



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

## 2022 ANNUAL REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Tai Cheung Andrew<sup>#</sup> (*Chief Executive Officer*)  
Mr. Hui Yung Chris\* (*Chief Executive Officer*)  
Dr. Tse Wai Ip (*Appointed on 30 June 2022*)  
Mr. Lo Tsz Hong

### Non-Executive Directors

Mr. Wu Ting Yuk Anthony (*Chairman of the Board*)  
Mr. Ng Roy  
Ms. Zhao Wei

### Independent Non-Executive Directors

Mr. Li Michael Hankin  
Mr. Hui Yung Chris\*  
Mr. Ma Wai Hung Vincent  
Professor Lau Wan Yee Joseph  
(*Appointed on 30 June 2022*)

## AUDIT COMMITTEE

Mr. Li Michael Hankin (*Chairman*)  
Mr. Hui Yung Chris\*  
Mr. Ma Wai Hung Vincent  
Professor Lau Wan Yee Joseph  
(*Appointed on 30 June 2022*)

## REMUNERATION COMMITTEE

Mr. Ma Wai Hung Vincent (*Chairman*)  
Mr. Li Michael Hankin  
Mr. Hui Yung Chris\*  
Mr. Ng Roy  
Professor Lau Wan Yee Joseph  
(*Appointed on 30 June 2022*)

## NOMINATION COMMITTEE

Mr. Wu Ting Yuk Anthony (*Chairman*)  
Mr. Li Michael Hankin  
Mr. Ma Wai Hung Vincent

## AUTHORIZED REPRESENTATIVES

Mr. Wong Tai Cheung Andrew<sup>#</sup>  
Ms. Chan Po Yu  
Mr. Hui Yung Chris\*

## COMPANY SECRETARY

Ms. Chan Po Yu (*CPA (HK), ACG, ACS*)

## AUDITOR

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

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1302, 13/F  
9 Queen's Road Central  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## COMPLIANCE ADVISOR

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

## CORPORATE WEBSITE

[www.claritymedic.com](http://www.claritymedic.com)

## INVESTOR RELATIONS CONTACT

Email: [info@claritymedic.com](mailto:info@claritymedic.com)

## STOCK CODE

1406

*Notes*<sup>#</sup> Mr. Wong Tai Cheung Andrew has resigned as an executive Director, chief executive officer (the "Chief Executive Officer") and authorized representative of the Company on 30 June 2022.

\* Mr. Hui Yung Chris has been re-designated from an independent non-executive Director to an executive Director and ceased to act as a member of each of the Audit Committee and the Remuneration Committee on 30 June 2022, and he was also appointed as the Chief Executive Officer and authorized representative of the Company with effect from 30 June 2022.

# FINANCIAL HIGHLIGHT

The board (the “**Board**”) of directors (the “**Directors**”) of Clarity Medical Group Holding Limited (the “**Company**”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021.

## COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	For the year ended 31 March		
	2022 HK\$'000	2021 HK\$'000	Change
Revenue	225,237	222,381	1.3%
Profit for the year	13,491	35,769	(62.3%)
Adjusted net profit for the year <sup>(1)&amp;(2)</sup>	30,885	39,446	(21.7%)
Net profit margin (%)	6.0%	16.1%	N/A
Adjusted net profit margin (%) <sup>(1)&amp;(2)</sup>	13.7%	17.7%	N/A

Notes:

- (1) Adjusted net profit is derived by taking out the one-off non-recurring government subsidy and the effect of the listing expenses incurred during the years ended 31 March 2021 and 2022.
- (2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a “non-GAAP” financial measure. It is not a measurement of the Group’s financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group’s liquidity.

## LISTING ON THE STOCK EXCHANGE

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 February 2022 (the “**Listing Date**”) following the completion of the global offering (the “**Global Offering**”) of 125,000,000 new ordinary shares issued by the Company (the “**Shares**”) (the “**Listing**”). The amount of net proceeds from the Global Offering amounted to approximately HK\$181.9 million, after deduction of the underwriting commission and other expenses.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to report to all shareholders of the Company (the "**Shareholders**") the annual report of the Group for the year ended 31 March 2022. This is the first annual report of the Group since its Listing on the Stock Exchange on 18 February 2022.

## ACHIEVING THE MILESTONES

In 2022, the Group marked a significant milestone in the history of its development. The Group was successfully listed on the Main Board of the Stock Exchange on 18 February 2022 and it has cemented a solid foundation for the Group's future development. I would like to express my sincere appreciation to our investors for their trust in our management team throughout the process of the Listing and casting a vote of confidence in the future prospects of the Group. This has paved the way for the successful completion of and positive feedback from the investment market for the Group's initial public offering.

## PROSPECT

Despite the negative impacts caused by the fifth wave of the COVID-19 pandemic on public health and the economy of Hong Kong, the Group achieved revenue of HK\$225.2 million for the year ended 31 March 2022, representing a year-on-year increase of 1.3%. As one of the leading private healthcare institutions specializing in ophthalmology in Hong Kong, we provide comprehensive ophthalmic services to our patients with a focus on offering various refractive treatment services. 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 in Hong Kong.

As compared to the Hong Kong market, the market size of private ophthalmic healthcare services in the Greater Bay Area is substantially larger. In addition to the economic growth in the Greater Bay Area, the implementation of favorable government policies, and the improvement of living standards are expected to stimulate the demand for high-quality ophthalmic services. The Group is well prepared to tap into the market of the Greater Bay Area to provide high-quality medical services to patients and we believe we have competitive strength in establishing our business operations in the Greater Bay Area by leveraging our ample experience in the ophthalmic healthcare industry in Hong Kong.

## ACKNOWLEDGEMENT

I would like to express my deepest appreciation to the management team and all fellow staff members for their extraordinary commitment, cohesive teamwork, dedication, and contribution. They are one of our most important assets contributing to the Group's success.

On behalf of the Board, I would like to take this opportunity to express my utmost gratitude to all of our Shareholders, customers, and business partners for their unwavering support. We are fully committed to upholding our position as one of the leading private healthcare institutions specializing in ophthalmology in Hong Kong and striving for excellence and creating value for our Shareholders.

**Wu Ting Yuk Anthony**

*Chairman and Non-Executive Director*

Hong Kong, 28 June 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in the provision of private ophthalmic healthcare services in Hong Kong. Despite the negative impacts on public health and the economy of Hong Kong caused by the fifth wave of the COVID-19 pandemic during February and March 2022, the Group achieved revenue of HK\$225.2 million for the year ended 31 March 2022, representing a year-on-year increase of 1.3%. Details of the revenue review are set out in the Revenue Overview session of Management Discussion and Analysis below.

## REVENUE OVERVIEW

We generate revenue from the provision of private ophthalmic services in Hong Kong, including refractive treatments, treatments for other eye problems, consultation and examination services, and sales of prescriptions and others. For the year ended 31 March 2022, our revenue amounted to approximately HK\$225.2 million, representing an increase of approximately HK\$2.8 million or 1.3% from approximately HK\$222.4 million for the year ended 31 March 2021. The table below sets out (i) the breakdown of revenue by the types of treatments and services and their respective percentage of revenue; (ii) number of refractive treatment by types conducted; and (iii) average prices of the refractive treatment services during the years ended 31 March 2022 and 2021 respectively.

### (i) Breakdown of revenue by the types of treatments and services and their respective percentage of revenue

	For the year ended 31 March				
	2022 HK\$'000	% of revenue	2021 HK\$'000	% of revenue	Change HK\$'000
<b>Refractive Treatments</b>	<b>152,611</b>	<b>67.8%</b>	161,668	72.7%	(9,057)
SMILE surgeries	87,686	38.9%	100,104	45.0%	(12,418)
LASIK surgeries	3,091	1.4%	3,654	1.6%	(563)
Multifocal IOL replacements	50,730	22.6%	49,064	22.1%	1,666
ICL implantations	11,104	4.9%	8,846	4.0%	2,258
<b>Treatment for other eye problems</b>	<b>55,066</b>	<b>24.4%</b>	44,751	20.1%	10,315
Standard cataract surgeries	21,081	9.3%	18,658	8.4%	2,423
Laser procedures	14,447	6.4%	10,302	4.6%	4,145
PPV surgeries	13,521	6.0%	10,369	4.7%	3,152
Other treatments/surgeries	6,017	2.7%	5,422	2.4%	595
<b>Consultation and examination services</b>	<b>10,210</b>	<b>4.5%</b>	9,100	4.1%	1,110
<b>Sales of prescriptions and others</b>	<b>7,350</b>	<b>3.3%</b>	6,862	3.1%	488
<b>Revenue</b>	<b>225,237</b>	<b>100.0%</b>	222,381	100.0%	2,856

**(ii) Number of refractive treatment by types conducted**

	For the year ended 31 March			
	2022		2021	
	Number	%	Number	%
SMILE surgeries	3,802	72.7%	4,063	74.4%
LASIK surgeries	159	3.0%	187	3.4%
Multifocal IOL replacements	1,132	21.6%	1,104	20.2%
ICL implantations	141	2.7%	111	2.0%
Total	5,234	100.0%	5,465	100.0%

**(iii) Average prices of the refractive treatment services**

	For the year ended 31 March	
	2022 HK\$	2021 HK\$
SMILE surgeries	23,100	24,600
LASIK surgeries	19,400	19,500
Multifocal IOL replacements	44,800	44,400
ICL implantations	78,800	79,700

**REFRACTIVE TREATMENT**

Refractive treatments were our largest source of revenue during the year, representing approximately 67.8% of our revenue during the year ended 31 March 2022. 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. LASIK is a surgery that uses surgical blade and excimer laser to correct myopia, hyperopia and/or astigmatism by modifying the curvature of cornea. 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. ICL implantation is a surgery which places intraocular contact lens in front of the natural lens to correct myopia, hyperopia and astigmatism.

Our revenue generated from refractive treatments decreased by approximately HK\$9.1 million or 5.6% from approximately HK\$161.7 million for the year ended 31 March 2021 to approximately HK\$152.6 million for the year ended 31 March 2022. 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 2022. The number of SMILE surgery conducted decreased from 4,063 for the year ended 31 March 2021 to 3,802 for the year ended 31 March 2022, and the revenue generated from SMILE surgery decreased by approximately HK\$12.4 million, or 12.4%, from approximately HK\$100.1 million for the year ended 31 March 2021 to approximately HK\$87.7 million for the year ended 31 March 2022. The impact on our revenue generated from refractive treatments due to the decrease in revenue generated from SMILE surgeries was partially offset by the increase in revenue generated from multifocal IOL replacements and ICL implantations which the number of treatments conducted for both services had increased as compared to the year ended 31 March 2021.

### **TREATMENT FOR OTHER EYE PROBLEMS**

Treatment for other eye problems include standard cataract surgery, laser procedure, PPV surgery, and other treatments and surgeries. For the years ended 31 March 2021 and 2022, revenue generated from treatments for other eye problems amounted to approximately HK\$44.8 million and HK\$55.1 million, representing approximately 20.1% and 24.4% of our revenue, respectively. Revenue generated from treatment for other eye problems increased by approximately HK\$10.3 million, or 23.0%, from approximately HK\$44.8 million for the year ended 31 March 2021 to approximately HK\$55.1 million for the year ended 31 March 2022. The increase in revenue generated from treatment of other eye problems was mainly due to the increase in revenue recorded for our laser procedures and PPV surgery of approximately HK\$4.1 million and HK\$3.1 million, respectively, as compared to the year ended 31 March 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. Our revenue generated from consultation and examination services increased by approximately HK\$1.1 million or 12.1% from approximately HK\$9.1 million for the year ended 31 March 2021 to approximately HK\$10.2 million for the year ended 31 March 2022. The increase in revenue generated from consultation and examination services was mainly due to the growth in number of patient visits during the year.

### **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 years ended 31 March 2021 and 2022, our revenue generated from sales of prescriptions and others was approximately HK\$6.9 million and HK\$7.4 million, representing approximately 3.1% and 3.3% of our revenue, respectively. 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, NET**

Our net other income for the year ended 31 March 2022 mainly consisted of (i) interest income from bank deposits in the amount of HK\$47,000; and (ii) rent concessions of approximately HK\$1.5 million received from landlords of our leased properties due to COVID-19. Our net other income recorded for the year ended 31 March 2022 had decreased by approximately HK\$5.2 million, or 74.3% as compared with the same period in 2021. The decrease was mainly because no further government subsidies under the employment support scheme of the Government's anti-epidemic fund were provided during the year ended 31 March 2022 as compared to HK\$4.9 million received during the same period in 2021.



## **INVENTORIES USED**

Inventories used mainly represent the costs of medical device licences, IOLs and drugs and dispensary supplies. Our medical device licences are procedure packs, which comprised of medical consumables required for the operation of our medical devices. The procedure packs enable our Medical Practitioners to perform treatments and surgeries using the respective medical devices. 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 years ended 31 March 2021 and 2022, the inventories used amounted to approximately HK\$37.0 million and HK\$38.5 million, representing approximately 16.6% and 17.1% 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 increase in the number of treatments conducted during the year.

## **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 the years ended 31 March 2021 and 2022, consultancy fees amounted to approximately HK\$55.8 million and HK\$63.0 million, representing approximately 25.1% and 28.0% of our total revenue, respectively. The increase in consultancy fees paid to the medical practitioners during the year mainly as a result of the increase in the number of medical practitioners from nine as at 31 March 2021 to 11 as at 31 March 2022.

## **EMPLOYEE BENEFIT EXPENSES**

Our employee benefit expenses include wages, salaries, pension scheme contributions and other related expenses for our staff. For the years ended 31 March 2021 and 2022, our employee benefit expenses amounted to approximately HK\$36.3 million and HK\$42.0 million, representing approximately 16.3% and 18.7% of our revenue, respectively. The increase in employee benefit expenses during the year was primarily due to an increase in wages, salaries and bonuses paid to our employee.

## **DEPRECIATION OF RIGHT-OF-USE ASSETS**

Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased equipment and properties. For the years ended 31 March 2021 and 2022, our depreciation expenses for right-of-use assets amounted to approximately HK\$18.3 million and HK\$14.4 million, representing approximately 8.2% and 6.4% of our revenue, respectively. We recorded a decrease of depreciation of right-of-use assets during the year as a result of the decrease in rental fee of our leased properties in Mong Kok and Central upon renewal in May 2021 and August 2021, respectively.

## **EXPENSES INCURRED IN CONNECTION WITH THE LISTING**

The Company has been listed on the Stock Exchange since 18 February 2022. In relation to the Listing, listing expenses of approximately HK\$8.6 million and approximately HK\$17.4 million were charged to the Group's consolidated statement of comprehensive income during the years ended 31 March 2021 and 2022, respectively.

## OTHER EXPENSES

Other expenses mainly comprise other general and administration expenses, management fees, business development expenses and bank charges. For the years ended 31 March 2021 and 2022, other expenses were approximately HK\$20.3 million and HK\$24.2 million, representing approximately 9.1% and 10.7% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the years ended 31 March 2021 and 2022 respectively:

	For the year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Business development	6,033	4,761
Repair and maintenance	2,514	2,214
Professional fees	1,098	1,232
Auditor's remuneration	1,000	138
Bank charges	6,190	6,548
Other general and administrative expenses	7,330	5,379
Other expenses	24,165	20,272

Our business development expenses include the cost of organising eye care educational talks and the related costs of printing leaflets and designing website. The increase in business development expenses incurred of approximately HK\$1.2 million or 25.0% from approximately HK\$4.8 million for the year ended 31 March 2021 to approximately HK\$6.0 million for the year ended 31 March 2022 as our Group had organised more educational seminars before the outbreak of the fifth wave of the COVID-19 pandemic and the continuous effort by our Group on brand-building activities.

Bank charges are expenses related to credit card transfers. For the years ended 31 March 2021 and 2022, our bank charges amounted to approximately HK\$6.5 million and HK\$6.2 million, respectively.

Other general and administrative expenses mainly includes, but not limited to, utilities charges, insurance payments and other telecommunication charges. For the years ended 31 March 2021 and 2022, our other general and administrative expenses amounted to approximately HK\$5.4 million and HK\$7.3 million, respectively.

## FINANCE COSTS

Finance costs mainly comprise interest expenses on lease liabilities and interest expenses on bank borrowings. Our finance costs decreased by approximately HK\$0.1 million, or 11.1% from approximately HK\$0.9 million for the year ended 31 March 2021 to approximately HK\$0.8 million for the year ended 31 March 2022, primarily due to the full repayment 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 our leased properties in Mong Kok and Central upon renewal in May 2021 and August 2021, respectively.

