agreement entered into by Saintford and Tse, Lau & Hui Medical Practice in April 2015. Tse, Lau & Hui Medical Practice was dissolved in May 2020. Since then, the consultancy fee is paid to the respective medical practitioners directly.
- (ii) The management agreement with Eyecare Hong Kong Holding Limited has terminated in August 2018.
- (iii) The IT consultancy service agreement with Star Lite Energy Management Limited has terminated in June 2021.

(b) Key management compensation

The directors of the Company are considered as key management and their aggregate compensations are set out in Note 8.

(c) Balances with related parties*Group*

	<i>Note</i>	As at 31 March			As at
		2019	2020	2021	31 July
		HK\$'000	HK\$'000	HK\$'000	2021
					HK\$'000
Current					
Amounts due from related parties:					
Non-trade					
— Clarity Medical Group Limited	<i>i</i>	—	20,859	662	6,055
— Dr. Tse	<i>ii</i>	—	18,189	—	—
		—	39,048	662	6,055
Current					
Amount due to a related party:	<i>ii</i>				
Trade					
— Tse, Lau & Hui Medical Practice		3,177	4,175	—	—

Company

	<i>Note</i>	As at 31 March			As at
		2019	2020	2021	31 July
		HK\$'000	HK\$'000	HK\$'000	2021
					HK\$'000
Current					
Amount due from a subsidiary:					
Non-trade					
— Saintford Limited	<i>i</i>	—	—	—	17,104
Current					
Amount due to a subsidiary:	<i>ii</i>				
Non-trade					
— Saintford Limited		5,571	10,549	12,329	—

Notes:

- (i) As at 31 March 2019, 2020 and 2021, balances with related parties are unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair values and are denominated in HK\$. The amounts due from Clarity Medical Group Limited as at 31 July 2021 are guaranteed by personal guarantee given by Mr. Tse Wai Ip in October 2021.

Balances with related parties was fully settled on 15 November 2021 and the personal guarantee given by Mr. Tse Wai Ip was released.

- (ii) Balances with related parties are unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair values and are denominated in HK\$.

(d) Guarantees by the related parties

Details of the guarantees given by related parties in respect of the banking facilities of the Group and the hire purchase arrangements are set out in Note 19 and 20 to the Historical Financial Information.

27 CONTINGENT LIABILITIES

As at 31 March 2019, 2020 and 2021 and 31 July 2021, the Group did not have any material contingent liabilities.

28 SUBSEQUENT EVENTS

On 15 November 2021, Clarity Medical Group Holding Limited declared dividend of HK\$26,000,000 to its current shareholder. HK\$9,945,000 has been settled by cash and the remaining HK\$16,055,000 has been set-off against amount due from related parties.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the Companies now comprising the Group in respect of any period subsequent to 31 July 2021 and up to the date of this report.

Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2021.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, 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 for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of 31 July 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering Issue been completed as at 31 July 2021 or at any future date.

The unaudited pro forma statement of adjusted net tangible assets of the Group is based on the combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2021 as set out in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Unaudited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2021 ⁽¹⁾ HK\$'000	Estimated net proceeds from the Global Offering ⁽²⁾ HK\$'000	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company as at 31 July 2021 HK\$'000	Unaudited pro forma adjusted net tangible assets per Share ⁽³⁾ HK\$
Based on an Offer Price of HK\$3.0 per Share	<u>85,643</u>	<u>343,953</u>	<u>429,596</u>	<u>0.86</u>
Based on an Offer Price of HK\$1.6 per Share	<u>85,643</u>	<u>178,591</u>	<u>264,234</u>	<u>0.53</u>

Notes:

- (1) The unaudited combined net tangible assets of the Group attributable to the owners of the Company as at 31 July 2021 is extracted from the Accountant's Report as set out in Appendix I to this prospectus, which is based on the unaudited combined net assets of the Group attributable to the owners of the Company as at 31 July 2021 of HK\$85,643,000.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.6 per Share and HK\$3.0 per share, being the low and high end of the indicative Offer Price range respectively, after deduction of the underwriting fees and other related expenses payable by the Company (excluding listing expenses of approximately HK\$15,646,000 which have been charged to the combined statements of comprehensive income up to 31 July 2021) and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be 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.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 500,000,000 Shares were in issue assuming that the Global Offering and Capitalisation Issue have been completed on 31 July 2021 but takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and any Share which may be issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 July 2021. In particular, the unaudited Pro Forma Financial Information does not take into account of the declared dividend of HK\$26,000,000 approved by the Board and Shareholders on 15 November 2021. Had the dividend of HK\$26,000,000 been taken into account, the unaudited pro forma adjusted net tangible assets per Share after completion of the Global Offering and the Capitalisation Issue would have been HK\$0.48 and HK\$0.81 per Share based on the indicative Offer Price of HK\$1.6 per Share and HK\$3.0 per Share respectively, assuming that the Global Offering and Capitalisation Issue have been completed on 31 July 2021 but takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and any Share which may be issued upon the exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate.

REPORT ON PRO FORMA FINANCIAL INFORMATION

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 Clarity Medical Group Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Clarity Medical Group Holding Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 July 2021, 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 31 January 2022, in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). 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 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 July 2021 as if the proposed initial public offering had taken place at 31 July 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended 31 July 2021, 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").