## **INCOME TAX EXPENSES**

We recognised taxation for profit at the rate of 16.5% in Hong Kong with reference to the estimated assessable profits during the year. For the years ended 31 March 2021 and 2022, our income tax expenses amounted to approximately HK\$8.0 million and HK\$5.6 million, and our effective tax rates were 18.4% and 29.2%, respectively. Our effective tax rates for the years ended 31 March 2021 and 2022 were higher than Hong Kong's statutory 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 increase in effective tax rate for the year ended 31 March 2022 as compared to 31 March 2021 was primarily due to the increase in listing expenses from HK\$8.6 million to HK\$17.4 million.

## **PROFIT FOR THE YEAR AND NET PROFIT MARGIN**

As a result of the foregoing, our net profit for the year decreased from HK\$35.8 million for the year ended 31 March 2021 to approximately HK\$13.5 million for the year ended 31 March 2022, representing a decrease of HK\$22.3 million or 62.3%. The net profit margin for the year decreased from 16.1% for the year ended 31 March 2021 to 6.0% for the year ended 31 March 2022.

Without taking into account the one-off non-recurring government subsidy and the effect of the listing expenses incurred during the years ended 31 March 2021 and 2022, the adjusted net profit of the Group amounted to approximately HK\$39.4 million and HK\$30.9 million for the years ended 31 March 2021 and 2022 respectively, representing a year-on-year decrease of HK\$8.5 million or 21.6%. The adjusted net profit margin decreased from 17.7% for the year ended 31 March 2021 to 13.7% for the year ended 31 March 2022.

## **IMPACT OF COVID-19 PANDEMIC**

The fifth wave of the COVID-19 pandemic had a significant impact on the financial performance of the Group for February and March 2022. The number of reported cases of COVID-19 had spiked since the beginning of February and the COVID-19 pandemic in Hong Kong continued to worsen in early March 2022. The government of Hong Kong had put in place stringent policies in combatting the outbreak of COVID-19, including reducing private gathering limits, mandatory 14-day closure of barbershops and gyms. Furthermore, the government had encouraged corporations to implement flexible working arrangements.

As such, the Group recorded revenue of approximately HK\$10.5 million and HK\$11.6 million, for February and March 2022 respectively, whereas, the Group recorded revenue of approximately, HK\$18.1 million and HK\$22.7 million for the corresponding months in 2021, representing a drop of approximately 42.0% and 48.9%, respectively.

The unexpected outbreak of the fifth wave of COVID-19 in Hong Kong had a substantial impact of the revenue generated by the Group in February and March 2022. However, the Directors remain confident the Group's operation and financial performance would resume normal when the impact of COVID-19 had eased.

## **CAPITAL EXPENDITURE AND COMMITMENTS**

For the year ended 31 March 2022, the Group incurred capital expenditures of HK\$0.2 million, primarily due to purchase of equipment and leasehold improvements for our medical centres.

There is no capital expenditure contracted for but not yet recognised as liabilities as at 31 March 2021 and 2022.

## **GEARING RATIO**

As at 31 March 2022, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (2021: not applicable).

## CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 March 2022.

## PLEDGE OF ASSETS

The Group had not pledged any assets as at 31 March 2022.

## FINANCIAL INSTRUMENTS

Our major financial instruments include trade receivables, deposits and other receivables, amount due from a related party, cash and cash equivalents, lease liabilities, trade payables, accruals and other payables. Our management manages such exposure to ensure appropriate measures are implemented on a timely and effective manner.

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

### Exposure to Fluctuation in Exchange Rates

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not our functional currency. We mainly operates in Hong Kong with the majority of the transactions settled in HK\$. We closely monitor and manage 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 years ended 31 March 2022 and 2021, our income and operating cash flows are substantially independent of changes in market foreign exchange rate. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis.

### Cash Flow and Fair Value Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. We do not anticipate significant impact resulted from the reasonable possible change in interest rates.

The Group's fair value interest rate risk mainly arises from lease liabilities at fixed interest rates.

### Credit Risk

Our credit risk mainly arises from trade receivables, deposits and other receivables, amount due from a related party 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.

We have assessed that the expected loss rate for trade receivables was immaterial during the year ended 31 March 2022. 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 the 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 year ended 31 March 2022, 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.

## LIQUIDITY RISK

We adopt prudent liquidity risk management by maintaining sufficient cash balances to meet our financial commitments when they become due. Accordingly, we believe that we do not have significant liquidity risk.

## 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 2021 and 2022, we maintained at net cash position.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 99 employees (2021: 100). The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors (including the executive Directors), we take into account the experience of the Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual discretionary performance-related bonus.

The Group adopted a share option scheme (the "Share Option Scheme") on 26 January 2022 which is established to provide incentives and rewards to eligible participants (including selected employees) for their contribution and to align the corporate objectives and interests between the Group and its key talents. Details of the Share Option Scheme are set out in Directors' Report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's business.

## EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 March 2022 and up to the date of this report.

## OUTLOOK AND 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.

## **FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed above and under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 31 January 2022 (the “**Prospectus**”), the Group did not have any other plans for material investments or capital assets during the reporting period and up to the date of this report.

## **LIQUIDITY AND CAPITAL STRUCTURE**

During the year ended 31 March 2022 our operations were generally financed from internally generated cash flows. 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. As at 31 March 2022, we had cash and cash equivalents of HK\$241.3 million (2021: HK\$64.9 million), all of which were denominated in Hong Kong dollars.

During the year ended 31 March 2021 and 2022, the Group did not use any financial instruments, currency borrowings or other hedging instruments for hedging purposes.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 March 2022, the gearing ratio is not applicable due to net cash position (2021: not applicable).

The current ratio (calculated as current assets over current liabilities) was 10.3 times as at 31 March 2022 compared with 2.52 times as at 31 March 2021.

As at 31 March 2022, the Group reported net current assets of HK\$225.4 million, as compared with HK\$47.8 million as at 31 March 2021.

Net cash generated from operating activities was HK\$27.6 million during the year ended 31 March 2022 (2021: HK\$71.4 million). The decrease mainly attributed from decrease in profit before income tax during the year ended 31 March 2022.

Net cash used in investing activities amounted to HK\$0.2 million during the year ended 31 March 2022 as compared to HK\$43.5 million during the year ended 31 March 2021. The Group invested approximately HK\$0.2 million for acquisition of plant and equipment.

During the year ended 31 March 2022, net cash generated from financing activities amounted to HK\$149.0 million, as compared to net cash generated used in financing activities of HK\$28.6 million during the year ended 31 March 2021. The cash generated from financing activities for the year ended 31 March 2022 was mainly from (i) the gross proceeds from Global Offering of approximately HK\$200.0 million, and (ii) proceeds from issuance of share options upon exercise of share options of approximately HK\$5.5 million, netted off by (i) dividend paid to owners of the Company of approximately HK\$26.0 million; (ii) payment of listing expense of approximately HK\$17.0 million; and (iii) lease payments of approximately HK\$13.5 million.

## **SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS**

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 March 2022.

The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the reporting period.

# PROFILE OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

## DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Hui Yung Chris (許勇)**, aged 53, was appointed as an independent non-executive Director on 29 March 2019 and he was also a member of the Audit Committee and the Remuneration Committee. He was responsible for supervising and providing independent advice to our Board during his tenure as an independent non-executive Director. Mr. Hui has been re-designated from an independent non-executive Director to an executive Director and ceased to act as a member of each of the Audit Committee and the Remuneration Committee on 30 June 2022 and he was also appointed as the Chief Executive Officer with effect from 30 June 2022. He is currently responsible for overseeing overall business and development and operations of our Group. Mr. Hui obtained a bachelor's degree in Business Administration from the Chinese University of Hong Kong in July 1991.

Mr. Hui has more than 22 years of experience in investment and capital markets and joined our Group since 29 March 2019. 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 Wanda Commercial Properties Company Limited (“WCP”) (萬達商業地產股份有限公司) from September 2015 to February 2019. He also served as a non-executive director of Wanda Hotel Development Company Limited (萬達酒店發展有限公司), 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 New China Trust Co., Ltd. (新華信託股份有限公司) 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.

**Dr. Tse Wai Ip (謝偉業)**, aged 53, is the founder of the Group and was appointed as an executive Director on 30 June 2022. He is responsible for overseeing overall business administration and coordination of our Group. Dr. Tse has accumulated over 20 years of medical practising experience. Dr. Tse graduated from the Chinese University of Hong Kong with a degree of bachelor of medicine and bachelor of surgery (M.B., Ch.B.) in December 1993. Dr. Tse became a fellow of the Royal College of Surgeons of Edinburgh in June 1999, a fellow of the Hong Kong Academy of Medicine in the specialty of Ophthalmology in December 2002 and a fellow of the College of Ophthalmologists of Hong Kong in May 2003, respectively. Upon his graduation from the Chinese University of Hong Kong, Dr. Tse had been employed by the Hospital Authority as a house officer in 1994, and a medical officer from January 1995 to November 2003 and became a private practice ophthalmologist thereafter. Dr. Tse founded the Group in August 2005 and has been practising as an ophthalmologist for the Group until October 2019 where he left the Group due to health conditions. He rejoined the Group in April 2022 as a medical practitioner. He has been a Registered Medical Practitioner in Hong Kong since August 1995 and a specialist in ophthalmology in Hong Kong since April 2003. Dr. Tse obtained a qualification licence for his medical profession in the PRC in December 2013 and registered his place of practising and his scope of profession with the public health administrative authority of the PRC in January 2014. Dr. Tse is also pursuing a Doctor of Public Health degree from Johns Hopkins University.

**Mr. Lo Tsz Hong (盧子康)**, aged 44, was appointed as an executive Director on 20 March 2019 and he is also 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 is also a director of various subsidiaries of the Company.

### **Non-Executive Directors**

**Mr. Wu Ting Yuk Anthony GBS, JP (胡定旭)**, aged 67, was appointed as a non-executive Director on 20 March 2019, and he is also 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 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 has directorships in certain Hong Kong listed companies. He was chairman of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1515) from August 2018 to April 2021 and he is an independent non-executive director of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), Ocumension Therapeutics (歐康維視生物), a company listed on the Main Board of the Stock Exchange (stock code: 1477), Power Assets Holdings Limited (電能實業有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0006), Guangdong Investment Limited (粵海投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0270), China Taiping Insurance Holdings Company (中國太平保險控股有限公司) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0966), CStone Pharmaceuticals (基石藥業), a company listed on the Main Board of the Stock Exchange (stock code: 2616), Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2500) and Sing Tao News Corporation Limited (星島新聞集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1105).



**Mr. Ng Roy (伍俊達)**, aged 59, was appointed as a non-executive Director on 20 March 2019 and he is also 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.

Mr. Ng has also held various key public service positions since 2001. Mr. Ng has been a member of the Retail and Tourism Committee of the Hong Kong General Chamber of Commerce (“**HKGCC**”) since 2001 and was the chairman of the committee from 2008 to 2012. He has also been the chairman of the Small and Medium Enterprises Committee of the HKGCC from 2017 to 2020, a member of the Industry & Technology Committee of the HKGCC since 2012, a member of the China Committee of the HKGCC since 2017 and a member of Economic Policy Committee of the HKGCC since 2020. Mr. Ng has been the convenor of the Health and Wellness Working Group of the HKGCC since 2020. Mr. Ng was elected as a General Committee member of HKGCC since May 2022.

Since 2018, Mr. Ng has been a member of the Competition Commission of Hong Kong and the Business Facilitation Advisory Committee (“**BFAC**”). Since 2020, Mr. Ng has been the convenor of Business Liaison Group Task Force of BFAC, and a member of Programme Management Committee of the Dedicated Fund on Branding, Upgrading and Domestic Sales.

Mr. Ng is a member of the Hong Kong Qualification Framework Retail Industry Training Advisory Committee and has been a retail industry technical consultant of the Employee Retraining Board of Hong Kong since 2017. He has been a specialist appointed by the Hong Kong Council & Accreditation of Academic & Vocational Qualifications (HKCAAVQ) since 2016.

Mr. Ng was an elected member of the Commercial (First) Election Committee 2021. Mr. Ng also serves as a Committee Member of the 14<sup>th</sup> Dongguan Chinese People’s Political Consultative Conference since January 2022.

**Ms. Zhao Wei (趙瑋)**, aged 43, was appointed as a non-executive Director on 20 March 2019. 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 managing 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)**, aged 58, was appointed as an independent non-executive Director on 20 March 2019 and he is also 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.

**Mr. Ma Wai Hung Vincent (馬偉雄)**, aged 57, was 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.

**Professor Lau Wan Yee Joseph (劉允怡)**, aged 75, was appointed as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee on 30 June 2022. He is responsible for supervising and providing independent advice to our Board. He is an expert on hepato-pancreato-biliary surgery and an academician of the Chinese Academy of Sciences, is the founding master of Lee Woo Sing College and Research Professor at the Faculty of Medicine and Emeritus Professor at the Department of Surgery of The Chinese University of Hong Kong, current chairman of the Medical Council of Hong Kong, past president of the International Hepato-Pancreato-Biliary Association and Asian-Pacific Hepato-Pancreato-Biliary Association. Professor Lau obtained bachelor's degrees in medicine and surgery from the University of Hong Kong in Hong Kong in 1972 and was conferred a degree of doctor of medicine from the Chinese University of Hong Kong in Hong Kong in December 1995.

Professor Lau has been an independent non-executive director of NISI (HK) Limited, a company that specializes in noninvasive surgical innovations, since February 2017. Professor Lau has also been an independent non-executive director of Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a company listed on Main Board of the Stock Exchange (stock code:2500) since December 2019 and an independent non-executive director of Broncus Holdings Corporation (壚博醫療控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2216) since September 2021.

Professor Lau is active both at the international and local surgical scene and holds many key positions in government and professional organizations. He has been the chairman of the Medical Council of Hong Kong since March 2012. He was president of the International Hepato-Pancreato-Biliary Association from April 2002 to 2004. He was elected as an academician of the Chinese Academy of Sciences in 2003, and was awarded Honorary Fellow of Royal Australasian College of Surgeons in October 2003. He was president of Asian-Pacific Hepato-Pancreato-Biliary Association from 2009 to 2011, and was awarded Honorary Fellow of College of Surgeons of Hong Kong in 2011.

Professor Lau was awarded the Wu Jieping Medical Prize in September 2012 for his momentous lifetime contributions to the global medical field and the Silver Bauhinia Star (SBS) in 2013 for his distinguished service to Hong Kong.

### Senior Management

**Dr. Lau Tze Yan Teresa (劉芷欣)**, aged 43, 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. 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 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)**, aged 43, 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)**, aged 37, 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.

Save as disclosed above and in this annual report, (i) our Directors and senior management 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 and senior management is and has been a director of any other listed companies in Hong Kong or overseas in the past three years (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.

### 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 Chartered Governance Institute. 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.

### Change in Information of the Directors and the Chief Executives

The change in the information of the Directors and the chief executives of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name	Details of Changes
<i>Executive Directors</i>	
Mr. Hui Yung Chris	Appointed as the Authorised Representative and the Chief Executive Officer and re-designed from an independent non-executive Director to an executive Director and ceased to act as a member of each of the Audit Committee and the Remuneration Committee on 30 June 2022
Mr. Wong Tai Cheung Andrew	Resigned as an executive Director and the Authorised Representative and ceased to act as the Chief Executive Officer on 30 June 2022
Dr. Tse Wai Ip	Appointed as an executive Director on 30 June 2022
<i>Independent Non-executive Director</i>	
Professor Lau Wan Yee Joseph	Appointed as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee on 30 June 2022

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The updated biographical details of the Directors and the chief executives of the Company are set out in the section headed "Directors and Senior Management".

# DIRECTORS' REPORT

Our Board is pleased to present their report together with the audited consolidated financial statements of the Group (the "**Consolidated Financial Statements**") for the year ended 31 March 2022.

## PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and its subsidiaries are principally engaged in the provision of private ophthalmic healthcare services in Hong Kong.

## RESULTS AND APPROPRIATIONS

The results of our Group for the year ended 31 March 2022 are set out in the Consolidated Financial Statements on pages 73 to 78 of this report. Our Board does not recommend the payment of a final dividend for the year ended 31 March 2022.

## CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of our Company on 26 August 2022 are entitled to attend and vote at the annual general meeting of our Company (the "**AGM**"). The register of members of our Company will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) no later than 4: 30 p.m. on Monday, 22 August 2022.

*Remark:* The address of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022. For details, please refer to the Company's announcement to be made in due course.

## ANNUAL GENERAL MEETING

The AGM will be held on Friday, 26 August 2022. Notice of the AGM will be sent to the shareholders of the Company in due course.

## BUSINESS REVIEW

A review of the business of our Group during the year and a discussion on our Group's future business development are set out in the Chairman's Statement as well as the Management Discussion and Analysis on page 4 and pages 5 to 13 of this report respectively. An analysis of our Group's performance during the year using financial key performance indicators is set out in our Group's Financial Information Summary on page 120 of this report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong that have a significant impact on the Group during the year ended 31 March 2022.

## FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of our Group for the past four years ended 31 March 2022 are set on page 120 of this report. This summary published does not form part of the audited Consolidated Financial Statements.

## SHARE CAPITAL

Details of the movements in the share capital of our Company are set out in note 16 to the Consolidated Financial Statements.

## RESERVES

Details of the movements in the reserves of our Group and our Company during the year are set out in the consolidated statement of changes in equity, and note 27 to the Consolidated Financial Statements.

## DISTRIBUTABLE RESERVES

As of 31 March 2022, none of the reserves of our Company is available for distribution to the shareholders of our Company (2021: Nil).

## DIVIDEND

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. The Board does not recommend the payment of a final dividend for the year ended 31 March 2022.

## USE OF PROCEEDS FROM THE LISTING

The Shares of HK\$0.01 each of the Company were listed on the Stock Exchange on 18 February 2022 with 125,000,000 new shares issued at an issue price of HK\$1.6 per share. The net proceeds from the initial public offering (the "IPO") amounted to approximately HK\$181.9 million, after deduction of the underwriting commission and other expenses. As at 31 March 2021, the Company had not utilised any proceeds from the IPO. The Company applied the proceeds from the Listing in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the Prospectus which is also set out below.

The remaining unused net proceeds as at 31 March 2022 were held in bank and it is intended that they will be applied in the manner consistent with the proposed allocations as set out in the Prospectus.

As at 31 March 2022, the Company had not utilised any proceeds from the IPO. The following table sets out the breakdown of the use of proceeds from the IPO:

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus <i>(Note)</i> (HK\$ million)	Allocated net proceeds from IPO (HK\$ million)	Net proceeds utilized since the Listing and up to 31 March 2022 (HK\$ million)	Estimated time for utilising the allocated net proceeds	Remaining amount (HK\$ million)
Establishing two new medical centres in Hong Kong for the provision of ophthalmic services	44.8%	110.0	81.5	—	Second half of 2022–2023	81.5
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	30.5%	75.0	55.5	—	12–24 months after the Listing	55.5
Setting up an eye-related clinic for the provision of ophthalmic medical services in the PRC with suitable collaboration partners	14.7%	36.0	26.7	—	12–24 months after the Listing	26.7
Working capital and other general corporate purposes	10.0%	24.6	18.2	—	N/A	18.2
<b>Total</b>	<b>100%</b>	<b>245.6</b>	<b>181.9</b>	<b>—</b>		<b>181.9</b>

*Note:* The net proceeds from IPO, after deducting the underwriting commission and other expenses of approximately HK\$18.1 million, amounted to approximately HK\$181.9 million, which is lower than the estimated net proceeds of approximately HK\$245.6 million as disclosed in the Prospectus. The difference of approximately HK\$63.7 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed "Future Plans And Use Of Proceeds" in the Prospectus.



## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

## PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

### Pre-IPO Share Option Scheme

Saintford Limited, ("**Saintford**"), is an indirect wholly-owned subsidiary of the Company. Saintford had previously adopted a share option scheme (the "**Saintford 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 and for the purpose of Listing, 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 pursuant to the resolutions of the shareholders passed on 29 March 2019. Subsequently, the Company also adopted the amended Pre-IPO Share Option Scheme on 2 March 2020 pursuant to the resolutions of the shareholders passed on 2 March 2020.

The purpose of the Pre-IPO Share Option Scheme is to enable our Company to grant options to eligible participants including any director, employee and consultant of our Company or any of its subsidiaries as incentives or rewards for their contribution or potential contribution to our Group. 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 after to the Listing Date.

As of the date of this Report, 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 5.40% of the issued share capital of our Company as of the date of this report. 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. As of the date of this report, an aggregate of 21,275,000 Shares (representing approximately 4.08% of the issued share capital of our Company as of the date of this report) have been exercised and an aggregate of 6,850,000 Shares (representing approximately 1.31% of the issued share capital of our Company as of the date of this report) remained outstanding.

All the Pre-IPO Share Options have been fully vested on or before 31 March 2020.

Detailed information on grantees of the Pre-IPO Share Option Scheme who are Directors or senior management of our Group as of 31 March 2022 is set forth below:

Grantee	Position	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 immediately following completion of the Global Offering, the Capitalisation
<b>Directors</b>				
Wong Tai Cheung Andrew (黃棣彰) <sup>(1)</sup>	Chief Executive Officer and Executive Director	0.57	16,687,500	3.34%
Lo Tsz Hong (盧子康)	Executive Director	0.57	2,250,000	0.45%
Star Lite (Greater China) Limited <sup>(2)</sup>	Associated company of a Non-Executive Director	0.57	4,500,000	0.90%
<b>Senior Management</b>				
Ho Kin (何健)	Financial Controller	0.57	1,500,000	0.30%
<b>Other grantees</b>				
Chan Po Yu (陳寶茹)	Company Secretary	0.57	1,125,000	0.23%
Ting Yin Ting (丁燕婷)	Head of Customer Service	0.57	375,000	0.08%
Chan Ka Yan (陳家欣)	Senior Manager of Business Development	0.57	1,500,000	0.30%
Chan Fan (陳凡)	Human Resources Manager	0.57	187,500	0.04%
<b>Total</b>			<b>28,125,000</b>	<b>5.63%</b>

*Notes:*

- (1) Mr. Wong Tai Cheung Andrew has resigned as an executive Director and ceased to act as the Chief Executive Officer on 30 June 2022.
- (2) Star Lite (Greater China) Limited is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

Details of the shares outstanding on which options are granted under the Pre-IPO Share Option Scheme to Directors and senior management of our Group as of 31 March 2022 under the scheme are as follows:

Grantee Directors	Position	Held at 1 April 2021 (assuming upon completion of the Global Offering and the Capitalisation)	Number of Options				Held at 31 March 2022	Exercise Price HK\$	Exercise Period	Grant date	Expiry Date
			Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year					
<b>Directors</b>											
Wong Tai Cheung Andrew <sup>(1)</sup>	Chief Executive Officer and Executive Director	16,687,500	—	—	—	(5,130,000)	11,557,500	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Lo Tsz Hong	Executive Director	2,250,000	—	—	—	(400,000)	1,850,000	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Star Lite (Greater China) Limited <sup>(2)</sup>	Associated company of a Non-Executive Director	4,500,000	—	—	—	—	4,500,000	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
<b>Senior Management</b>											
Ho Kin	Financial Controller	1,500,000	—	—	—	(1,000,000)	500,000	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
<b>Other grantees</b>											
Chan Po Yu	Company Secretary	1,125,000	—	—	—	(1,125,000)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Ting Yin Ting	Head of Customer Service	375,000	—	—	—	(375,000)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Chan Ka Yan	Senior Manager of Business Development	1,500,000	—	—	—	(1,500,000)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Chan Fan	Human Resources Manager	187,500	—	—	—	(187,500)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
		28,125,000					(9,717,500)	18,407,500			

**Notes:**

- Mr. Wong Tai Cheung Andrew has resigned as an executive Director and ceased to act as the Chief Executive Officer on 30 June 2022.
- Star Lite (Greater China) Limited is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

The weighted average closing prices of the Shares immediately before the dates on which the IPO Share Options were exercised during the year ended 31 March 2022 were (i) HK\$1.340 for 5,130,000 share options exercised by Mr. Wong Tai Cheung Andrew, and (ii) HK\$1.455 for 400,000 share options exercised by Lo Tsz Hong and (iii) HK\$1.227 for 4,187,500 shares options exercised by others.

### Share Option Scheme

The Company adopted the Share Option Scheme 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 following is a summary of the principal terms of the Share Option Scheme:

#### 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

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.

#### 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.

#### 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 general meeting to refresh the 10% limit. 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) 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.
- (c) 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.

#### 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. 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.

#### **10. 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.

As of the date of this report, no option has been granted under the Share Option Scheme.

#### **RETIREMENT BENEFIT SCHEMES**

Our Group participated in retirement benefit scheme in accordance with the relevant rules and regulations in Hong Kong. Particulars of the retirement benefit schemes are set out in note 8 to the Consolidated Financial Statements.

The Mandatory Provident Fund Scheme (the “**MPF Scheme**”) of the Group in Hong Kong is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the relevant rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions.

#### **SUBSIDIARIES**

Details of the Company's subsidiaries as of 31 March 2022 are set out in note 26 to the Consolidated Financial Statements.

#### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year ended 31 March 2022, our five largest customers accounted for less than 1% of our total revenue, there is no single customer which individually contributed more than 0.2% of the total revenue for the year ended 31 March 2022.

During the year ended 31 March 2022, our five largest suppliers accounted for 72.1% of our total purchases. These five largest suppliers include suppliers of pharmaceuticals, medical consumables and intraocular lenses. For the same period, our largest supplier accounted for 43.9% of our total purchases.

None of our Directors or any of their respective close associates or any shareholder which to the best knowledge of our Directors, who own more than 5% of the Company's issued share capital, had any interest in any of our Group's five largest customers or suppliers during the year ended 31 March 2022.

## DIRECTORS

Our Directors during the year ended 31 March 2022 and up to the date of this report are:

### Executive Directors

Mr. Wong Tai Cheung Andrew (*Resigned on 30 June 2022*) (*Chief Executive Officer*)

Mr. Hui Yung Chris (*Chief Executive Officer*)\*

Dr. Tse Wai Ip (*Appointed on 30 June 2022*)

Mr. Lo Tsz Hong

### Non-Executive Directors

Mr. Wu Ting Yuk Anthony (*Chairman of the Board*)

Mr. Ng Roy

Ms. Zhao Wei

### Independent Non-Executive Directors

Mr. Li Michael Hankin

Mr. Hui Yung Chris\*

Mr. Ma Wai Hung Vincent

Professor Lau Wan Yee Joseph (*Appointed on 30 June 2022*)

*Note\** Mr. Hui Yung Chris has been re-designated from an independent non-executive Director to an executive Director on 30 June 2022 and he was also appointed as the Chief Executive Officer with effect from 30 June 2022.

At the AGM, Dr. Tse Wai Ip and Professor Lau Wan Yee Joseph, being newly appointed Directors on 30 June 2022, will retire as Directors in accordance with Article 83 of the Amended and Restated Articles of Association of our Company (the "**Articles of Association**") and, being eligible, will offer themselves for re-election.

At the AGM, Mr. Ng Roy, Ms. Zhao Wei and Mr. Ma Wai Hung Vincent will retire as Directors in accordance with Article 84 of the Articles of Association and, being eligible, will offer themselves for re-election.

## DIRECTORS', SENIOR MANAGEMENT'S AND COMPANY SECRETARY'S PROFILE

Profile details of our Directors, the senior management and the company secretary of our Group are set out on pages 14 to 20 of this report.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with our Company and our Company has issued letters of appointment to each of the non-executive Directors and the independent non-executive Directors. Save as that the service contract of Mr. Hui Yung Chris as an executive Director for an initial term of one year subject to the termination terms contained therein, the principal particulars of other service contracts and letters of appointment are (a) for a term of 3 years and (b) are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the Listing Rules.

None of our Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by our Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.



## **MANAGEMENT CONTRACTS**

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

## **EQUITY-LINKED AGREEMENTS**

Save as the Share Option Scheme disclosed above, during the year ended 31 March 2022, the Company has not entered into any equity-linked agreement (as defined in section 6 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)).

## **EMOLUMENT POLICY**

Our Group remunerates its employees, including our Directors, on the basis of their merit, qualifications and competence. Our employees are subject to regular job performance reviews which determine their promotion prospects and compensation. Subject to our Group's profitability, our Group may also provide discretionary bonuses to its employees as an incentive for their contribution to our Group. Our Company has adopted share option scheme as an incentive to our Directors and eligible employees.

## **PERMITTED INDEMNITY PROVISION**

Pursuant to the Articles of Association, every Director, Secretary and officer shall be entitled to be indemnified out of assets of our Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has taken out and maintained directors' liability insurance from the date of Listing, which provides appropriate cover for the directors of the Group.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

Save as disclosed under related party transactions in note 25 to the Consolidated Financial Statements, no Director and/or any of his/her connected entity or any controlling shareholders had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of our Group to which our Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisted at the end of the year or at any time during the year.

### **Related party transactions**

Details of related party transactions in the normal course of business are set out in note 25 to the Consolidated Financial Statements. Save as disclosed, none of these related party transactions constitutes connected transactions or continuing connected transactions as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed the transactions in this annual report.

### **Continuing Connected Transactions**

There was no continuing connected transaction for the Company during the year ended 31 March 2022.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at 31 March 2022, none of our Directors is interested in any business, apart from our Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2022, the interests and short positions of our Directors and chief executives 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 were required (a) 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 they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

### (A) Long position in Shares and share options of our Company

Name of Directors	Capacity/Nature of Interest	Number of Shares	Number of share options held (Note 1)	Approximately percentage of shareholding in our Company (%) (Note 2)
<b>Directors</b>				
Wu Ting Yuk Anthony	Beneficial owner	3,749,812	—	0.74%
Wong Tai Cheung Andrew*	Beneficial owner	—	11,557,500	2.27%
Lo Tsz Hong	Beneficial owner	—	1,850,000	0.36%
Ng Roy	Interest of controlled corporation	—	4,500,000 (Note 3)	0.88%

\* Mr. Wong Tai Cheung Andrew has resigned as an executive Director and the Chief Executive Officer on 30 June 2022.

#### Notes:

- The share options were granted pursuant to the Pre-IPO Share Option Scheme, details of which are set out in the paragraphs headed "Pre-IPO Share Option Scheme" of the Directors' Report.
- As at 31 March 2022, the number of issued ordinary Shares of the Company was 509,717,500, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- These share options were held by Star Lite (Greater China) Limited, which is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

Save as disclosed above, as of 31 March 2022, none of the Directors nor the chief executive of the Company had any interests or short position in any Shares and underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, otherwise notified to the Company and Stock Exchange pursuant to the Model Code. Nor any of the Directors and chief executive had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the year ended 31 March 2022.

## SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2022, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interest and short position in shares, underlying Shares and debentures of Our Company or any associated company" above, the following persons (not being a Director or the chief executive officer of the Company) have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximately percentage of shareholding in our Company (%) (Note 4)
<b>Long Position</b>			
Clear Lead Ventures Limited (Note 1)	Beneficial owner	165,775,126	32.52%
3W Partners Fund I L.P. (Note 1)	Interest of controlled corporation	165,775,126	32.52%
3W Partners GP Limited (Note 1)	Interest of controlled corporation	165,775,126	32.52%
Goh Lu Hong (Note 1)	Interest of controlled corporation	165,775,126	32.52%
Chan Hoi Hin William (Note 1)	Interest of controlled corporation	165,775,126	32.52%
Ultimate Bliss Limited (Note 2)	Beneficial owner	107,005,880	20.99%
Prime Sage International Limited (Note 2)	Interest of controlled corporation	107,005,880	20.99%
TMF (Cayman) Ltd. (Note 2)	Trustee	107,005,880	20.99%
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,005,880	20.99%
WuXi AppTec (HongKong) Limited (Note 3)	Beneficial owner	78,125,196	15.33%
WuXi AppTec Co. Ltd (Note 3)	Interest in controlled corporation	78,125,196	15.33%

*Notes:*

- 1) Clear Lead Ventures Limited is wholly owned by 3W Partners Fund I L.P.; and 3W Partners Fund I L.P. 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.
  - 2) Ultimate Bliss Limited is wholly owned by Prime Sage International Limited 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 Wai Ip (as the settlor and protector), the discretionary beneficiaries of which include Dr. Tse Wai Ip and his family members.
  - 3) WuXi AppTec (HongKong) Limited is wholly owned by 無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd.\*. WuXi AppTec Co. Ltd. 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) As at 31 March 2022, the number of issued ordinary Shares of the Company was 509,717,500, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- \* *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.*

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to our Company and to the best of our Directors' knowledge, information and belief as at the date of this annual report, our Company has always maintained sufficient public float as required under the Listing Rules during the year ended 31 March 2022.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by our Company are set out in the "Corporate Governance Report" section on pages 37 to 46 of this report.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant events after the end of the reporting period are set out in the Management Discussion and Analysis on page 12 of this report.



## AUDITOR

The Consolidated Financial Statements for the year ended 31 March 2022 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of our Company. A resolution for re-appointment of PricewaterhouseCoopers as the independent auditor of our Company will be proposed at the forthcoming annual general meeting.

There has been no change of the independent auditor of the Company since the Listing Date.

On behalf of our Board

**Mr. Wu Ting Tuk Anthony**

*Chairman and Non-executive Director*

Hong Kong, 28 June 2022

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICE

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the Shareholders. The Board is committed to maintaining high corporate governance standards.

The Company has been listed on the Stock Exchange since 18 February 2022. During the period from the Listing Date up to the date of this annual report, the Company has applied the principles as set forth in the Corporate Governance Code (the “CG code”) contained in Appendix 14 to the Listing Rules which are applicable to the Company.