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 initial public offering at 31 July 2021 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 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, 31 January 2022

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 February 2019 under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Act**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 26 January 2022 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue 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. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

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.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require 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 registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls 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). A call may be made payable either in one lump sum or by installments. 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 twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The 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 monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, 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 the 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.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office 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 will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The 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 the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time 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 must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange 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 the Company are at the disposal of the 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, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is 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 with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing and other powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

In addition to such other limitations as may be provided in the Memorandum and Articles, and to the extent permitted by applicable law, the following acts of the Company (whether in a single transaction or a series of related transactions, and whether directly or indirectly, or by amendment, merger, consolidation, or otherwise) shall require the prior written approval of a majority of at least three-fourths of all the Directors (for the purposes of the below sub-paragraphs (a) to (t), the term “Company” means, in each case, the Company itself as well as each of its subsidiaries (together with the Company, the “**Group**”), unless wholly inapplicable) SAVE THAT for those acts referred to in sub-paragraphs (a), (b), (d), (e), (g), (i), (j), (m), (o) and (s), the additional approval of the members required under the Companies Act and/or the rules of the Stock Exchange (where applicable) shall be required unless such act is under the Companies Act the statutory power of the members which cannot by law be fettered in which case, the sanction of the members required under the Companies Act shall be sufficient without the need for the said approval by the board:

- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the shares or any new issuance of debt or warrants, options or similar rights to acquire such securities of the Company other than issuances to employees, directors and consultants pursuant to any share option plan that may have been adopted by the Company;
- (b) any repurchase or redemption of any shares, rights, options, warrants or securities of the Company and the issuance of shares, rights, options warrants or securities with such rights of repurchase or redemption;
- (c) any change in the nature or scope of the business of any of the Company and/or any of the companies of the Group;
- (d) any acquisition, merger, sale, consolidation, joint venture, establishment of any subsidiary, strategic alliance of the Company with or into one or more entities;
- (e) the sale of all or substantially all the Company’s assets, intellectual property or goodwill, except for any such sale or purchase of assets with a value not exceeding Hong Kong dollars 1,000,000 in any 12-month period by the Group as a whole;
- (f) the declaration or payment of a dividend on any shares of the Company;
- (g) the adoption or amendment of any new share option plan and the amendment to any terms and conditions thereof and of any of the existing share option plan in force;
- (h) any transaction between the Company and any of its members, directors, officers, employees or other insider and any of their affiliates or associates other than on an arms-length basis;

- (i) any matter in which the Company pledges or mortgage its assets in excess of aggregate amount of Hong Kong dollars 1,000,000 in any 12-month period by the Group as a whole;
- (j) any appointment of additional person as a Director by the Directors under the Articles and any companies of the Group's board of directors;
- (k) an increase of more than 15% in the total compensation of any management personnel of the Company and/or any companies of the Group in a 12-month period;
- (l) amendment of accounting policies or change of the financial year of the Company;
- (m) any incurrence of debt or provision of guarantee to any party in excess of aggregate amount of Hong Kong dollars 1,000,000 in any 12-month period by the Company and/or any companies of the Group as a whole;
- (n) adoption or material amendment of any agreement, understanding or arrangement among the Company and/or any companies of the Group;
- (o) adoption of and material amendment of any terms of, the Company and/or any companies of the Group's any stock option plans or share participation schemes or any bonus or profit-sharing scheme;
- (p) adoption of any business plan or annual budget of the Company and/or any companies of the Group, and any material changes to such plan or budget;
- (q) subscription or purchase of any shares, registered capital or other equity interests with a purchase value greater than Hong Kong dollars 1,000,000 in aggregate in any company or entity during any 12-month period by the Company and/or any companies of the Group as a whole;
- (r) purchase of assets in excess of an aggregate of Hong Kong dollars 1,000,000 during any calendar year by the Company and/or any companies of the Group as a whole;
- (s) extension of any loan to any party in excess of the aggregate amount of Hong Kong dollars 1,000,000 during any 12-month period by the Company and/or any companies of the Group; and
- (t) purchase or lease of assets (including real estate or interest in any other entity) in excess of an aggregate of Hong Kong dollars 1,000,000 during any 12-month period by the Company and/or any companies of the Group as a whole.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be 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 the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the 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 past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any 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 the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, 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 the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) the giving of any security or indemnity either:
 - (aaa) 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 the Company or any of its subsidiaries; or
 - (bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the 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;
- (cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. 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 an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the 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, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting 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 fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that 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.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the 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 pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

All shareholders have the right to speak and vote at a general meeting except where a shareholder is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every financial year and such general meeting must be held within six (6) months after the end of the Company's financial year unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is 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 and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) *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, but the absence of a quorum shall not preclude the appointment of a chairman.

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 or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or 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.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the 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 the Company or at a class meeting. A proxy need not be a member of the Company and is 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 is 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 as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the 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 accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The 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 the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) 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 shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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 the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the 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:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be 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, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of 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 divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is 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.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the 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 arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (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) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (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.

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.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), 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, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) 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 shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the 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. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. 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 the company other than shares held as treasury shares. 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, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

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 to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder 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 the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

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.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 25 February 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 the 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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act 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.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of 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 members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of 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 thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to

be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must 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.

As soon as the affairs of the 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 how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder 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 shareholders.

(t) 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, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Documents on Display — Documents on Display" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company 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 in the Cayman Islands as an exempted company with limited liability on 19 February 2019 under the Cayman Islands Companies Act. We have established a principal place of business in Hong Kong at Room 1302, 13/F, 9 Queen's Road Central, Central, Hong Kong and were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance under the same address on 17 April 2019. Mr. Wong and Ms. Chan Po Yu have been appointed as our authorised representatives under the Companies Ordinance for the acceptance of service of process and notices on our behalf in Hong Kong.

As our Company was incorporated in the Cayman Islands, our operations are subject to the Cayman Islands Companies Act as well as the Memorandum of Association and the Articles of Association. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the company law of the Cayman Islands is set out "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in share capital of our Company

As of the date of incorporation of our Company, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. Upon incorporation, one Share was issued to an independent initial subscriber and such Share was subsequently transferred to Ultimate Bliss on the same date for cash at par.

As part of the Reorganisation, on 20 March 2019, our Company issued 1,905.94 Shares, 1,343.46 Shares, 926.32 Shares, 131.81 Shares, 123.25 Shares and 14.54 Shares to Ultimate Bliss, Clear Lead, WuXi AppTec, Dr. Lau, Dr. Hui and Mr. Wu respectively.

Upon the completion of the Rights Issue on 25 February 2020, 1,470.88 Shares, 400 Shares and 49.12 Shares were issued and allotted by the Company to Clear Lead, WuXi AppTec and Mr. Wu respectively. Please refer to the section headed "History, Reorganisation and Corporate Structure — Pre-IPO Investments" of this prospectus.

As of the Latest Practicable Date, the issued share capital of our Company was HK\$63.6632 divided into 6,366.32 Shares of HK\$0.01 each, all fully paid or credited as fully paid, and 37,993,633.68 Shares remained unissued.

On 26 January 2022, the authorised share capital of our Company was conditionally increased to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each, by the creation of 4,962,000,000 Shares.

Immediately following the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), the issued share capital of our Company will be HK\$5,000,000 divided into 500,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid, and 4,500,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in this Appendix, there has been no alteration in the share capital of our Company since incorporation.

3. Changes in share capital of our subsidiaries

Further information on our subsidiaries is set forth in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus. Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" of 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 passed by our Shareholders

Pursuant to written resolutions of the Shareholders dated 26 January 2022:

- (a) the Memorandum and the Articles were approved and adopted as the new memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of the Company to take effect on the Listing Date;
- (b) conditional upon all the conditions set out in the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus being fulfilled:
 - (i) increase in authorised share capital from HK\$380,000 divided into 38,000,000 Shares of a par value of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares by the creation of additional 4,962,000,000 Shares of HK\$0.01 each was approved;
 - (ii) following the change in authorised share capital of our Company as referred to in paragraph (i) above and 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, the capitalisation of an amount of HK\$3,749,936.3368 standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par 374,993,633.68 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional in proportion to their respective shareholdings (as nearly as possible without involving fractions) in our Company or in accordance with the direction of such member was approved;
 - (iii) the Global Offering and the Over-allotment Option were approved and the Directors (or any committee thereof established by the Board pursuant to the Articles) was authorised to make or effect such modifications as it thinks fit;
 - (iv) the Directors (or any committee thereof established by the Board pursuant to the Articles) was authorised to allot, issue and approve the transfer of such number of Shares in connection with the Global Offering; and
 - (v) the Board (or any committee thereof established by the Board pursuant to the Articles) was authorised to determine and confirm the Offer price and offer price range with the Bookrunner;

- (c) a general unconditional mandate was granted to the Directors to exercise all powers of the Company to allot, issue and otherwise deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue, the exercise of any subscription right which may be granted under any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by the Shareholders, or under any option scheme or similar arrangement for the time being adopted for the granting or issuance of Shares or rights or options to acquire Shares (including the Pre-IPO Share Option Scheme and the Share Option Scheme)) with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the New Memorandum and Articles or any applicable law of the Cayman Islands to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
- (d) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase the Shares representing up to 10% of its share capital in issue immediately following the completion of the Global Offering (without taking into account any share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors whichever occurs first; and
- (e) the general mandate mentioned in paragraph (c) above be extended by the addition to the total number of the Shares which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of a number representing the total number of Shares repurchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (d) above.

5. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Further information relating to the Reorganisation is set forth in the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

6. Repurchase of our own securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a written resolution passed by our then Shareholders on 26 January 2022, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Act or by our Articles or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Global Offering. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as

required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under Cayman Islands Companies Act, unless otherwise authorised by the company or resolved by its directors, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for publication of an announcement of our Company's results for any year or half-year under the Listing Rules or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company is required to disclose in our annual report the details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Per-IPO Share Options and any options under the Share Option Scheme), would result in up to 50,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell 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 and the applicable laws and regulations of the Cayman Islands.

No core connected person has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, 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 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 aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts








We have entered into the following contracts (not being contracts entered into in our ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material:

- (a) the termination agreement dated 1 May 2020 entered into between (i) Saintford and (ii) Lau Tze Yan Teresa and Hui Yung Lam, trading in partnership under the firm name of Tse, Lau & Hui Medical Practice 謝劉許醫務所, to terminate the management agreement dated 1 April 2015 and the supplemental agreements to the management agreement dated 8 July 2015 and 3 April 2019; and
- (b) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

Trademark	Trademark number	Class	Registered owner	Registered date	Expiry date
 SAINTFORD LIMITED 尚方有限公司	303387989	44 ⁽¹⁾	Saintford	27 April 2015	26 April 2025
 Clarity Medical Group 清視醫療集團	304004838	35 ⁽²⁾ 44 ⁽¹⁾	Saintford	28 December 2016	27 December 2026
 Clarity Ophthalmologists 清視眼科	304004847	44 ⁽¹⁾	Saintford	28 December 2016	27 December 2026
 Clarity Eye & Surgery Centre 清視眼科全視及手術中心	304004856	44 ⁽¹⁾	Saintford	28 December 2016	27 December 2026
 Clarity Cataract Centre 清視白内障中心	304004865	44 ⁽¹⁾	Saintford	28 December 2016	27 December 2026
 Clarity Retina Institute 清視玻璃體及黃斑部專科手術中心	304004883	44 ⁽¹⁾	Saintford	28 December 2016	27 December 2026
 Clarity SMILE LASIK Centre 清視微笑飛秒矯視中心	304093065	44 ⁽¹⁾	Saintford	28 March 2017	27 March 2027

Notes:

- (1) Class 44: Advisory services relating to healthcare; body checkup and medical examination services; consultancy services relating to healthcare; consultancy services relating to surgery; consultation and advisory services relating to pharmacy; health centres; health counselling; healthcare services; hospitals; laser eye surgery services; medical analysis and diagnosis; medical assistance; medical clinic services; medical services; opticians' services; optometric services; pharmacy and drugstore services relating to preparation and dispensing of medical and pharmaceutical preparations; providing medical information in the field of eye care and health of the eyes; provision of information relating to health care by means of on-line publications, books, newsletters, magazines, catalogues, pamphlets, manuals and brochures; provision of medical advice via a global computer network; vision examination and ophthalmic tests; all included in class 44.
- (2) Class 35: Commercial administration of the licencing of the goods and services of others; administrative processing of purchase orders; advertising; commercial information and advice for consumers [consumer advice shop]; business advisory services relating to the establishment and operation of franchises; professional business consultancy; business consultancy relating to franchising; business management and organisation consultancy; presentation of goods on communication media, for retail purposes; demonstration of goods; distribution of samples; organisation of exhibitions for commercial or advertising purposes; organisation of fashion shows for promotional purposes; import-export agencies; modelling for advertising or sales promotion; on-line advertising on a computer network; procurement services for others purchasing goods and services for other businesses; publicity; sales promotion for others; organisation of trade fairs for commercial or advertising purpose; retail, wholesale and distributorship services featuring eyeglass chains, eyeglass frames, eyeglasses, eyeglass cords, eyeglass cases, optical lenses, spectacle case, spectacle frames, spectacle glasses, spectacles optics; all included in class 35.