Code provisions C.5.1 (previously A.1.1) and D.3.3 (previously C.3.3) respectively provide that board meetings should be held at least four times a year at approximately quarterly intervals with a majority of Directors being present and the Audit Committee must meet at least twice a year with the issuer’s auditors. The Company was not a listed company throughout the year ended 31 March 2022 and hence, it did not follow the requirements in the Code provisions C.5.1 and D.3.3.

During the period from the Listing Date and up to the date of this annual report, the Board has convened two meetings for the purpose of discussing of Company’s business and affairs and approving the annual results of the Company for the year ended 31 March 2022. And the Audit Committee has convened two meetings with the auditors of the Company for the purpose of discussing of audit strategy and approving the annual results of the Company for the year ended 31 March 2022.

The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole. In addition, the Board will adopt the new CG Code (version with effect from 1 January 2022), the requirements under which shall apply to the Company’s corporate governance report in the forthcoming financial year ending 31 March 2023.

In the opinion of the Board, during the period from the Listing Date up to the date of this annual report, the Company has complied with all applicable code provisions as set forth in the CG Code.

## BOARD OF DIRECTORS

The Board currently comprises nine members as follows:

### Executive Directors

Mr. Wong Tai Cheung Andrew (*Resigned on 30 June 2022*) (*Chief Executive Officer*)

Mr. Lo Tsz Hong

Mr. Hui Yung Chris (*Chief Executive Officer*)\*

Dr. Tse Wai Ip

### Non-Executive Directors

Mr. Wu Ting Yuk Anthony (*Chairman of the Board*)

Mr. Ng Roy

Ms. Zhao Wei

*Note\** Mr. Hui Yung Chris has been re-designated from an independent non-executive Director to an executive Director on 30 June 2022 and he was also appointed as the Chief Executive Officer with effect from 30 June 2022.

### **Independent Non-Executive Directors**

Mr. Li Michael Hankin

Mr. Ma Wai Hung Vincent

Professor Lau Wan Yee Joseph (*Appointed on 30 June 2022*)

The biographical information of the Directors are set out in the section headed "Profile of Directors, Senior Management and Company Secretary" on pages 14 to 20 of this annual report. Save as disclosed in the section headed "Profile of directors, senior management and company secretary" in this annual report, the Board members have no financial, business, family or other material/relevant relationships with each other as at the date of the report.

### **Roles and Responsibilities of the Board**

The Board's primary responsibilities include the formulation of long-term corporate strategies, policy decisions and overseeing the management of the Group's operations.

The Board is accountable to shareholders for the activities and performance of the Group and its primary functions cover, among other things, the formulation of overall strategy, the review of the corporate and financial policies, review and assessment of the Company's financial reporting, internal control and risk management systems and the oversight of the management of the Group's business and affairs.

All Directors, including and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board delegates day-to-day operations of the Company to the management of the Group, who possesses extensive operating experience and industry knowledge, and also instructs the management to implement the Board's decisions and resolutions.

The Board reserves its powers over decision of all major matters which include, inter alia, the approval and monitoring of all policy matters, overall strategies and budgeting, internal control and risk management systems, material transactions (in particular those which may involve conflict of interests of substantial shareholder(s) or Director(s)), financial information, appointment of Directors and other significant financial and operational matters.

### **Independent Non-executive Directors**

During the period from the Listing Date up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

The Board as a whole is responsible for reviewing its composition, developing and formulating the relevant procedures for the nomination and appointment of Directors; and monitoring their succession. The executive Directors, Mr. Lo Tsz Hong and Dr. Tse Wai Ip entered into their respective service contract with the Company for an initial term of three years commencing from 18 February 2022 and 30 June 2022, respectively, subject to the termination by giving not less than three months' written notice to the other party.

The executive Director, Mr. Hui Yung Chris, entered into a letter of appointment serving as an independent non-executive Director for a term of three years from 18 February 2022. Following his re-designation from an independent non-executive Director to an executive Director, he entered into a service contract with the Company serving as an executive Director for a term of one year commencing from 30 June 2022, subject to the termination by giving not less than one month written notice to the other party.

Furthermore, the independent non-executive Director, Professor Lau Wan Yee Joseph entered into a letter of appointment with the Company for a term of three years commencing from 30 June 2022, each of the non-executive Directors and the other independent non-executive Directors entered into a letter of appointment with the Company for a term of three years commencing from 18 February 2022, subject to the termination by giving not less than three months' written notice to the other party.

By virtue of Article 83 of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or additional to the existing Board. Any Director so appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision B.2.2 of the CG Code (previously A.4.2), every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to Article 84 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, (or, if their number is not a multiple of three, 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.

## **DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT**

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.



For the year end 31 March 2022 up to the date of this annual report, the Company organized a training session conducted by lawyers for Directors and all Directors have attended the training session. The sessions conducted by lawyers focused on corporate governance, directors' duties, responsibilities and obligations under the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct in respect of the securities dealing by the Directors. All Directors confirmed that they have complied with the Model Code throughout the period from the Listing Date and up to the date of this annual report.

### **CHAIRMAN AND CHIEF EXECUTIVE**

Code provision C.2.1 of the CG code (previously A.2.1) stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Wu Ting Yuk Anthony, the Chairman of the Board, is primarily responsible for managing the Board. The Chairman ensures all directors are properly briefed on issues arising at Board meetings; ensures good corporate governance practices and procedures are established encourages other Directors to make a full and active contribution to the Board's affairs and ensuring that it acts in the best interests of the Group; encourages every Director with different views to voice their concerns; allows sufficient time for discussion of issues and ensuring that Board decision fairly reflect Board consensus; provides effective communication with Shareholders and that their views are communicated to the Board as a whole.

While the then Chief Executive Officer Mr. Wong Tai Cheung Andrew and the current Chief Executive Officer Mr. Hui Yung Chris, are responsible for business strategic planning and day-to-day management and operation of the Group. The Board believes this segregation of duties helps to supervise and balance the power and authority of the Board and enhances the independence and accountability of the Board.

### **BOARD COMMITTEE**

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website ([www.claritymedic.com](http://www.claritymedic.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out in the Corporate Information on page 2 of this annual report.

## Audit Committee

The primary responsibilities of the Audit Committee include the followings:

- (a) to review the Company's financial information including annual report and half-yearly report and the appropriateness of any significant financial reporting judgments contained therein;
- (b) to review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors; and
- (c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures. Further information is disclosed in the section titled "Risk Management and Internal Controls" below.

During the period from the Listing Date and up to the date of this annual report, the Audit Committee held 2 meetings to review the annual financial results and reports and significant issues on the financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of work.

During the period from the Listing Date and up to the date of this annual report, the Audit Committee had 2 meetings with the external auditors of the Company. Attendance of each member at the Audit Committee meeting is set out in the table under the section headed "Meeting Attendance" of this report.

## Auditors' Remuneration

An analysis of the remuneration that should be paid to the external auditor of the Company, PricewaterhouseCoopers, for the audit of the year ended 31 March 2022 and non-audit services is set out below:

<b>Services rendered</b>	<b>Paid/Payable HK\$'000</b>
Recurring Audit Service Fees	
Consolidated financial statements	980
Report on preliminary results announcement	20
<b>Total recurring audit service fees</b>	<b>1,000</b>
Non-Recurring Audit Related Fees	
Services related to acting as reporting accountant for listing purpose	1,734
Non-audit services	
Tax compliance services	33

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor is reasonable. There has been no major disagreement between the external auditor and the management of the Company for the reporting period.

### Nomination Committee

The primary functions of the Nomination Committee are to make recommendations to the Board in relation to the appointment and removal of Directors and senior management, and on matters of succession planning. In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge, reputation and gender. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity and experience relevant to the Company's businesses, where appropriate, before making recommendation to the Board.

During the period from the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting during the year ended 31 March 2022 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and review of re-appointment of retiring Directors. Attendance of each member at the Nomination Committee meeting is set out in the table under the section headed "Meeting Attendance" of this report.

### Remuneration Committee

The primary duties of the Remuneration Committee are to (i) develop and review the policies and the structure of the remuneration for the Directors and senior management; (ii) evaluate the performance of, and make recommendations on the remuneration packages and long-term incentive compensation or equity plans for, the Directors and senior management; and (iii) evaluate and make recommendations on employee benefit arrangements.

During the period from the Listing Date and up to the date of this annual report, the Remuneration Committee held one meeting during the year ended 31 March 2022 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters. Attendance of each member at the Remuneration Committee meeting is set out in the table under the section headed "Meeting Attendance" of this report.

Major work completed by the Remuneration Committee during the year included: (i) determined and approved the remuneration and bonus payable to executive directors of the Company; and (ii) determined and recommended the remuneration of non-executive Directors and independent non-executive directors of the Company for approval by the Board. Details of the Director' remuneration are set out in note 8 to the consolidated financial statements. In addition, pursuant to the code provision E.1.5 (previously B.1.5) of the CG Code, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2022 is set out below.

Remuneration band (in HK\$)	Number of individual
500,000 to 1,000,000	1
1,000,001 to 1,500,000	1

## Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 (previously D.3.1) of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## Board Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") as required by the Listing Rules which sets out the approach to achieve diversity on the Board. The Board recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company seeks to achieve Board diversity when selecting candidates from a number of perspectives based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board has reviewed the appropriateness of an express diversity quota or measurable objective in achieving board diversity, and noted that currently the Board has members of both genders. In light of the above, the Board has concluded that selection of Board members should continue to be based on the above said diversity perspectives instead of setting an express quota or objective. The Nomination Committee will monitor the implementation of the Board Diversity Policy to ensure its effectiveness as appropriate.

Pursuant to the amended Rule 13.92 of the Listing Rules (effective from 1 January 2022), the Stock Exchange will not regard a single gender board of directors as achieving member diversity. As at the date of this report, the Board consists of one female Director and seven male Directors, which is in compliance with the requirement of appointing at least a director of a different gender.

## ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board meetings, Board committee meetings and the annual general meeting of the Company held from the Listing Date to 31 March 2022 set out in the table below:

Name of Directors	Attendance/Number of Meetings				Annual General Meeting
	Board	Nomination Committee	Remuneration Committee	Audit Committee	
<b>Executive Directors</b>					
Wong Tai Cheung Andrew	3/3	N/A	N/A	N/A	N/A
Lo Tsz Hong	3/3	N/A	N/A	N/A	N/A
<b>Non-Executive Directors</b>					
Wu Ting Yuk Anthony ( <i>Chairman</i> )	3/3	N/A	N/A	N/A	N/A
Ng Roy	2/3	N/A	1/1	N/A	N/A
Zhao Wei	3/3	N/A	N/A	N/A	N/A
<b>Independent Non-Executive Directors</b>					
Li Michael Hankin	3/3	1/1	1/1	2/2	N/A
Hui Yung Chris	3/3	1/1	1/1	2/2	N/A
Ma Wai Hung, Vincent	3/3	1/1	1/1	2/2	N/A

## **DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 68 to 72 of this annual report.

## **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

The key elements of the Group's risk management and internal control structure are as follows:

- Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;
- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;
- Important business functions or activities are managed by experienced, qualified and suitably trained staff;
- Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary; and
- Internal audit function to perform independent appraisal of major operations on an ongoing basis.

A risk-based approach is adopted to ensure that a methodical coverage of the Group's operations and resources are focused on high risk areas. During the reporting period, the Group engaged an independent professional consultancy firm for performing an independent internal audit review. The independent professional consultancy firm takes the lead to evaluate the risk management and internal control systems of the Group by reviewing the major operations of the Group on a rotational basis every year with review period covering the full financial year. The review covers all material controls including financial, operational, compliance controls and risk

management. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow up actions shall be considered to ensure that material findings previously identified have been properly resolved. During the year ended 31 March 2022 upon listing, the Board reviewed the effectiveness of the Group's risk management and internal control systems and considered the Group's risk management and internal control systems to be effective and adequate.

### COMPANY SECRETARY

Ms. Chan Po Yu who is the Company secretary of the Company, reports directly to the Board and is responsible for, inter alia, providing updated and timely information to all Directors from time to time.

During the year ended 31 March 2022, Ms. Chan Po Yu has complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

### DIVIDEND POLICY

The Company adopted a dividend policy (the "**Dividend Policy**"). The Company endeavours to maintain sufficient operating capital to develop and operate the Group's business, and to provide stable and sustainable returns to its shareholders.

In deciding whether to recommend dividends and determining the amount of dividends, the Board will consider the following factors:

- the Group's financial results and general financial condition;
- liquidity position and capital requirement of the Group;
- the Group's current and future operations;
- the Group's business development strategies and future expansion plans;
- the general market conditions;
- any relevant requirements of the Listing Rules and applicable laws, rules and regulations and the memorandum and articles of association of the Company; and
- any other factors that the Board considers relevant.

The Board will also constantly review the Dividend Policy and retain the discretion to update, revise, modify and/or cancel the Dividend Policy at any time. The Dividend Policy will not in any way constitute a legally binding commitment of the Group in relation to its future dividends and/or will not in any way render the Company obligated to declare dividends at any time or from time to time. Any final dividend for a financial year will be subject to the Shareholders' approval.

## SHAREHOLDERS' RIGHTS

The Company aims to establish fair and transparent procedures to enable all shareholders an equal opportunity to exercise their rights in an informed manner and communicates efficiently with the Company. Under the Articles of Association and the relevant policies and procedures of the Company, the shareholders enjoy, among others, the following rights:

### (I) Convene an extraordinary general meeting/put forward proposals:

Any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held with two months after the deposit of such requisition at the Company's Hong Kong office at Room 1302,13/F, 9 Queen's Road Central, Central, Hong Kong. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under Article 58 of the Articles of Association once a valid requisition is received.

### (II) Procedures by which enquiries may be put to the Board

Enquiries of shareholders can be sent to the Company either by email at [info@claritymedic.com](mailto:info@claritymedic.com) or by post to the Company's Hong Kong head office at Room 1302, 13/F, 9 Queen's Road Central, Central, Hong Kong. Shareholders can also make enquiries with the Board directly at the general meetings.

## INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of the communication with shareholders. In order to maintain and further enhance the investors' relationship with the Company's shareholders, the Company established various channels of communication with its shareholders:

The Company has in place a Communication Policy for Shareholders and External Parties to ensure that Shareholders' and external parties' views and concerns are appropriately addressed. The policy is regularly reviewed by the Board to ensure its effectiveness.

- (1) The annual general meeting provides a platform for shareholders to exchange views with the Board. The members of the Board and external auditors will attend the meeting. The Group encourages all shareholders to attend and raise any comment on the performance of the Group. The Board welcomes to exchange views with its shareholders at the meeting.
- (2) The Company has regularly met with financial analysts, fund managers and potential investors during the reporting period, in order to enhance the understanding, the Group's operations and developments.
- (3) Information relating to the Company's financial information is provided through publications of annual/ interim reports, announcements, circulars and press release.
- (4) The Company has established a corporate website ([www.claritymedic.com](http://www.claritymedic.com)) which provides regularly updated Company financial information and other corporate information.

## CONSTITUTIONAL DOCUMENTS

There has been no change in the Company's constitutional documents from the Listing Date up to the date of this report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE OF THE REPORT

Clarity Medical Group Holding Limited (the “**Company**”, together with its subsidiaries, collectively as the “**Group**”, “**we**” or “**us**”) is pleased to present its Environmental, Social and Governance (“**ESG**”) Report. The ESG Report aims to provide an overview of our performance in respect of environmental protection, social involvement, engagement with stakeholders and sustainable development. Relevant figures are recorded and collected from our Medical Centres and office in Hong Kong from 1 April 2021 to 31 March 2022 (the “**Reporting Period**”).

## PREPARATION BASIS OF THE REPORT

The Report is prepared following the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and complies with all provisions of “Comply or Explain” as well as the principles of materiality, quantitative, balance, and consistency. In preparing the Report, we have adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Stock Exchange for computing the relevant Key Performance Indicators (“**KPIs**”). The application of materiality is detailed in the subsection headed “Materiality Assessment.” The two ESG subject areas, namely Environmental and Social, are disclosed separately, each highlights the impacts of our operating activities in Hong Kong for the Reporting Period.

The adoption of the above reporting standard ensures that our disclosure is accurate, consistent, reliable, and timely. As we see this report as a medium to communicate with our stakeholders, we reflect both the positive and negative aspects of our performances to ensure a meaningful assessment.

## SOURCE OF DATA AND RELIABILITY STATEMENT

The information disclosed in the Report is retrieved from the Group’s internal documents, statistical reports and relevant public materials. The Group undertakes that the Report does not contain any false information, misleading statement or material omission, and takes responsibility for the contents hereof as to the authenticity, accuracy and completeness.

## CONTACT US

We value your feedback on our ESG Report and performance. Please share your opinions with us via [info@claritymedic.com](mailto:info@claritymedic.com).



## STATEMENT OF THE BOARD

As a responsible corporate citizen, we value the concept of sustainable business development. This ESG Report summarizes our strategies, practices, and vision to integrate sustainability into our business. To enhance our resilience and adaptive capacity to potential ESG-related risks and opportunities, all potential ESG issues are covered and evaluated in the annual assessment.

We have established a governance structure to strengthen our management of ESG matters. Our Board of Directors (the “**Board**”) takes the overall responsibility for the ESG matters and their integration into the Group’s operational strategies. It oversees the ESG matters, establishes, revises and implements ESG targets and strategies for the Group, and reviews the Group’s performance annually against the set target and goals. We have also set up an ESG Working Group which comprises four members: Financial Controller, Human Resources Manager, Clinic Manager, and Customer Relations Manager, to assist the Board in achieving sustainability ambitions. To do so, the ESG Working Group is responsible for collecting ESG data from functional departments, conducting materiality assessments regarding ESG matters, facilitating the execution of ESG measures derived from the assessments, and monitoring deviations from the ESG strategies to provide timely remedial actions.

With the aim to transit to a more sustainable business, the Board will continue to review our progress to achieve set ESG goals and targets.

## GOVERNANCE STRUCTURE

<b>Board</b>	The Board is responsible for the overall decision-making, oversees the formulation, administration, and assessment of the ESG system.
<b>ESG Working Group</b>	The ESG Working Group is responsible for assisting the Board in managing and monitoring the ESG matters on a daily basis.
<b>Functional Department</b>	Functional departments are responsible for the execution of implemented measures to achieve the set strategies and targets.

## IDENTIFICATION OF AND ENGAGEMENT WITH STAKEHOLDERS

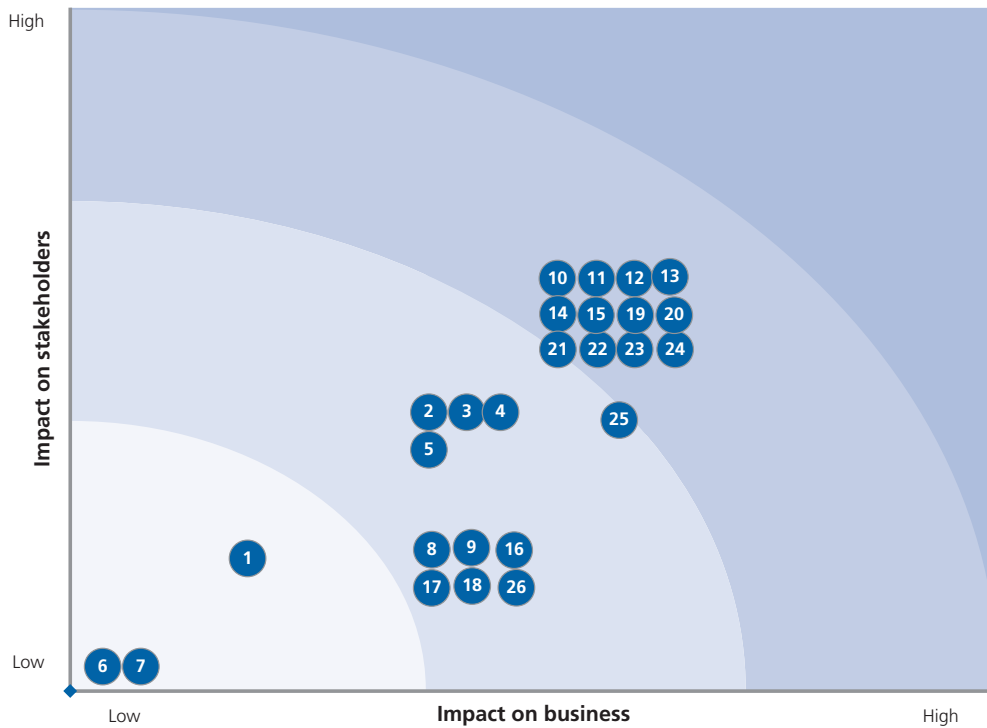
We believe communication with stakeholders is key to a successful business. We seek to understand and communicate with our stakeholders: our suppliers, customers, employees, investors, media, and the government. By such communications, we have a better understanding regarding the general expectations and concerns of our stakeholders. To pursue our sustainability ambitions, we have aimed to establish mutual trust and develop cooperative relationships with our stakeholders, and would like to align our ESG strategies with their expectations. Our stakeholder’s major ESG expectations and concerns are set forth below:

Stakeholders	Areas of ESG Concern	Means of Engagement
Stock Exchange	<ul style="list-style-type: none"> <li>Compliance with the Listing Rules; and</li> <li>Timely and accurate announcement.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings;</li> <li>Training and seminars; and</li> <li>Company’s website and announcements.</li> </ul>

<b>Stakeholders</b>	<b>Areas of ESG Concern</b>	<b>Means of Engagement</b>
Government and regulatory authorities	<ul style="list-style-type: none"> <li>Operational compliance;</li> <li>Tax payment as legally required; and</li> <li>Disclosure of information and submission of materials.</li> </ul>	<ul style="list-style-type: none"> <li>Annual reviewal process; and</li> <li>Company's website and announcements.</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Business strategies and performances;</li> <li>Effective corporate governance;</li> <li>Sustainable profitability; and</li> <li>Investment returns.</li> </ul>	<ul style="list-style-type: none"> <li>General meetings;</li> <li>Financial reports and announcements; and</li> <li>Company's website.</li> </ul>
Media and Public	<ul style="list-style-type: none"> <li>Corporate governance;</li> <li>Environmental protection; and</li> <li>Uphold human rights standards.</li> </ul>	<ul style="list-style-type: none"> <li>Announcements;</li> <li>Company's website; and</li> <li>Press conference.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Payment schedule;</li> <li>Demand stability;</li> <li>Operational compliance; and</li> <li>Quality services and products.</li> </ul>	<ul style="list-style-type: none"> <li>Site visits;</li> <li>Meetings; and</li> <li>Conference calls and interviews.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Quality services and products;</li> <li>Product safety;</li> <li>Commercial credibility;</li> <li>Intellectual property rights and protection; and</li> <li>Operational compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Visits;</li> <li>Meetings; and</li> <li>Customers' enquiries handling mechanism.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Rights and benefits of employees;</li> <li>Training and development;</li> <li>Working environment and occupational safety; and</li> <li>Equal opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings;</li> <li>Employee training;</li> <li>Annual appraisal;</li> <li>Opinion box; and</li> <li>WhatsApp and WeChat group.</li> </ul>
Community	<ul style="list-style-type: none"> <li>Community development;</li> <li>Employment opportunities;</li> <li>Environmental protection; and</li> <li>Social welfare.</li> </ul>	<ul style="list-style-type: none"> <li>Community service activities;</li> <li>Media enquiry; and</li> <li>Press releases and announcements.</li> </ul>

## MATERIALITY ASSESSMENT

We have identified ESG matters that have a potential or actual impact on our sustainable development from various sources, such as our internal policies, industry trends, and the Sustainability Accounting Standards Board’s Materiality Map<sup>1</sup>. We have analysed the ESG matters regarding an array of factors, including our ESG strategies, development, goals, and targets. As such, we have conducted a materiality assessment to rate the identified ESG matters and their impacts that are pertinent to us and our stakeholders. The ESG matters are prioritised as follows:



**ESG Issues**

**ESG issues**

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| 1 Emission                        | 14 Work Injuries                      |
| 2 Greenhouse Gas Emission         | 15 Development and Training           |
| 3 Hazardous Waste                 | 16 Supply Chain Management            |
| 4 Non-Hazardous Waste             | 17 Supplier Location                  |
| 5 Energy Consumption              | 18 Supplier Engagement                |
| 6 Water Use                       | 19 Product and Service Responsibility |
| 7 Packaging Material Consumption  | 20 Advertising and Labelling          |
| 8 Environment & Natural Resources | 21 Quality Assurance                  |
| 9 Climate Change                  | 22 Complaint Handling                 |
| 10 Labour Standards               | 23 Intellectual Property              |
| 11 Employment                     | 24 Privacy Protection                 |
| 12 Employee Turnover              | 25 Anti-corruption Awareness          |
| 13 Health and Safety              | 26 Community Investment               |

<sup>1</sup> Sustainability Accounting Standards Board’s Materiality Map, <https://materiality.sasb.org/>

## A. ENVIRONMENTAL

### Environmental Compliance

We comply with all relevant laws and regulations that are relevant to the environmental protection in Hong Kong, including but not limited 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). During the Reporting Period, we have noted no confirmed non-compliance incidents or grievances to environmental issues.

### Types of Emissions

As we provide ophthalmic services and we do not own or control any stationary or mobile sources that combust fuels which generate air pollutants, there are no significant air pollutants such as nitrogen oxides, sulphur oxides, and particulate matter produced in our operation. Therefore, there was no data regarding air pollutants from fuel combustion recorded in the Reporting Period.

### Greenhouse Gas Emission

As we do not own or control any fuel-combusting stationary or mobile sources, we have recorded no data concerning the direct emission of greenhouse gas under scope 1 of Appendix 2: Reporting Guidance on Environmental KPIs (the “**Guidance**”) of the Stock Exchange.

During the Reporting Period, our greenhouse gas emissions<sup>2</sup> mainly come from our consumption of purchased electricity under scope 2 and the disposal of waste paper at landfills under scope 3 of the Guidance. We use electricity to support the daily operations of our offices and Medical Centres, such as the air-conditioning and lighting systems, medical devices, and other electrical equipment. Our disposal of waste paper at landfills also results in indirect greenhouse emissions.

During the Reporting Period, the Group has produced 108.81 tonnes of Carbon Dioxide (CO<sub>2</sub>), with a greenhouse gas emission intensity of 0.00048 tonnes per thousand revenues<sup>3</sup>. We are committed to maintaining the greenhouse gas emission intensity at 0.00051 tonnes of CO<sub>2</sub> equivalent emissions (CO<sub>2</sub>e) per thousand revenues or below in the two years ending 31 March 2024.

To reduce the generation of greenhouse gases, we have been educating our employees and encouraging them to uphold energy efficiency. For details of our energy-efficient practices, please refer to the section headed “Electricity and Energy Efficiency”.

<sup>2</sup> GHG emissions include the emissions of carbon dioxide (CO<sub>2</sub>) and CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions of other GHG emitted such as methane and nitrous oxide.

<sup>3</sup> Our revenue for the Reporting Period is HK\$225,237,000.

The following shows the statistics of our greenhouse gas emissions during the Reporting Period:

Scope of Greenhouse Gas Emission	Emission Sources	Year ended 31 March 2022	
		Emission (tonnes of CO <sub>2</sub> )	Emission per thousand revenues (tonnes of CO <sub>2</sub> /thousand revenues)
<b>Scope 1</b>			
Direct Emission	N/A	N/A	N/A
<b>Scope 2</b>			
Indirect Emission	Purchased Electricity <sup>4</sup>	96.99	0.00043
<b>Scope 3</b>			
Other Indirect Emission	Paper Consumption	11.82	0.000052
<b>Total Greenhouse Gas Emission</b>		108.81	0.00048

### Hazardous Waste Management

We comply with all relevant laws and regulations that are relevant to the hazardous waste management in Hong Kong, including but not limited 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). During the Reporting Period, we have noted no confirmed non-compliance incidents or grievances to environmental issues.

Our hazardous wastes are principally clinical wastes produced during medical operations in our Medical Centres. During the Reporting Period, the Group has produced 142.8 kg of clinical waste, with an intensity of 0.00063 kg per thousand revenues.

The following shows the statistics of clinical waste recorded during the Reporting Period:

	Year ended 31 March 2022
Clinical waste generated (in kg)	142.8
Clinical waste (kg per thousand revenues)	0.00063

<sup>4</sup> According to the 2021 sustainability reports of CLP Power Hong Kong and Hong Kong Electric, the CO<sub>2</sub>e emission intensity of electricity sold by CLP Power Hong Kong is 0.39 kg CO<sub>2</sub>e/kWh, whereas the CO<sub>2</sub>e per electricity unit sold by Hong Kong Electric is 0.71 kg/kWh.

We have established a set of Clinical Waste Management Policy in compliance with the legal requirements of the Waste Disposal Ordinance and the Waste Disposal (Clinical Waste) (General) Regulation to handle clinical waste in a safe and organized way. Regarding the policy, we would like to highlight some major measures that we implement, which our Clinical Waste Management Policy has regulated:

- all containers for packaging clinical wastes should be leak-proof, impervious to moisture, and strong enough to prevent tearing or bursting under normal handling. Such packages should not be reused;
- all used or contaminated sharps should be put into standardized sharps boxes with a specified label. The label must be securely affixed or pre-printed on a prominent position of the container which allows the information on the label to be read easily;
- sharp containers should not be filled above the warning line indicating between 70% and 80% of their maximum volumes before sealing;
- packaging and sealing of clinical wastes should be conducted with meticulous care to ensure that no clinical waste adheres to the external surface of the containers;
- our clinic manager should check the clinical waste containers of all Medical Centres weekly to ensure our compliance with relevant laws and regulations; and
- clinical waste must be collected and transported by licensed collectors to licensed disposal facilities for proper disposal.

Although the disposal of clinical materials is inevitable as they are necessary for us to provide ophthalmic services to patients, we strive to reduce our production of clinical wastes. To lower the generation of clinical wastes, besides offering regular compulsory training and information sessions for all our operational staff regarding clinical waste handling, we also safely and legally reuse reusable medical equipment and instruments after thorough disinfection and sterilization.

Patient safety is our top priority. Although we have been reusing reusable medical equipment and instruments after thorough disinfection and sterilization, we have temporarily shifted to using disposable medical instruments during the Reporting Period due to the exponential growth of the COVID-19 epidemic in Hong Kong. For this reason, we have generated more clinical wastes during the Reporting Period. However, we strive to, and are confident in getting back on track to meet our set target when the COVID-19 epidemic situation eases. By implementing the aforementioned measures, we target to maintain the intensity of hazardous wastes produced at 0.00038 kg per thousand revenues or below in the two years ending 31 March 2024.

### **Non-hazardous Waste Management**

Our major source of non-hazardous waste is paper consumption for administrative work. During the Reporting Period, the Group has produced 2,462.5 kg of paper consumption, with an intensity of 0.011 kg tonnes per thousand revenues.

The statistics of our paper consumption during the Reporting Period are set forth below:

	<b>Year ended 31 March 2022</b>
Paper consumption (in kg)	2,462.5
Intensity (kg per thousand revenues)	0.011

To reduce the use of paper, we are committed to creating a paperless working environment for our administrative operations; we strongly encourage our employees to opt for electronic copies instead of paper copies if such an option is open for us. We have also set our printers' default setting to double-sided printing in case printing is necessary, and we reuse paper that was printed with one side when it does not contain confidential information. By implementing these measures, we target to maintain the intensity of non-hazardous wastes produced at 0.0143 kg per thousand revenues or below in the two years ending 31 March 2024.

### Use of Resources

We are aware of the importance of environmental protection and energy conservation. We strive to raise our employees' environmental awareness, and we implement energy-efficient measures to use resources, including electricity, water, and other natural resources wisely and prudently.

### Electricity and Energy Efficiency

Below are the statistics of electricity consumption recorded during the Reporting Period:

	<b>Year ended 31 March 2022</b>
Electricity consumption (in kWh)	193,908
Intensity (kWh per thousand revenues)	0.86

As we are well aware of the significance of energy conservation, we have established and implemented a series of energy-efficient measures to use electricity wisely and prudently; we:

- switch off lighting facilities, equipment, and other electrical devices when they are idle and before leaving the premises;
- carry out regular review or maintenance of office and clinical equipment to avoid instances of energy inefficiency;
- opt for energy-efficient electrical devices;
- monitor and review the electricity usage monthly. If we discover any unusual increase in electricity usage, we carry out follow-up actions; and
- set and keep air-conditioners to a default temperature at around 24 degrees.

By implementing these measures, we target to maintain the electricity consumption intensity at 1.118 kWh per thousand revenues or below in the two years ending 31 March 2024.

### Use of Water

As our Medical Centres and office premises in Hong Kong are centrally managed by property management, no water consumption data is available for disclosure. However, we strive to conserve water by implementing water-saving measures: we perform regular checks on faucets to avoid unnecessary leakage and enable prompt reporting of any damages, and we actively promote water conservation awareness to our employees by placing water-saving signs in toilets. During the Reporting Period, we have not encountered any issues in sourcing water.

## Environmental and Natural Resources

As disclosed in this section, we do not pose significant impacts on environmental or natural resources, and we uphold environmental sustainability in our daily operations. We comply with the environmental, social and governance policies and procedures, apply energy-efficient practices in our operation, and avoid causing significant impacts on the environment and overexploiting natural resources.