(b) Domain name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material to our business:

<u>Registered owner</u>	<u>Domain name</u>	<u>Date of registration</u>	<u>Expiry date</u>
Saintford	claritymedic.com	22 August 2016	22 August 2022

3. Management Agreement and Partnership Deed

Historically, we provided ophthalmic services to our clients through Medical Practitioners engaged by the Partnership at our Medical Centres managed and controlled by our Group. In April 2015, Dr. Lau, Dr. Hui and Dr. Tse formed the Partnership for the purposes of our operation; and Saintford and the Partnership entered into a management agreement to regulate the Partnership's provision of ophthalmic services at our Medical Centres. As a result of our review of the business structure, the Management Agreement was terminated and the Partnership was dissolved in May 2020, details of which are set out in the section headed "History, Reorganisation and Corporate Structure — History and Development — Our Business Operation" of this prospectus. Major terms of the Management Agreement and the Partnership Deed are summarised as follows:

(A) Management Agreement*Provision of use of trade names, facilities and services*

Our Group shall:

- (a) grant the Partnership a non-exclusive licence to use the trade names owned by us for the sole purpose of carrying on its business activities of provision of ophthalmic services at our Medical Centres and such other premises as may from time to time provided by us to the Partnership for its business; and
- (b) provide to the Partnership the use of our Medical Centres and all facilities and equipment necessary for its business, and shall provide management services including administration and financial services and provision of supporting personnel in connection with the provision of such services at the Premises as may be required by Partnership, including the following:
 - (i) the use of our Medical Centres with renovation suitable for its business, and proper maintenance thereof;
 - (ii) the use of necessary medical facilities and equipment for its business and proper maintenance thereof;
 - (iii) the service of sourcing supply of IOL, medicine, drugs and other products and consumables required for the operation of its business;

- (iv) the service of necessary supporting staff (excluding Medical Practitioners) for its business; and
- (v) general accounting and administrative services including preparation of books and accounts, and inventory records, and cash management services as follows:
 - (aa) cash received from the operation of its business will be deposited to an account maintained by our Group on behalf of the Partnership with a licensed bank in Hong Kong;
 - (bb) our Group will debit directly from the account the monthly fee payable to it; and
 - (cc) our Group will deliver to the Partnership a debit note setting out the particulars of the monthly fee payable to it.

Obligations of the Partnership

The Partnership undertook to Saintford, *inter alia*, the following:

- (a) its partners would devote substantially the whole of their energy and time to its business serving the clients of our Group and use their best endeavours to develop and extend its business;
- (b) it would use the trade names owned by us which the Partnership was granted a non-exclusive licence to use for its business from time to time solely in connection with its business and would not in any way damage the goodwill attaching to such trade names;
- (c) there would not be any amendment or variation of any term of the Partnership Deed without the written consent of Saintford;
- (d) there would not be any change in its partners without the written consent of Saintford; and
- (e) it would not appoint any party other than our Group to provide the management and administrative services set out in the Management Agreement and would provide ophthalmic service exclusively to clients of our Group (except those with the prior consent of our Group).

(B) Partnership Deed

Major terms of the Partnership Deed are summarised as follows:

- (a) Dr. Lau, Dr. Hui and Dr. Tse shall become and (subject to the provisions of the Partnership Deed) remain partners in the profession of medical practitioners providing ophthalmic services from 1 April 2015 and shall continue thereafter until terminated in accordance with the provisions contained in the Partnership Deed;

- (b) in the course of carrying on their practice, each partner shall be entitled to the exclusive use of the relevant private consulting room for the purposes of providing ophthalmic services and otherwise (as may be the case);
- (c) each partner shall contribute a sum of HK\$100 to the Partnership capital on joining the Partnership. A partner ceasing to be a partner of the Partnership for whatever reason would not be entitled to any payment or distribution other than the HK\$100 capital contributed by him/her;
- (d) the entitlements of the partners to profits of the Partnership were subject to the terms and conditions of the Management Agreement. The partners shall be entitled to the fees set out in the Management Agreement only and the balance of all earnings and receipts of the Partnership (after payment of such fees to the partners and salaries to employees of the Partnership who are Registered Medical Practitioners as mentioned in the Management Agreement) shall be paid to Saintford according to the terms and conditions of the Management Agreement;
- (e) our Group would be responsible for providing management services to the Partnership on the terms and conditions of the Management Agreement; and
- (f) the partners undertook to comply with all the obligations of the Partnership under the terms and conditions of the Management Agreement.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests of Directors and chief executive of our Company

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required under section 352 of the SFO to be entered in the register referred to in that section, or

which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”), to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

Name of Director	Capacity/Nature of interest	Number of Shares or underlying Shares ⁽¹⁾	Approximate percentage of interest in our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme)
Mr. Wong ⁽²⁾	Beneficial Owner	16,687,500	3.34%
Mr. Lo Tsz Hong ⁽³⁾	Beneficial Owner	2,250,000	0.45%
Mr. Ng Roy ⁽⁴⁾	Interest of Spouse	4,500,000	0.90%
Mr. Wu	Beneficial Owner	3,749,812	0.75%

(1) All interests stated are long positions.

(2) Mr. Wong is interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 16,687,500 Shares.

(3) Lo Tsz Hong is interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 2,250,000 Shares.

(4) Star Lite (Greater China) Limited is interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 4,500,000 Shares. Star Lite (Greater China) Limited is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director. Mr. Ng Roy is therefore deemed to be interested in all the underlying Shares held by Star Lite (Greater China) Limited under the SFO.

(b) Interests of the Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Pre-IPO Share Options and any options under the Share Option Scheme), our Directors or chief executive of our Company are not aware of any other person (other than a Director or chief executive of our Company) who has an interest or short position in the Shares or the 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.