## Climate Change

We review and identify climate-related risks annually when we conduct the risk assessment. We have considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure, which are the physical risks and transition risks. Physical risks comprise both the acute risks, such as extreme weather conditions, and the chronic risks, such as sustained high temperature. Transition risks, such as regulatory change on environmental matters, are also in the scope of our assessment. The potential climate-related risks are summarised below:

Risk Type	Risks	Potential Financial Impact	Short (current reporting period)	Medium (one to three years)	Long (four to ten years)	Mitigation Strategy
<b>Physical Risks</b>	<ul style="list-style-type: none"> <li>• Extreme weather conditions such as flooding and typhoon</li> <li>• Sustained elevated temperature</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced revenue from business and supply chain disruptions</li> </ul>	✓	✓		<ul style="list-style-type: none"> <li>• Established adverse weather condition policy</li> <li>• Implemented energy conservation measures such as installing more energy-efficient electrical devices</li> </ul>
<b>Transaction Risks</b>	<ul style="list-style-type: none"> <li>• Changes in environmental-related regulations</li> <li>• Emerging technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Higher operating costs to adopt new practices or technologies</li> <li>• Decreased competitiveness and impact on revenues</li> </ul>		✓	✓	<ul style="list-style-type: none"> <li>• Continue to monitor the regulatory environment to ensure that we meet the expectations of regulatory authority and comply with relevant environmental-related laws and regulations</li> <li>• Encourage our employees to attend conferences and training to keep them abreast with the latest developments in ophthalmic technologies</li> </ul>

Besides climate-related risks, we have also evaluated related opportunities for our operation. As vision correction surgery is considered to be a more environmentally-friendly alternative to disposable contact lenses, we may capture more business opportunities, as our revenue primarily comes from providing ophthalmic services.



## **B. SOCIAL**

### **Employment and Labour Standards**

Knowing that our employees are the core of our business development, we strive to construct a diversified, inclusive, and harmonious working environment with our employees. We comply with the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination, and the Race Discrimination Ordinance in Hong Kong. To uphold equal opportunity and protect our employee's rights and benefits, we have established a set of rules in our Employee Handbook to ensure that no employee is mistreated, harassed, discriminated against, or deprived of any opportunities including but not limited to recruitment, promotion, training, and company welfare because of their gender, ethnicity, religious belief, race, sexual orientation, age, marital and family status.

We offer competitive remuneration packages and benefits to our employees to attract high-calibre talents. Besides basic employee benefits such as overtime compensation, annual leave, maternity leave, medical insurance, Employment Compensation Insurance, retirement benefits, induction and on-the-job training, we offer attractive discounts to our employees and their family members for our services, and we subsidize our employees to pursue professional qualifications and continuing education.

We oppose any form of child and forced labour. We comply with all relevant laws and regulations that have significant impacts on us relating to forced and child labour, including but not limited to the Employment Ordinance in Hong Kong. To avoid child and forced labour, our Human Resources Department performs meticulous interview screening procedures on every candidate. We also conduct a thorough background check on our candidates. We would verify the authenticity of personal data stated on the application forms by examining the candidate's original identity card, and we make in-depth inquiries about the candidate to ensure that we do not employ child and forced labour. If we discover any instance of child and forced labour, we will terminate the contract immediately and conduct a comprehensive investigation of the incident. Disciplinary actions may be taken against members who are responsible for causing the incident.

We comply with all relevant laws and regulations in relation to employment in Hong Kong which have significant impacts on us, including but not limited to the Employment Ordinance, Minimum Wage Ordinance, and the Employees' Compensation Ordinance. As at 31 March 2022, the Group has a total of 111 employees.

The breakdowns of our workforce by gender, age group, and region are as follows:

	<b>As at 31 March 2022</b>
<b>Total workforce</b>	111
<b>Breakdowns by gender</b>	
Female	98
Male	13
<b>Breakdowns by age</b>	
<25	6
25–29	38
30–39	34
40–49	20
>50	13
<b>Breakdowns by employment type</b>	
Full time	100
Part time	11
<b>Breakdowns by geographical location</b>	
Hong Kong	111

Details of our employee turnover for the Reporting Period are as follows:

	<b>Year ended 31 March 2022</b>
<b>Overall turnover</b>	68%
<b>Turnover rate by gender</b>	
Female	73%
Male	23%
<b>Turnover rate by age</b>	
<25	167%
25–29	68%
30–39	56%
40–49	35%
>50	100%
<b>Turnover rate by geographical location</b>	
Hong Kong	68%

## Health and Safety

We comply with all relevant laws and regulations in relation to occupational health and safety that have significant impacts on us, including but not limited to the Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). During the Reporting Period, there are 2 cases of work-related injuries and 15 working days lost due to work injuries. We recorded no work-related fatalities and relevant lost days in the past three years, including the Reporting Period.

To mould a safe working environment, we offer regular training and information sessions to our employees regarding infection control, emergency control, fire and power shortage drill and procedure, drug allergy handling procedure, and the proper handling of sharps, contaminants, and chemicals.

In response to the COVID-19 pandemic, we have carried out a series of pandemic-prevention measures. First, we have held a training session explicating the pandemic and our preventive measures to make sure our employees are aware of our COVID-19 control procedures. For example, they are required to report to the office immediately if any COVID-19 signs or symptoms are discovered, or if their rapid testing results show positive. Second, since February 2020, we have established a set of enhanced hygiene and precautionary policies and procedures across our Medical Centres to ensure the safety of all our medical practitioners, staff and patients. Such policies and procedures require our employees to:

- perform compulsory temperature checks and fill in health declarations upon arrival at our Medical Centres daily;
- wear surgical masks at all times except when eating;
- disinfect office and Medical Centres frequently; and
- purchase pandemic prevention supplies such as surgical masks and disinfectants.

We will continue to monitor and assess the development of the COVID-19 pandemic and any other health and safety-related issues that may affect our employees, and set up corresponding solutions and measures in compliance with relevant laws and regulations to protect our employees.

## Development and Training

We place great emphasis on the development and training of our employees, as we believe they are key to providing optimal services to our patients. First, regarding newly-joined staff, we have an induction training on the first day explicating employee benefits, duties and responsibilities, our background information, and the rules and regulations that all employees must follow. Regarding newly-joined frontline employees such as nurses and employees who need to communicate with patients, they are required to attend additional compulsory customer service training sessions to ensure satisfactory service quality. In their first month with us, all newly-joined employees are subjected to intensive on-the-job training in which they would shadow respective department managers to quickly pick up all job-related skills and knowledge. Upon finishing the intensive training, we will evaluate the performance of the employees within the 3-month probation period to decide their availability to us. To improve our training quality, we collect written evaluations and feedback from all employees, and we review and amend our training regularly based on the feedback.

All our employees are required to attend the monthly training sessions. Our monthly training sessions cover a wide range of topics and are held by respective professionals such as optometrists, registered nurses, pharmacists, the Human Resources Manager, and the Customer Relation Manager. Besides informing our employees of health and safety-related issues and procedures such as infection control and proper handling of sharps, contaminants, and chemicals as disclosed in the section headed "Health and Safety," our training sessions also cover proper communications with patients with case studies. To ensure the effectiveness of the training sessions, all employees are required to complete an online quiz after attending the training sessions.

Aside from the above, we offer mandatory professional training sessions to all our Medical Practitioners. These training sessions mainly cover optometry-related information, devices and technologies to keep our Medical Practitioners abreast with the updates in medical practice and medical device management procedures and the latest developments in ophthalmic technologies.

	<b>Year ended 31 March 2022</b>
<b>Overall percentage of employees trained</b>	86%
<b>Percentage of employees trained by gender</b>	
Female	89%
Male	11%
<b>Percentage of employees trained by employee category</b>	
Management	10%
Mid-level employee	23%
Junior employee	67%
<b>Overall average training hours completed per employee</b>	24.81
<b>Average training hours completed per employee by gender</b>	
Female	24.39
Male	27.95
<b>Average training hours completed per employee by employee category</b>	
Management	7.55
Mid-level employee	15.77
Junior employee	29.79

### **Supply Chain Management**

We have a stringent system for selecting reliable and quality suppliers. To standardise the procurement procedures and strengthen the monitoring and management of suppliers, we have established the Purchase, Expenditure & AP Management Policy. As regulated by such a policy, we carry out new supplier evaluations prior to considering any supplier as our approved suppliers, and we conduct on-going assessments and regular inspections of our approved 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. Besides the above stringent standards, we prefer products and suppliers that are more environmentally and socially conscious. Our senior management reviews the performance of all our suppliers yearly to ensure our suppliers always live up to our business ethics, environment, and health and safety standards.

As at 31 March 2022, we have connected with approximately 54 approved suppliers. As all of our suppliers have set up their Hong Kong offices, all our suppliers are located in Hong Kong.

### **Product and Service Responsibility**

As we are principally engaged in the provision of ophthalmic services and the sale of visual aids and pharmaceutical products in Hong Kong, during the Reporting Period, we have not been involved in instigating and/or carrying out any product recall.

### **Service Quality Assurance**

We are dedicated to providing high-quality medical services to our patients. In compliance with the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), all our Medical Practitioners are 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 well-experienced in medical centre operation support and management.

We hire high calibre employees. When recruiting new Registered Medical Practitioners, registered optometrists, and frontline staff, we do not only assess their academic background and professional qualifications. We conduct thorough background investigations of the candidates through detailed inquiries to retrieve information such as their years of experience or practice, depth of professional knowledge, and integrity in professional conduct.

We nurture a high calibre workforce. As we sincerely believe that the professional knowledge of our team, including all our Medical Practitioners, optometrists, pharmacist, nurses, and frontline staff is vital to our service quality, we put great emphasis on our employees' development and training. For more details on our employees' development and training, please refer to the section headed "Development and Training."

In addition, in the pursuit of quality excellence, we were one of the 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 2021. Under the quality management system, we have set up a quality management system committee which comprises 7 senior management members who have specialisations in 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. The committee coordinates and leads the operation of the quality management system which we are now able to effectively manage the services provided by us and ensure the provision of satisfactory services and suitable treatments to our patients.

We have established a set of procedures for our purchases and control of materials and medical devices that are required for our services. Regarding medical materials, we closely monitor the level and age of our inventories. We conduct inventory checks every month for drugs and dispensary supplies and every day for implantable intra-ocular lenses. During each inventory check, we examine the quantities, expiry dates, and storage conditions of the materials. As for medical devices and equipment, we regularly check our ophthalmic equipment and devices to ensure they function efficiently.

### **Advertising and Labelling**

We comply with all relevant laws and regulations that have significant impacts on us relating to advertising, including but not limited to the Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong), which aims to protect public health by prohibiting or restricting advertisements relating to certain diseases, orally consumed products, and abortion.

In respect of the Pharmacy and Poisons Ordinance, we closely monitor the sale and labelling of products that are classified as pharmaceutical products and medicine. We, too, ensure that all our pharmacists are registered with the Pharmacy and Poisons Board and are possessing valid practising certificates.

### **Complaint Handling**

We value every feedback from our patients, especially those that are related to the services provided by us. To handle complaints in an organised and effective way, we have established the Complaint Handling Policy, and we sincerely hope that by handling complaints in an organised manner, all parties would voluntarily reach a consensus by communicating effectively to resolve disputes.

To ensure better complaint handling and service quality, our nursing staff are required to attend training sessions regarding proper complaint handling. They are responsible for handling ordinary complaints immediately when such complaints are raised in our Medical Centres. When handling a complaint, we will record the details of the patient, the complaint, the way our employee has handled it, and the result in a Record of Patient and Customer Feedback Review log sheet ("**log sheet**"). If the complaint is more serious or requires close follow-up, our nursing staff will pass the case to the management for further follow-up handling. And if the complaint requires us to take further follow-up 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. To ensure we provide quality care and take our patients' comments seriously, our senior management reviews the log sheets monthly and comes up with potential improvement measures for further discussions.

During the Reporting Period, we have received no product or service-related complaints.

### **Data Protection and Privacy**

We fully understand how important the right to privacy is to our patients, especially in the healthcare industry where our patients expect their personal information to be strictly confidential. We have implemented the Information and Personal Data Protection Policy to ensure that our operation is in compliance with all relevant laws and regulations that have significant impacts on us relating to data protection and privacy, including but not limited to the Code of Professional Conduct and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). Under the Code of Professional Conduct, our registered ophthalmologists are not allowed to disclose patients' medical information to any third parties without their consent except for specific circumstances. Adhering to the Personal Data (Privacy) Ordinance, we do not use our patients' personal data other than for the purpose that the information has been collected, and for a directly related purpose.

We would like to briefly mention our current measures and the policy for managing our patients' personal data. Upon our patients' first visit, our receptionist will explain to them our service terms, including our use of personal information and the terms of disclosure of their details to certain of our suppliers, and ensure they have consented to the above terms before receiving any of our services. Their personal information and medical records are stored in locked cabinets to which no access is granted besides their responsible Medical Practitioners, optometrists, and nursing staff, including the patients themselves. If our patients would like to request a copy of their medical records, they are required to submit a written request. They must also sign the acknowledgement letter upon receiving the medical record so that we can assure that the medical record is not disseminated to any other third parties without our patients' written consent (except for minors and guardians).

In addition to the above, we pay close attention to the security of the personal information stored in our Medical Centre Management System. Based on our employees' duties and responsibilities, we grant various levels of access rights to them for access to the Medical Centre Management System. This ensures that only responsible Medical Practitioners, optometrists, and nursing staff can access to their patients' personal data. As per our regulation, our employees are prohibited from disclosing their system accounts to anyone and are required to log off when they leave their working spaces. The medical records stored in our Medical Centre Management System are protected by regular back-ups. And we perform regular checks on our information technology equipment to ensure our patients' data are well-protected.

### **Intellectual Property Rights**

We have established a set of Trademark Policy for trademark management. We have registered trademarks that are material to our business. As at 31 March 2022, we have 7 registered trademarks in Hong Kong and 1 domain name that is important to our business. We closely monitor our trademarks' expiry dates and will apply for renewal whenever they are deemed necessary. We also regularly monitor whether our trademarks are being infringed. If we discover any infringement of our trademarks, we will engage professional parties, such as lawyers to take legal action against such infringements to protect our rights.

### **Anti-corruption**

We do not tolerate any corruptions and fraudulent 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. We have established an Anti-Fraud Policy and a Whistleblowing Policy, in which our Code of Conduct (the “**Code**”) lays out the basic standard of conduct expected of all Directors and employees and the policy on acceptance of advantage and handling of conflict of interests when dealing with our business. All employees should turn down any offer of advantage if the acceptance of such an offer may affect their objectivity in operating our business. If any of these unlawful behaviours are discovered, depending on the situation, the cases may be reported to law enforcement authorities for possible prosecution.

Our Anti-Fraud Policy and Whistleblowing Policy explicitly state the scope and definition of, and our disciplinary actions against corruptions, fraudulent behaviours, and misconducts. We encourage our employees to promptly report any potential signs of corruption, fraudulent behaviour, and misconduct, and we make every effort within our capacity to keep the Whistle-blower’s identity confidential to offer protection.

We believe education is another way of preventing corruption, as it helps to raise our employees’ awareness to combat such behaviours. For every newly-joined staff, we offer compulsory induction training on their duties and responsibilities, our work ethics, and the rules and regulations stated in the Employee Handbook. The induction training session involves a detailed explanation of the rules and regulations against corruption and fraudulent behaviours in breach of the Prevention of Bribery Ordinance which they should follow.

Although we have not conducted anti-corruption training within the Reporting Period, we are able to organise relevant training sessions for our directors and employees whenever they are deemed necessary.

During the Reporting Period, we have not been involved in any legal cases regarding corruption, and we have noted no cases of bribery, extortion, fraud, money laundering, or other violations.

### **Community Investment**

We practice corporate social and environmental responsibilities and regard public welfare as an important aspect of our corporate culture. Although the impact of the COVID-19 pandemic has refrained us from holding educational seminars regarding eye care and other ophthalmic-related information to contribute to the community in the Reporting Period, we wish and strive to do so in the short future.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Aspect	Description	Chapter
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Compliance
KPI A1.1	The types of emissions and respective emissions data.	Types of Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste Management
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Greenhouse Gas Emission Electricity and Energy Efficiency
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous Waste Management Non-hazardous Waste Management
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Electricity and Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Water
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Electricity and Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A <sup>5</sup>

<sup>5</sup> As our business nature revolves around providing ophthalmic services, we do not consume material packaging material for finished products

Aspect	Description	Chapter
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental and Natural Resources
<b>A4 Climate Change</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
<b>B. Social</b>		
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Standards
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Labour Standards
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Standards
<b>B2 Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

Aspect	Description	Chapter
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employment and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employment and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Standards
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspect	Description	Chapter
<b>B6 Product and Service Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Responsibility Service Quality Assurance Advertising and Labelling Complaint Handling Data Protection and Privacy Intellectual Property Rights
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Complaint Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Service Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection and Privacy
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Year and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures, how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
<b>B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Clarity Medical Group Holding Limited

(incorporated in the Cayman Islands with limited liability)

### OPINION

#### What we have audited

The consolidated financial statements of Clarity Medical Group Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which are set out on pages 73 to 119, comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

#### Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to Revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition</b></p> <p>Refer to Notes 2.18 and Note 5 to the consolidated financial statements. The Group's revenue is primarily from the provision of ophthalmic services and sales of prescriptions. Ophthalmic services mainly include consultation, examination and treatment of eye problems.</p> <p>During the year ended 31 March 2022, revenue of the Group amounted to approximately HK\$225,237,000 is recognised when or as the control of the goods or services are transferred to the customers.</p> <p>We focused on this area due to the significance of the revenue transactions and significant efforts were spent on auditing the revenue recognised by the Group.</p>	<p>Our procedures in relation to revenue recognition included:</p> <p>Understood, evaluated and tested, on a sample basis, the key internal controls over revenue recognition;</p> <p>Tested revenue transactions, on a sample basis, by examining the relevant underlying supporting documents, such as record of customers, invoices and cash receipts; and</p> <p>Tested revenue transactions that took place shortly before and after the year end date, on a sample basis, to assess whether transactions were recognised in the correct reporting periods by checking the relevant supporting documents.</p> <p>Based on our audit procedures, we found the Group's revenue recognition was supported by available evidence.</p>

## **OTHER INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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





## Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Ka Ho.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 28 June 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	Year ended 31 March	
		2022 HK\$'000	2021 HK\$'000
Revenue	5	225,237	222,381
Other income, net	6	1,731	6,978
Inventories used		(38,492)	(36,989)
Consultancy fee		(62,978)	(55,756)
Employee benefit expenses	8	(42,023)	(36,321)
Depreciation for plant and equipment	12	(7,706)	(8,377)
Depreciation of right-of-use assets	19	(14,387)	(18,341)
Expenses incurred in connection with the Company's listing		(17,394)	(8,584)
Other expenses	7	(24,165)	(20,272)
<b>Operating profit</b>		<b>19,823</b>	44,719
Finance costs	9	(777)	(903)
<b>Profit before income tax</b>		<b>19,046</b>	43,816
Income tax expense	10	(5,555)	(8,047)
<b>Profit and total comprehensive income for the years attributable to owners of the Company</b>		<b>13,491</b>	35,769
Earnings per share for profit attributable to owners of the Company during the years (expressed in HK\$ per share)			
— Basic	11	0.035	0.095
— Diluted	11	0.035	0.095

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	As at 31 March	
		2022 HK\$'000	2021 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	12	17,696	25,197
Right-of-use assets	19	20,118	12,026
Deferred tax assets	20	594	—
Rental and other deposits	14	2,144	551
		<b>40,552</b>	37,774
<b>Current assets</b>			
Inventories	13	3,746	4,200
Trade receivables	14	1,105	1,885
Deposits, prepayments and other receivables	14	2,629	7,767
Amount due from a related party	25	—	662
Tax recoverable		842	—
Cash and cash equivalents	15	241,270	64,862
		<b>249,592</b>	79,376
<b>Total assets</b>		<b>290,144</b>	117,150
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	5,097	—
Share premium		292,898	108,849
Reserves		(42,544)	(28,355)
<b>Total equity</b>		<b>255,451</b>	80,494
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	18	1,250	1,250
Lease liabilities	19	9,247	3,397
Deferred income tax liabilities	20	—	462
		<b>10,497</b>	5,109

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

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	As at 31 March	
		2022 HK\$'000	2021 HK\$'000
<b>Current liabilities</b>			
Trade payables	18	5,877	8,410
Accruals and other payables	18	7,391	11,501
Lease liabilities	19	10,928	8,561
Income tax payable		—	3,075
		<b>24,196</b>	31,547
<b>Total liabilities</b>		<b>34,693</b>	36,656
<b>Total equity and liabilities</b>		<b>290,144</b>	117,150

The consolidated financial statements on page 73 to 78 were approved by the Board of Directors on 28 June 2022 and were signed on its behalf:

**Mr. Wu Ting Yuk Anthony**  
Director

**Mr. Lo Tsz Hong**  
Director

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital HK\$'000 (Note 16)	Share premium HK\$'000	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2022</b>						
At 1 April 2021	—	108,849	(11,489)	4,862	(21,728)	80,494
<b>Comprehensive income</b>						
Profit for the year	—	—	—	—	13,491	13,491
<b>Total comprehensive income</b>	—	—	—	—	13,491	13,491
<b>Transactions with owners in their capacity as owners:</b>						
Issuance of ordinary shares, net of transaction costs	5,000	176,927	—	—	—	181,927
Issuance of shares upon exercise of share options	97	7,122	—	(1,680)	—	5,539
Dividends paid to shareholders (Note 23)	—	—	—	—	(26,000)	(26,000)
<b>Total transactions with owners in their capacity as owners:</b>	5,097	184,049	—	(1,680)	(26,000)	161,466
At 31 March 2022	5,097	292,898	(11,489)	3,182	(34,237)	255,451

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

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital HK\$'000 (Note 16)	Share premium HK\$'000	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
<b>For the year ended</b>						
<b>31 March 2021</b>						
At 1 April 2020	—	108,849	(11,489)	4,862	20,503	122,725
<b>Comprehensive income</b>						
Profit for the year	—	—	—	—	35,769	35,769
<b>Total comprehensive income</b>	—	—	—	—	35,769	35,769
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid to shareholders (Note 23)	—	—	—	—	(78,000)	(78,000)
<b>Total transactions with owners in their capacity as owners:</b>	—	—	—	—	(78,000)	(78,000)
At 31 March 2021	—	108,849	(11,489)	4,862	(21,728)	80,494

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Note	Year ended 31 March	
		2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21(a)	38,078	76,893
Interest paid		—	(86)
Income tax paid		(10,528)	(5,456)
Net cash generated from operating activities		27,550	71,351
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	12	(205)	(9,184)
Advance to related parties		—	(34,359)
Interest received		47	—
Net cash used in investing activities		(158)	(43,543)
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the Company		(26,000)	(5,255)
Proceeds from issuance of ordinary shares	16	200,000	—
Proceeds from issuance of shares upon exercise of share options		5,539	—
Payment of listing expenses		(17,016)	(1,057)
Repayment of bank borrowings	21(c)	—	(3,845)
Repayment of principal portion of lease liabilities	21(c)	(12,730)	(17,621)
Repayment of interest portion of lease liabilities	21(c)	(777)	(817)
Net cash generated from/(used in) financing activities		149,016	(28,595)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>176,408</b>	<b>(787)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>64,862</b>	<b>65,649</b>
<b>Cash and cash equivalents at end of the year</b>	15	<b>241,270</b>	<b>64,862</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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 Company Law 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 (HongKong) Limited (“**Wuxi AppTec**”), Dr. Lau Yze Yan Teresa (“**Dr. Lau**”), Dr. Hui Yung Lam (“**Dr. Hui**”) and Mr. Wu Ting Yuk, Anthony (“**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.

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 18 February 2022 (the “**Listing**”). In connection with the share offering completed on 18 February 2022, the Company issued a total of 125,000,000 shares at an issue price of HK\$1.6 per share for total proceeds (before related fees and expenses) of HK\$200,000,000.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issues by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of presentation (Continued)

#### (a) Effect of adopting new standards and amendments to standards

All of the new standards and amendments to standards that are effective on 1 April 2021 have been early adopted by the Group prior to the annual periods beginning after 1 April 2021.

#### (b) New standards and amendments to standards and interpretations not yet adopted by the Group

Certain new accounting standard, amendments to standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Subsidiaries (Continued)

#### 2.2.1 Consolidation (Continued)

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 Consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Consolidated financial statements are presented in HK\$ which is the Company's functional and the Group's functional and presentation currency.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Foreign currency translation (Continued)

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

### 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 statement 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 if 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 statement 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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", "amount due from a related party" and "cash and cash equivalents" in the consolidated statement 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 statement of comprehensive income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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, amount due from a related party 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 statement 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 statement 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 statement of financial position, bank overdraft is shown within bank borrowings in current liabilities.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 statement 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 statement 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 statement 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 statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Current and deferred income tax (Continued)

#### (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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 customer 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 has been transferred to the customer.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 statement 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. Under the defined contribution schemes, forfeited contributions could not be used to reduce the existing level of contributions.

### 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.

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 statement of comprehensive income, with a corresponding adjustment to equity.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Share-based payments (Continued)

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 3 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Leases (Continued)

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), 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

###### *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 years ended 31 March 2022 and 2021, the Group's income and operating cash flows are substantially independent of changes in market foreign exchange rate.

##### (b) Credit risk

The Group is exposed to credit risks in relation to its trade receivables, deposits and other receivables, amount due from a related party, 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.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

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 2022 and 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 years ended 31 March 2022 and 2021.

Trade receivables are written off when there is no reasonable expectation of recovery.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

###### *Deposits and other receivables and amount due from a related party*

The Group adopt the general approach for expected credit losses of deposits and other receivables and amount due from a related party 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 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 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.

	On demand or less than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000	Carrying amounts HK\$'000
<b>As at 31 March 2022</b>				
Trade payables	5,877	—	5,877	5,877
Accruals and other payables	5,055	—	5,055	5,055
Lease liabilities	11,508	9,524	21,032	20,175
	22,440	9,524	31,964	31,107

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

##### (i) Maturities of financial liabilities (Continued)

	On demand or less than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000	Carrying amounts HK\$'000
<b>As at 31 March 2021</b>				
Trade payables	8,410	—	8,410	8,410
Accruals and other payables	11,192	—	11,192	11,192
Lease liabilities	8,820	3,466	12,286	11,958
	28,422	3,466	31,888	31,560

#### 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. 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 debt. 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 2022 and 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, amount due from a related party and current financial liabilities, including trade payables, accruals and other payables and lease liabilities, 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.



## 5 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the years ended 31 March 2022 and 2021 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 2022 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	
	2022 HK\$'000	2021 HK\$'000
Ophthalmic service income	217,887	215,519
Sales of prescriptions	7,350	6,862
	<b>225,237</b>	222,381

## 6 OTHER INCOME, NET

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Other income</b>		
Rent concessions ( <i>Note i</i> )	1,532	2,127
Government subsidies ( <i>Note ii</i> )	—	4,907
Interest income	47	3
Miscellaneous income	152	27
	<b>1,731</b>	7,064
<b>Other losses</b>		
Loss on written-off of plant and equipment	—	(86)
	<b>1,731</b>	6,978

## 6 OTHER INCOME, NET (CONTINUED)

Notes:

- (i) Rent concessions represent the change in lease payment directly related to COVID-19.
- (ii) For the year ended 31 March 2021, 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").

## 7 EXPENSES BY NATURE

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration		
— Audit services	980	138
— Non-audit services	53	—
Bank charges	6,190	6,548
Business development	6,033	4,761
Repair and maintenance	2,514	2,214
Professional fees	1,098	1,232
Expenses relation to short-term leases	596	474

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Wages, salaries and bonus	39,897	34,656
Retirement benefit costs — defined contribution plan (Note)	1,449	1,382
Staff welfare	677	283
	42,023	36,321

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.

There is no forfeited contributions utilised during the year and available at the year-end to reduce future contributions.

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS) (CONTINUED)

### (a) Benefits and interests of directors

The remuneration of every director of the Company for the year are set out below:

For the year ended 31 March 2022:

	Director's fee HK\$'000	Salaries and wages HK\$'000	Retirement benefit costs-defined contribution plan HK\$'000	Discretionary bonus HK\$'000	Other allowances and benefits in kind HK\$'000	Share-based payments HK\$'000	Total HK\$'000
<b>Executive Directors</b>							
Mr. Wong Tai Cheung Andrew (Chief Executive Officer)	—	605	18	1,086	—	—	1,709
Mr. Lo Tsz Hong	—	529	18	65	—	—	612
<b>Non-executive Directors</b>							
Mr. Ng Roy	27	—	—	—	—	—	27
Mr. Wu Ting Yuk Anthony	54	—	—	—	—	—	54
Ms. Zhao Wei	27	—	—	—	—	—	27
<b>Independent non-executive Directors</b>							
Mr. Li Michael Hankin	27	—	—	—	—	—	27
Mr. Hui Yung Chris	27	—	—	—	—	—	27
Mr. Ma Wai Hung Vincent (i)	27	—	—	—	—	—	27
	189	1,134	36	1,151	—	—	2,510

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS) (CONTINUED)

### (a) Benefits and interests of directors (Continued)

The remuneration of every director of the Company for the year are set out below: (Continued)

#### For the year ended 31 March 2021:

	Director's fee HK\$'000	Salaries and wages HK\$'000	Retirement benefit costs-defined contribution plan HK\$'000	Discretionary bonus HK\$'000	Other allowances and benefits in kind HK\$'000	Share-based payments HK\$'000	Total HK\$'000
<b>Executive Directors</b>							
Mr. Wong Tai Cheung Andrew (Chief Executive Officer)	—	600	18	189	—	—	807
Mr. Lo Tsz Hong	—	492	18	31	—	—	541
<b>Non-executive Directors</b>							
Mr. Ng Roy	—	—	—	—	—	—	—
Mr. Wu Ting Yuk Anthony	—	—	—	—	—	—	—
Ms. Zhao Wei	—	—	—	—	—	—	—
<b>Independent non-executive Directors</b>							
Mr. Li Michael Hankin	—	—	—	—	—	—	—
Mr. Hui Yung Chris	—	—	—	—	—	—	—
	—	1,092	36	220	—	—	1,348

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 2022 and 2021.

There was no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the year.

- (i) Mr. Ma Wai Hung Vincent was appointed as an independent non-executive director on 6 May 2021.

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS) (CONTINUED)

### (b) Directors' retirement benefits and termination benefits

There were no retirement benefits or termination benefits paid to any directors during years ended 31 March 2022 and 2021.

### (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 years ended 31 March 2022 and 2021.

### (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 2022 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 2022 and 2021.

### (f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include Nil and 1 director for the years ended 31 March 2022 and 2021, respectively, and their emoluments are reflected in the analysis shown above. The emoluments payable to the 5 and remaining 4 individuals for the years ended 31 March 2022 and 2021 respectively are as follows:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Wages, salaries and bonus	5,637	3,681
Retirement benefit costs — defined contribution plan	90	72
	<b>5,727</b>	3,753

## 8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS) (CONTINUED)

### (f) Five highest paid individuals (Continued)

The emoluments of the above individuals fell within the following bands:

	Number of individuals	
	Year ended 31 March	
	2022	2021
HK\$500,001 to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$1,500,000	1	1
	5	4

## 9 FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Finance costs:		
— Interest expenses on lease liabilities	777	817
— Interest expense on bank borrowings	—	86
	777	903

## 10 INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current income tax	7,242	8,384
Over-provision of current income tax in prior year	(631)	—
Deferred income tax ( <i>Note 20</i> )	(1,056)	(337)
	5,555	8,047

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 2022 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.

## 10 INCOME TAX EXPENSE (CONTINUED)

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	
	2022 HK\$'000	2021 HK\$'000
Profit before income tax	19,046	43,816
Tax at Hong Kong profits tax rate at 16.5%	3,142	7,230
Income not subject to tax	(8)	(810)
Expenses not deductible for tax purposes	3,217	1,792
Over-provision of current income tax in prior year	(631)	—
Tax concession	(165)	(165)
Income tax expense	5,555	8,047

## 11 BASIC AND DILUTED EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2022 and 2021.

The weighted average number of shares in issue for the years ended 31 March 2022 and 2021 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 374,993,633.68 shares issued under the capitalisation issue on 18 February 2022.