(c) Interests of the substantial shareholders of any member of our Group (other than our Company)

So far as our Directors and chief executive of our Company are aware, no person (other than members of our Group) will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme), 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.

2. Particulars of Directors' Service Contracts

(a) Directors' service contracts

Each of our executive Directors has entered into a service agreement with our Company for a term of three years with effect from the Listing Date, which may be terminated by not less than three month's notice in writing served by either party on the other. Each of our non-executive Directors and independent non-executive Directors has signed a letter of appointment with our Company for a term of three years with effect from the Listing Date, subject to termination in accordance with its terms.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract with any member of our Group other than contracts expiring or determinable by us within one year without the payment of compensation (other than statutory compensation).

(b) Directors' remuneration

The aggregate remuneration (including fees, salaries, allowances, discretionary bonus, benefits in kind and contributions to pension schemes) paid to the Directors for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021 were approximately HK\$2,854,000, HK\$3,478,000, HK\$1,348,000 and HK\$446,000, respectively. Details of the Directors' remuneration are set out in note 8 of the Accountant's Report set out in Appendix I to this prospectus.

Save as disclosed above, no other emoluments have been paid or are payable in respect of the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021 by any member of our Group to our Directors.

Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to our Directors for the year ending 31 March 2022 is estimated to be approximately HK\$3,920,000.

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 us or (ii) as a compensation 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 remuneration or benefits in kind for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021.

3. Fees or commissions received

Save as in connection with the Underwriting Agreements, none of our Directors or any of the persons whose names are listed under the paragraph headed “F. Other Information — 8. Qualification of experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Related party transactions

During the two years preceding the date of this prospectus, we have engaged in the significant transactions with related parties as described in note 26 to the Accountant’s Report set out in Appendix I to this prospectus.

5. Miscellaneous

Save as disclosed in this appendix and the sections headed “History, Reorganisation and Corporate Structure” and “Underwriting” in this prospectus:

- (a) none of the Directors or chief executive of our Company has an interest or short positions in the Shares, underlying Shares or debentures 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 which he is taken or deemed to have under such provisions of the SFO) 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 to be notified to our Company and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (b) none of the Directors or any of the persons whose names are listed under the paragraph headed “F. Other Information — 8. Qualification of experts” below has any direct or indirect interest in the promotion of our Company or in any assets which have within two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of the Directors or any of the persons whose names are listed under the paragraph headed “F. Other Information — 8. Qualification of experts” below 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 taken as a whole; and
- (d) other than pursuant to the Underwriting Agreements, none of the parties listed in the paragraph headed “F. Other Information — 8. Qualification of experts” below:
 - (i) is interested legally or beneficially in any of our Shares or any shares of 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 securities in any member of our Group.

D. PRE-IPO SHARE OPTION SCHEME

(a) Background of the Pre-IPO Share Option Scheme

To recognise and acknowledge the contributions made by certain directors, employees and consultants to the growth of Saintford, Saintford had previously adopted a share option scheme (the “**Previous Share Option Scheme**”) on 1 April 2018 and granted options to various grantees for subscribing certain shares of Saintford.

As a result of the Reorganisation, our Company adopted the Pre-IPO Share Option Scheme on the same terms and conditions as and in replacement of the Previous Share Option Scheme. Pursuant to and subject to the terms and conditions of the Pre-IPO Share Option Scheme, our Company had granted the Pre-IPO Share Options to the same group of grantees in the same proportion as the options granted under the Previous Share Option Scheme. The Previous Share Option Scheme had been terminated and all options granted thereunder had been forfeited and cancelled upon the adoption of the Pre-IPO Share Option Scheme and the grant of the Pre-IPO Share Options. As a result of the Rights Issue, the Company granted additional Pre-IPO Share Options to the grantees pursuant to the terms and conditions of the Pre-IPO Share Option Scheme, which requires corresponding alterations to be made to the number of share options granted to the grantees and the exercise price in the event of, among others, rights issue. The Company also adopted the amended Pre-IPO Share Option Scheme on 2 March 2020 to, among others, extend the maximum period within which the options may be exercisable from three years to six years.

The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme does not involve grant of options by our Company to subscribe for Shares after Listing.

(b) Purpose and principal terms

The purpose of the Pre-IPO Share Option Scheme is to enable our Company to grant options to eligible participants including any director, employee, adviser, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture partner and service provider of our Company or any of its subsidiaries as incentives or rewards for their contribution or potential contribution to our Group. The principal terms of the Pre-IPO Share Option Scheme are as follows:

- (i) Subject to any alterations set out under the Pre-IPO Share Option Scheme in the event of any capitalisation issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of our Company, the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall be 28,125,000, representing no more than 5.63% of the enlarged issued share capital of our Company upon completion of the Global Offering, but excluding any Shares to be issued upon exercise of the Over-allotment Option and without taking into account any Shares to be allotted and issued upon the exercise of the Pre-IPO Share Options.

- (ii) Subject to the terms of the Pre-IPO Share Option Scheme, the Pre-IPO Share Options 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 Pre-IPO Share Option or attempt to do so (save that the grantee may (a) nominate a nominee in whose name the Shares issued pursuant to the Pre-IPO Share Option Scheme may be registered; or (b) transfer or assign any Pre-IPO Share Option or part thereof to members of the grantee's family, or trusts or wholly-owned companies or other entities whose beneficiaries or beneficial owners are members of the grantee's family, for estate and/or tax planning purposes and in compliance with applicable securities and other laws, and provided that any Pre-IPO Share Option or part thereof so transferred shall be subject to the same terms and conditions subsisting immediately prior to the transfer. All transferees and assignees shall undertake not to further transfer or assign the Pre-IPO Share Option or any part thereof in any form).
- (iii) An amount of HK\$1.00 is payable upon acceptance of the grant of a Pre-IPO Share Option and such payment shall not be refundable.
- (iv) The exercise price in relation to each Pre-IPO Share Option offered to an eligible participant shall be at a price determined by the Board at its absolute discretion and notified to the eligible participant and shall not be less than the par value of the Shares.
- (v) Each grantee to whom a Pre-IPO Share Option has been granted shall be entitled to exercise his/her Pre-IPO Share Option in such manner as set out below:
 - (1) to subscribe up to 50% of the Shares that are subject to the Pre-IPO Share Option so granted to him (round down to the nearest whole number), exercisable at any time on or after 1 June 2019; and
 - (2) to subscribe such number of Shares subject to the Pre-IPO Share Option so granted to him less the number of Shares in respect of which the Pre-IPO Share Option has been exercised (rounded to the nearest whole number), exercisable at any time on or after 1 April 2020.
- (vi) In the event notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall give notice thereof to all grantees and each grantee shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