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	
	2022	2021
Profit attributable to owners of the Company during the year (HK\$'000)	13,491	35,769
Weighted average number of ordinary shares in issue	390,270,986	375,000,000
Basic earnings per share (expressed in HK\$ per share)	0.035	0.095

**11 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)****Diluted**

	Year ended 31 March	
	2022	2021
Profit attributable to owners of the Company during the year (HK\$'000)	<b>13,491</b>	35,769
Weighted average number of ordinary shares in issue	<b>390,270,986</b>	375,000,000
Effect of dilutive potential ordinary shares on exercise of share options	<b>279,703</b>	—
Weighted average number of ordinary shares after assuming dilution	<b>390,550,689</b>	375,000,000
Diluted earnings per share (expressed in HK\$ per share)	<b>0.035</b>	0.095



**12 PLANT AND EQUIPMENT**

	Furniture and fixtures HK\$'000	Leasehold improvement HK\$'000	Medical and office equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>At 1 April 2020</b>					
Cost	2,164	17,601	32,825	3,485	56,075
Accumulated depreciation	(1,456)	(10,794)	(19,349)	—	(31,599)
Net book amount	708	6,807	13,476	3,485	24,476
<b>Year ended 31 March 2021</b>					
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	287	7,622	17,288	—	25,197
<b>At 31 March 2021</b>					
Cost	2,146	21,425	40,023	—	63,594
Accumulated depreciation	(1,859)	(13,803)	(22,735)	—	(38,397)
Net book amount	287	7,622	17,288	—	25,197
<b>Year ended 31 March 2022</b>					
Opening net book amount	<b>287</b>	<b>7,622</b>	<b>17,288</b>	—	<b>25,197</b>
Additions	—	<b>166</b>	<b>39</b>	—	<b>205</b>
Depreciation	<b>(241)</b>	<b>(4,171)</b>	<b>(3,294)</b>	—	<b>(7,706)</b>
Closing net book amount	<b>46</b>	<b>3,617</b>	<b>14,033</b>	—	<b>17,696</b>
<b>At 31 March 2022</b>					
Cost	<b>2,146</b>	<b>21,591</b>	<b>40,062</b>	—	<b>63,799</b>
Accumulated depreciation	<b>(2,100)</b>	<b>(17,974)</b>	<b>(26,029)</b>	—	<b>(46,103)</b>
Net book amount	<b>46</b>	<b>3,617</b>	<b>14,033</b>	—	<b>17,696</b>

During the years ended 31 March 2022 and 2021, depreciation of HK\$7,706,000 and HK\$8,377,000 was charged to the consolidated statement of comprehensive income.

**13 INVENTORIES**

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Medical consumables	<b>3,746</b>	4,200

As at 31 March 2022 and 2021, the management considers there was no inventory obsolescence. The cost of inventories recognised as expenses and included in "inventories used" in the consolidated statement of comprehensive income amounted to HK\$38,492,000 and HK\$36,989,000 for the year ended 31 March 2022 and 2021.

**14 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Trade receivables	<b>1,105</b>	1,885
Rental and other deposits	<b>4,112</b>	5,722
Prepayments for listing expenses	—	1,175
Prepayments and other receivables	<b>661</b>	1,421
	<b>5,878</b>	10,203
Less: non-current portion		
Rental and other deposits	<b>(2,144)</b>	(551)
Current portion	<b>3,734</b>	9,652

## 14 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at 31 March 2022 and 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	
	2022 HK\$'000	2021 HK\$'000
0–30 days	791	1,742
31–60 days	191	25
61–90 days	32	10
Over 90 days	91	108
	<b>1,105</b>	<b>1,885</b>

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 2022 and 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 years ended 31 March 2022 and 2021.

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	
	2022 HK\$'000	2021 HK\$'000
Cash at bank	241,143	64,740
Cash on hand	127	122
Cash and cash equivalents	<b>241,270</b>	<b>64,862</b>
Maximum exposure to credit risk	<b>241,143</b>	<b>64,740</b>

The carrying amounts of cash and cash equivalents were denominated in HK\$.

## 16 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
<i>Authorised:</i>		
As at 1 April 2020 and 31 March 2021	38,000,000.00	380
As at 31 March 2022	500,000,000.00	5,000
<i>Issued and fully paid:</i>		
As at 1 April 2020 and 31 March 2021	6,366.32	—
Capitalisation issue	374,993,633.68	3,750
Issuance of ordinary shares ( <i>Note</i> )	125,000,000.00	1,250
Issuance of shares upon exercise of share options	9,717,500.00	97
As at 31 March 2022	509,717,500.00	5,097

*Note:* On 18 February 2022, the Company issued 125,000,000 ordinary shares of HK\$0.01 each at an issue price of HK\$1.6 per share for an aggregated consideration of HK\$200,000,000 upon the completion of the Listing. These shares rank pari passu in all respects with the shares in issue. The transaction costs directly attributable to issue of shares amounting to HK\$18,073,000 was treated as a deduction from share premium.

## 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:

<b>Vesting period of the relevant percentage of the options</b>	<b>Maximum percentage of options exercisable</b>
From 1 April 2018 to 1 June 2019	50%
From 1 April 2018 to 1 April 2020	50%

## 17 SHARE-BASED PAYMENTS (CONTINUED)

The assessed fair values 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%

**17 SHARE-BASED PAYMENTS (CONTINUED)**

Set out below are summaries of options granted under the plan:

	2022		2021	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 April	HK\$33,506	477	HK\$42,612	750
Expired during the year		—		(273)
Effect of capitalisation issue during the year (Note)		28,124,523		—
Exercised during the year	HK\$0.57	(9,717,500)		—
As at 31 March	HK\$0.57	18,407,500	HK\$33,506	477
Vested and exercisable at 31 March	HK\$0.57	18,407,500	HK\$33,506	477

Note: On 18 February 2022, the number of share option increased from 477 to 28,125,000 and the exercise price reduced from HK\$33,506 to HK\$0.57 as a result of 374,993,633.68 shares issued under the capitalisation issue.

**18 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES**

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Trade payables	5,877	8,410
Accruals and other payables	7,889	8,459
Accrued listing expenses	752	4,292
	14,518	21,161
Less: non-current portion		
Provisions for reinstatement cost	(1,250)	(1,250)
Current portion	13,268	19,911

As at 31 March 2022 and 2021, all trade payables, accruals and other payables of the Group were denominated in HK\$, and their fair value approximated to their carrying amounts.

**18 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES (CONTINUED)**

Ageing analysis of the trade payables to third parties as at 31 March 2022 and 2021 based on invoice date are as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
0–30 days	1,999	3,373
31–60 days	1,320	2,947
61–90 days	1,710	1,641
Over 90 days	848	449
	<b>5,877</b>	8,410

**19 LEASES**

This note provides information for leases where the Group is a lessee.

**(a) Amounts recognised in the consolidated statement of financial position**

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Right-of-use assets</b>		
Equipment	223	483
Buildings	19,895	11,543
	<b>20,118</b>	12,026
<b>Lease liabilities</b>		
Current	10,928	8,561
Non-current	9,247	3,397
	<b>20,175</b>	11,958

Additions to the right-of-use assets during the years ended 31 March 2022 and 2021 were HK\$23,186,000 and HK\$3,414,000.

**19 LEASES (CONTINUED)****(b) Amounts recognised in the consolidated statement of comprehensive income**

The consolidated statement of comprehensive income show the following amounts relating to leases:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Depreciation of right-of-use assets</b>		
Equipment	261	261
Buildings	14,126	18,080
	<b>14,387</b>	18,341
Interest expense (included in finance cost) (Note 9)	777	817
Expenses relation to short-term leases (Note 7)	596	474

The total cash outflow for leases for the years ended 31 March 2022 and 2021 were HK\$13,507,000 and HK\$18,438,000 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 3 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.



**20 DEFERRED INCOME TAX**

The analysis of the Group's deferred tax liabilities is as follows:

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Deferred tax (assets)/liabilities</b>		
— Deferred tax (assets)/liabilities to be recovered after 12 months	(594)	462
<b>Deferred tax (assets)/liabilities</b>	<b>(594)</b>	<b>462</b>

The movement in deferred income tax (assets)/liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<b>Deferred tax liabilities/(assets):</b>	<b>Tax depreciation</b> HK\$'000
<b>At 1 April 2020</b>	799
Credited to the consolidated statement of comprehensive income ( <i>Note 10</i> )	(337)
<b>At 31 March 2021</b>	462
<b>At 1 April 2021</b>	<b>462</b>
Credited to the consolidated statement of comprehensive income ( <i>Note 10</i> )	<b>(1,056)</b>
<b>At 31 March 2022</b>	<b>(594)</b>

There was no material unprovided deferred income tax for the years ended 31 March 2022 and 2021.

**21 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS****(a) Reconciliation of profit before income tax to net cash generated from operations:**

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Profit before income tax	19,046	43,816
Depreciation of plant and equipment	7,706	8,377
Depreciation of right-of-use assets	14,387	18,341
Write-off of plant and equipment	—	86
Finance costs	777	903
Interest income	(47)	—
Rent concession	(1,532)	—
	<b>40,337</b>	71,523
Changes in working capital:		
Decrease in inventories	454	1,539
Decrease/(increase) in trade receivables, deposits, prepayments and other receivables	3,268	(1,675)
(Decrease)/increase in trade payables, accruals and other payables	(6,643)	9,681
Decrease/(increase) in amount due from a related party	662	(4,175)
Cash generated from operations	<b>38,078</b>	76,893

**(b) Non-cash investing and financing activities**

Principal non-cash investing and financing activities are as follows:

- (1) The set off of dividend of HK\$72,745,000 with the amount due from a related party during the year ended 31 March 2021 (Note 23);
- (2) Addition to right-of-use assets and lease liabilities during the year ended 31 March 2022 and 2021 of HK\$23,186,000 and HK\$3,414,000 respectively; and
- (3) Modification to right-of-use assets and lease liabilities during the year ended 31 March 2022 and 2021 of HK\$707,000 and Nil respectively.

## 21 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (c) Net debt reconciliation

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Cash and cash equivalents	241,270	64,862
Lease liabilities	(20,175)	(11,958)
Net cash	221,095	52,904

	Other assets		Liabilities from financing activities		Total HK\$'000
	Cash and cash equivalents HK\$'000	Lease liabilities HK\$'000	Bank borrowings HK\$'000	Amount due to a related party HK\$'000	
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	64,862	(11,958)	—	—	52,904
Net debt as at 1 April 2021	64,862	(11,958)	—	—	52,904
Net cash flows	176,408	13,507	—	—	189,915
Non-cash item	—	(21,724)	—	—	(21,724)
Net debt as at 31 March 2022	241,270	(20,175)	—	—	221,095

## 22 COMMITMENTS

### (a) Capital commitments

There is no capital expenditure contracted for but not yet recognised as liabilities as at 31 March 2022 and 2021.

## 23 DIVIDENDS

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
Dividends	26,000	78,000

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 a related parties during the year ended 31 March 2021.

## 24 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Financial assets at amortised cost</b>		
Trade receivables and deposits and other receivables	5,280	8,666
Amount due from a related party	—	662
Cash and cash equivalents	241,270	64,862
	<b>246,550</b>	74,190
<b>Financial liabilities at amortised cost</b>		
Trade payables and accruals and other payables	10,932	19,602
Lease liabilities	20,175	11,958
	<b>31,107</b>	31,560

## 25 RELATED PARTY TRANSACTIONS

For the purposes of the consolidated financial statements, 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 years ended 31 March 2022 and 2021:

Name of related party	Relationship with the Group
Mr. Tse Wai Ip (“Dr. Tse”) Tse, Lau & Hui Medical Practice	One of the shareholders 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
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

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with related parties

In addition to those disclosed elsewhere in the Consolidated financial statements the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>Discontinued transaction:</b>		
Consultancy fee to Tse, Lau & Hui Medical Practice ( <i>Note i</i> )	—	(3,584)
IT consultancy service fee to Star Lite Energy Management Limited ( <i>Note ii</i> )	(57)	(180)
<b>Continuing transaction:</b>		
Consultancy fee to Starrly Profit Limited ( <i>Note iii</i> )	(2,200)	(2,200)
Consultancy fee to Metro Grace Limited ( <i>Note iv</i> )	(2,400)	(2,200)

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 IT consultancy service agreement with Star Lite Energy Management Limited has terminated in June 2021.
- (iii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Hui pursuant to the consultancy fee agreement entered into by Saintford and Dr. Hui.
- (iv) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Lau pursuant to the consultancy fee agreement entered into by Saintford and Dr. Lau.

### (b) Key management compensation

The directors of the Company are considered as key management and their aggregate compensations are set out in Note 8.

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balance with a related party

	Note	As at 31 March	
		2022 HK\$'000	2021 HK\$'000
<b>Current</b>			
Amount due from a related party:			
Non-trade			
— Clarity Medical Group Limited	<i>i</i>	—	662

Note:

- (i) As at 31 March 2021, balance with a related party is unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair values and are denominated in HK\$. The amount due from Clarity Medical Group Limited as at 31 March 2021 is guaranteed by personal guarantee given by Mr. Tse Wai Ip in October 2021.

Balance with a related party was fully settled on 15 November 2021 and the personal guarantee given by Mr. Tse Wai Ip was released.

## 26 SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2022 and 2021 are as follows:

Name of subsidiary	Place/Country of incorporation or establishment/ operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 31 March		Principal activities
			2022	2021	
<b>Directly owned</b>					
Clarity Medical Group International Limited	British Virgin Islands ("BVI")	US\$1	100%	100%	Investment holding
<b>Indirectly owned</b>					
Saintford Limited	Hong Kong	HK\$42,410,000	100%	100%	Provision of ophthalmic services and sales of prescriptions

## 27 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 March	
	2022 HK\$'000	2021 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in a subsidiary	58,761	58,761
	<b>58,761</b>	58,761
<b>Current assets</b>		
Deposits, prepayment and other receivables	—	1,175
Cash and cash equivalents	196,125	39,998
	<b>196,125</b>	41,173
<b>Total assets</b>	<b>254,886</b>	99,934
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	5,097	—
Share premium	292,898	108,849
Reserves ( <i>Note</i> )	(45,976)	(25,228)
<b>Total equity</b>	<b>252,019</b>	83,621
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accruals and other payables	1,902	4,293
Amount due to a subsidiary	965	12,020
	<b>2,867</b>	16,313
<b>Total equity and liabilities</b>	<b>254,886</b>	99,934

The statement of financial position of the Company was approved by the Board of Directors on 28 June 2022 and signed on its behalf.

Mr. Wu Ting Yuk Anthony  
Director

Mr. Lo Tsz Hong  
Director

**27 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)**

Note: Movement in reserves of the Company are as follows:

	Share-based payment reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
For the year ended 31 March 2021			
At 1 April 2020	4,862	(21,469)	(16,607)
Profit for the year	—	69,379	69,379
Dividends provided for shareholders (Note 23)	—	(78,000)	(78,000)
At 31 March 2021 and 1 April 2021	<b>4,862</b>	<b>(30,090)</b>	<b>(25,228)</b>
Profit for the year	—	<b>6,932</b>	<b>6,932</b>
Dividends provided for shareholders (Note 23)	—	<b>(26,000)</b>	<b>(26,000)</b>
Issuance of shares upon exercise of share options	<b>(1,680)</b>	—	<b>(1,680)</b>
At 31 March 2022	<b>3,182</b>	<b>(49,158)</b>	<b>(45,976)</b>

**28 CONTINGENT LIABILITIES**

As at 31 March 2022 and 2021, the Group did not have any material contingent liabilities.

**29 IMPACT OF COVID-19 PANDEMIC**

The fifth wave of the COVID-19 pandemic had a significant impact on the financial performance of the Group for February and March 2022. The number of reported cases of COVID-19 had spiked since the beginning of February and the COVID-19 pandemic in Hong Kong continued to worsen in early March 2022. The government of Hong Kong had put in place stringent policies in combatting the outbreak of COVID-19, including reducing private gathering limits, mandatory 14-day closure of barbershops and gyms. Furthermore, the government had encouraged corporations to implement flexible working arrangements.

The unexpected outbreak of the fifth wave of COVID-19 in Hong Kong had a substantial impact of the revenue generated by the Group in February and March 2022. However, the Directors remain confident when the impact of COVID-19 had eased and the Group's operation and financial performance is expected to resume normal.



# FINANCIAL INFORMATION SUMMARY

A Summary of the published results, assets and liabilities of the Group for the last four financial years, prepared on the basis as set out herein, is set out below. The financial information for the year ended/as at 31 March 2022 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2019, 2020 and 2021 is extracted from the Prospectus.

## COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	For the year ended 31 March			
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Results</b>				
Revenue	<b>225,237</b>	222,381	218,376	206,601
Profit for the year	<b>13,491</b>	35,769	26,387	30,039
Adjusted net profit for the year <sup>(1)&amp;(2)</sup>	<b>30,885</b>	39,446	31,186	46,563
Net profit margin (%)	<b>6.0%</b>	16.1%	12.1%	14.5%
Adjusted net profit margin (%) <sup>(1)&amp;(2)</sup>	<b>13.7%</b>	17.7%	14.3%	22.5%
<b>Assets and Liabilities</b>				
Total assets	<b>290,144</b>	117,150	169,336	80,773
Total liabilities	<b>34,693</b>	36,656	46,611	42,221
Total equity	<b>255,451</b>	80,494	122,725	38,552

*Notes:*

- (1) Adjusted net profit is derived by taking out the one-off non-recurring government subsidy and the effect of the listing expenses incurred during the respective financial years.
- (2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a "non-GAAP" financial measure. It is not a measurement of the Group's financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.