- (vii) In the event of any capitalisation issue, rights issue, open offer, sub-division, consolidation of shares or reduction of capital of our Company, such corresponding alterations (if any) shall be made (except on an issue of securities of our Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in (a) the number of Shares subject to any outstanding options; and/or (b) the exercise price, as the auditors of our Company or the financial adviser shall at the request of our Company or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of our Company as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any options shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value.

(c) Outstanding Pre-IPO Share Options

As of the Latest Practicable Date, a total of eight eligible participants have been granted the Pre-IPO Share Options to subscribe for an aggregate of 28,125,000 Shares, representing approximately 5.63% of the enlarged issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme). The grantees comprise two Directors, an associated company of a Director, one senior management and four employees. The exercise price for each of the Pre-IPO Share Options is HK\$0.57 per Share. All the Pre-IPO Share Options were granted on or before the Listing Date and no further options will be granted under the Pre-IPO Share Option Scheme prior to and after the Listing Date.

Particulars of the Pre-IPO Share Options granted to the grantees under the Pre-IPO Share Option Scheme are set forth below:

Grantee	Position	Address	Exercise Price (HK\$ per Share)	Number of Shares to be issued upon full exercise of the Pre-IPO Share Options	Approximate percentage of Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of the Pre-IPO Share Options and any options under the Share Option Scheme)
<i>Directors</i>					
Wong Tai Cheung Andrew (黃棟彰)	Chief Executive Officer and Executive Director	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	16,687,500	3.34%
Lo Tsz Hong (盧子康)	Executive Director	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	2,250,000	0.45%
Star Lite (Greater China) Limited ⁽¹⁾	Associated company of a Non-Executive Director	Unit 408, 4/F, Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon	0.57	4,500,000	0.90%
<i>Senior Management</i>					
Ho Kin (何健)	Financial Controller	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	1,500,000	0.30%
<i>Other grantees</i>					
Chan Po Yu (陳寶茹)	Company Secretary	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	1,125,000	0.23%
Ting Yin Ting (丁燕婷)	Head of Customer Service	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	375,000	0.08%
Chan Ka Yan (陳家欣)	Senior Manager of Business Development	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	1,500,000	0.30%
Chan Fan (陳凡)	Human Resources Manager	Room 1303, 13/F, 9 Queen's Road Central, Hong Kong	0.57	187,500	0.04%
Total				28,125,000	5.63%

Note:

- (1) Star Lite (Greater China) Limited is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

Save as disclosed above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

Application has been made to the Listing Committee for the listing of and permission to deal in the 28,125,000 Shares that may be issued pursuant to the exercise of the Pre-IPO Share Options.

We will not permit the exercise of any Pre-IPO Share Options if as a result of such exercise we would not be able to comply with the minimum public float requirement of the Listing Rules.

(d) Effect on earnings per Share arising

As of the Latest Practicable Date, all of the Pre-IPO Share Options had not been exercised and remained outstanding. Assuming full vesting and exercise of all Pre-IPO Share Options, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any options under the Share Option Scheme) would be diluted by approximately 5.33% and the dilution effect on our earnings per Share would be approximately 5.33%.

E. SHARE OPTION SCHEME

Application has been made to the Listing Committee for the listing of and permission to deal in 50,000,000 Shares, representing 10% of our Company's issued share capital as of the Listing Date (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any option which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme. As of the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme adopted pursuant to the written resolutions of our Shareholders passed on 26 January 2022 and adopted by the resolutions of the Board meeting passed on 26 January 2022. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules:

1. Purpose of the Share Option Scheme

- (a) The Share Option Scheme is a share incentive scheme and is established to provide incentives and rewards to Eligible Participants (as defined below) for their contribution, and to align the corporate objectives and interests between the Group and its key talents.
- (b) For the purpose of the Share Option Scheme, “**Eligible Participant**” means any person who satisfies the eligibility criteria in paragraph 2 below.

2. Who may join and basis for determining eligibility

- (a) Our Board may at its discretion grant options to any director, employee, adviser, consultant and business partner of our Group.
- (b) In determining the basis of offering options to an Eligible Participant, our Board shall take into account, without limitations, the employee grade, years of service, overall performance of such Eligible Participant, and/or such factors as our Board may at its discretion consider appropriate, for the purpose of management.
- (c) Each grant of options to a connected person (as defined in the Listing Rules) of our Company, or any of his associates (as defined in the Listing Rules), must comply and be approved in accordance with the applicable requirements of the Listing Rules.

3. Grant of options

- (a) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time during the operation of the Share Option Scheme, at its sole and absolute discretion, to make an offer of options to any Eligible Participant by letter in such form as our Board may from time to time determine. An offer of options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board (or a person designated by the Board) for such period (not exceeding thirty (30) calendar days from, and inclusive of, the grant date) as the Board may determine and notify to the grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An offer of options not accepted within this period shall lapse. A non-refundable remittance of HK\$1.00 is payable by the grantee to our Company upon acceptance of the offer of options which shall not be deemed to be a part payment of the subscription price. An offer may not be accepted unless the grantee remains an Eligible Participant on acceptance.
- (b) Any offer of options may be accepted or deemed to have been accepted for a number of Shares less than those offered under the relevant options provided that the number of Shares in respect of the options accepted constitutes a board lot or an integral multiple thereof for the purposes of trading on the Stock Exchange. If the offer of options is not accepted within the period in the manner indicated in paragraph 3(a) above, such offer shall lapse automatically.
- (c) Our Company shall issue a statement in such form as our Board shall from time to time determine to any grantee who has accepted an offer within seven (7) calendar days after the end of the period for acceptance of the offer.

4. Subscription price

The subscription price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to a grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a Business Day (as defined in the Listing Rules), (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the date of grant of the relevant options; and (iii) the nominal value of a Share on the date of grant. The exercise price shall also be subject to any adjustments made in a situation contemplated under paragraph 10 below.

5. Maximum number of Shares

- (a) The total number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the total number of Share in issue as of the Listing Date (such 10% limit representing 50,000,000 Shares), unless our Company obtains the approval of our Shareholders in accordance with paragraph 5(b) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the 10% limit.
- (b) Our Company may seek the approval of our Shareholders in general meeting to refresh the 10% limit stated in paragraph 5(a) above such that the total number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and any other share option scheme of our Company under the limit as refreshed shall not exceed 10% of the total number of Share in issue as of the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other option scheme, including options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.
- (c) Our Company may seek the approval of our Shareholders in general meeting to grant options under the Share Option Scheme which will result in the number of Shares in respect of all the options granted under the Share Option Scheme and any other share option scheme exceeding 10% of the total number of Share in issue, provided that such options are granted only to participants specifically identified by our Company before the approval of our Shareholders is sought.
- (d) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme shall not exceed 30% of the total number of Share in issue from time to time.
- (e) No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding options granted under the Share Option Scheme) in the twelve-month period up to and including the date of such new grant exceeding 1% in aggregate of the total number

of Share in issue as of the date of such new grant. Any grant of further options granted under the Share Option Scheme above this limit shall be subject to the requirements provided under the Listing Rules.

6. Time of exercise of option

- (a) Subject to any restriction contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable exercise period, which is not more than ten (10) years from the date of grant of option.
- (b) There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, our Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations as our Board may determine in its absolute discretion, including, without limitation, the minimum period of the options to be held and/or the performance targets to be achieved before the options can be exercised.

7. Rights are personal to grantee

An option granted under the Share Option Scheme shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favor of any third party over or in relation to any option granted under the Share Option Scheme.

8. Rights on death/ceasing employment

- (a) In the event of transfer of the grantee's employment or engagement within our Company and/or our subsidiaries according to the relevant internal rules, the rights and obligations in relation to the options granted to such grantee shall remain the same.
- (b) If the grantee retires, the vesting schedule of the options granted to him shall continue to apply.
- (c) If the grantee is on leave without pay accumulated for more than one hundred and eighty-three (183) calendar days in any calendar year after the date of grant of option, the vesting periods for all unvested options granted to him shall be respectively extended for twelve (12) months. If any such extension will result in the vesting period of any unvested options to cross beyond the date of the 7th anniversary of the date of grant of option, such extension shall be deemed to be made up to the Business Day immediately prior to the date of the 7th anniversary of the date of grant of option.
- (d) In the event of death of a grantee (provided that none of the events under certain provisions of the Share Option Scheme arises before his death) all unvested options shall vest on the date of his death or the date of grant of option, whichever is later,

and the legal personal representative(s) of such grantee may exercise all options granted to the deceased within twelve (12) months thereafter. Any vested options not exercised within the aforementioned period shall be automatically forfeited.

- (e) If a grantee who is an employee, director, consultant or adviser of our Group ceases to be employed or engaged by our Group on the ground of disability resulting from an occupational accident, all unvested options shall vest on the date of grant of option or the termination date of the employment or engagement of such grantee, whichever is later. The grantee shall exercise all options granted to him within twelve (12) months thereafter. Any vested options not exercised within the aforementioned period shall be automatically forfeited.
- (f) Notwithstanding any provision to the contrary under sub-paragraphs (a) to (e) above, if a grantee breaches the employment or engagement contract or other contracts with our Company and/or our subsidiaries, the Board may forfeit any unvested option at its sole and absolute discretion. The grantee may exercise any vested options which he is entitled to exercise within thirty (30) calendar days of the notice of the Board of such decision, or such longer period as the Board may determine. Any vested options not exercised within the aforementioned period shall be automatically forfeited.

9. Ranking of the shares

No dividends (including distributions made upon the liquidation of our Company) shall be payable and no voting rights shall be exercisable in relation to any options that have not been exercised. Shares allotted and issued on the exercise of any options granted under the Share Option Scheme shall be subject to all provisions of the Articles of Association and shall rank equally in all respects with the Shares in issue on the date of allotment and issuance. They shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment and issuance.

10. Effects of alterations to capital

In the event of any alteration in the capital structure of our Company while an option granted under the Share Option Scheme remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (a) the number of Shares (without fractional entitlements) subject to the options so far as unexercised; and/or
- (b) the subscription price; and/or
- (c) the maximum number of Shares for which further option may be granted under the Share Option Scheme.

Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the options and/or the subscription price shall be conditional on the auditors or the independent financial adviser appointed by our Company confirming by the issue of certificate to the Board that the alteration is in their opinion fair and reasonable, is

made on the basis that the proportion of the issued share capital of our Company to which a grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration shall be made to the effect which would be to enable any Share to be issued at less than its nominal value (where applicable) or which would result in the aggregate amount payable on the exercise of any options in full being increased.

11. Rights on a takeover

If a general or partial offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any party acting in concert with the offeror) to acquire all or part of the issued Shares and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, all unvested options shall vest immediately, and the grantee shall be entitled to exercise his options to their full extent or to the extent specified in his notice for such exercise within fourteen (14) calendar days after the date on which such offer becomes or is declared unconditional.

12. Rights on company reconstruction

In the event of a compromise or arrangement between us and our Shareholders and/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, we shall give notice thereof to all grantees on the same date as we give notice of the meeting to our Shareholders and/or creditors of our Company to consider such a compromise or arrangement, and thereupon all unvested options shall vest immediately, and each the grantee shall, by notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant options (such notice to be received by our Company not later than two (2) Business Days prior to the proposed meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement if there are more than one meeting for such purpose, the date of the first meeting) exercise the option (to the extent exercisable as of the date of the notice to the grantee and not exercised) either in full or in part and our Board shall endeavor to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement.

13. Rights on a voluntary winding up

In the event notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company when the Company is solvent, we shall on the day of such notice to the Shareholder or as soon as practicable thereafter, give notice thereof to all grantees. Thereupon all unvested options shall vest immediately, and each grantee shall, by giving notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant options (such notice to be received by our Company not later than two (2) Business Days prior to the proposed meeting) exercise the option (to the extent exercisable as of the date of the notice from our Company to the grantee and not

exercised) either in full or in part and we shall, as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

14. Lapse of options

An option shall lapse forthwith and not be exercisable (to the extent not already exercised) with immediate effect or after such period our Board may determine, on the earliest of:

- (a) the expiry of the exercise period;
- (b) the expiry of the periods referred to in paragraph 8;
- (c) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 12;
- (d) the date on which the Board exercise our Company's right to cancel or forfeit an option if a grantee commits a breach as contemplated under paragraph 7;
- (e) the date on which the options are cancelled in accordance to paragraph 15 below; and
- (f) the date on which the Board exercise our Company's right to cancel or forfeit an option when the employment contract of the grantee is deemed as violated by the grantee by reason of the breach of rules of confidentiality.

15. Cancellation of options granted

Any cancellation of option granted but not exercised must be approved by the grantee in writing. If our Board elects to cancel any option and issue a new option to the same grantee, the issue of such new option may only be made with available ungranted options (excluding for this purpose all the cancelled options) within the limits referred to in paragraph 5.

16. Period of the Share Option Scheme

Options may be granted to Eligible Participants under the Share Option Scheme during the period of ten (10) years commencing on the adoption date of the Share Option Scheme.

17. Alteration to Share Option Scheme and Termination

- (a) This Share Option Scheme may be amended or altered in any respect by resolution of our Board to the extent allowed by the Listing Rules except that the following alteration must be approved by a resolution of the Shareholders in general meeting:
 - (i) any changes to the definitions of Eligible Participant, grantee and exercise period in the Share Option Scheme;
 - (ii) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature;
 - (iii) any changes to the terms of options granted; and
 - (iv) any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme,

except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that no such alteration shall be to the advantage of grantee or the prospective grantee, without the prior approval of the Shareholders in general meeting with the Eligible Participants, the grantees and their respective associates abstaining from voting.

- (b) No alteration shall operate to affect adversely the terms of issue of any options granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such options prior to such alteration except with the consent in writing of grantees holding in aggregate options which if exercised in full on the Business Day immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date.
- (c) Our Board may at any time terminate the operation of the Share Option Scheme before expiry of its life and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant.

18. Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the Share Option Scheme by our Board and our Shareholders and is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Share to be issued and allotted by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange.

19. Administration of the Share Option Scheme

The Share Option Scheme shall be subject to the administration of our Board, whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties to the Share Option Scheme.

F. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in the section headed “Business — Legal Proceedings and Complaints” in this prospectus, as of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration which may have material and adverse effect on the Global Offering and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules. The fees payable to the Sole Sponsor in connection with the Global Offering is HK\$5.0 million.

4. No Material Adverse Change

Our Directors confirm that there has been no material change in the financial or trading position of our Group since 31 July 2021, being the date to which the latest audited consolidated financial statements of our Group were made up.

5. Agency Fees and Commissions Received

The Underwriters will receive an underwriting commission as referred to in the section headed “Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses”.

6. Preliminary expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately US\$6,415 (equivalent to approximately HK\$50,335.94) and were paid by us.

7. Promoter

Our Company has no promoter for the purpose 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 are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, who have given opinions in this prospectus, are as follows:

<u>Name</u>	<u>Qualification</u>
China Everbright Capital Limited	A corporation licenced to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Haiwen & Partners	Legal adviser to our Company as to PRC law
Mr. Patrick Siu	Barrister-at-law in Hong Kong
Frost & Sullivan Limited	Industry consultant

9. Consents of experts

Each of the experts named in the paragraph headed “F. Other Information — 8. Qualification of experts” above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report, letter and/or opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

10. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out below:

Name:	Ultimate Bliss Limited
Place of incorporation:	BVI
Registered address:	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands
Nature of business:	Investment holding
Number of Shares to be sold:	11,000,000 Shares

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

- (a) Save as disclosed in this appendix and in the sections headed “History, Reorganisation and Corporate Structure” and “Underwriting” in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) 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;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

- (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Company had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfer 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.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) Save for the proposed listing of our Shares on the Stock Exchange, our Company does not have any equity or debt securities presently listed or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any stock exchange.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other things;

- (a) copies of the **GREEN** Application Form;
- (b) the written consents referred to in “Statutory and General Information — F. Other Information — 9. Consents of experts” in Appendix IV to this prospectus;
- (c) copies of the material contracts referred in the section headed “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus; and
- (d) the statement of particulars of the Selling Shareholder.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.claritymedic.com up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021 issued by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended 31 March 2019, 2020 and 2021 and the four months ended 31 July 2021;
- (d) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred in the paragraph headed “Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus;
- (f) the written consents of experts referred in the paragraph headed “Statutory and General Information — F. Other Information — 9. Consents of experts” in Appendix IV to this prospectus;
- (g) the letter of advice prepared by Conyers Dill & Pearman, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred in Appendix III to this prospectus;
- (h) the legal opinion of our Legal Counsel in relation to, *inter alia*, compliance of our Medical Centres and the structure of our Group with the MC Ordinance and other applicable laws, regulations and codes in Hong Kong;

- (i) the memorandum prepared by Haiwen & Partners, our legal advisor as to PRC law, on certain aspects of the PRC law referred to in this prospectus;
- (j) the service contracts and letters of appointment referred in the paragraph headed “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Directors’ Service Contracts” in Appendix IV to this prospectus;
- (k) the Cayman Companies Act;
- (l) the Frost & Sullivan Report;
- (m) the terms of the Pre-IPO Share Option Scheme, including the list of grantees of the Pre-IPO Share Options;
- (n) the terms of the Share Option Scheme; and
- (o) the statement of particulars of the Selling Shareholder, including, the identity, address and other particulars of the Selling Shareholder.



Clarity
Medical Group
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