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

2023 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Yung Chris* *(Chief Executive Officer)*
Mr. Lo Tsz Hong
Dr. Tse Wai Ip *(Appointed on 30 June 2022)*

Non-Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Mr. Hui Yung Chris*
Ms. Chan Po Yu

COMPANY SECRETARY

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPLIANCE ADVISOR

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

CORPORATE WEBSITE

www.claritymedic.com

INVESTOR RELATIONS CONTACT

Email: info@claritymedic.com

STOCK CODE

1406

*Notes** 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.

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 2023, together with the comparative figures for the year ended 31 March 2022.

COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	For the year ended 31 March		
	2023 HK$'000	2022 HK$'000	Change
Revenue	**213,847**	225,237	(5.1%)
(Loss)/profit for the year	**(3,191)**	13,491	N/A
Adjusted net (loss)/profit for the year[(1)&(2)]	**(3,191)**	30,885	N/A
Net profit margin (%)	**N/A**	6.0%	N/A
Adjusted net profit margin (%)[(1)&(2)]	**N/A**	13.7%	N/A

Notes:

(1) Adjusted net profit is derived by taking out the effect of the listing expenses incurred during the year ended 31 March 2022. No such expenses were incurred during the year ended 31 March 2023.

(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.

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 2023.

ACCELERATING THE DEVELOPMENT OF OPHTHALMIC SERVICES IN HONG KONG

Despite the challenges posed by the fifth wave of the COVID-19 pandemic, the Group's expansion plans remained on track. During the year ended 31 March 2023, the Group successfully expanded its operations by establishing a new medical centre in Tsim Sha Tsui (the "**New Tsim Sha Tsui Centre**"), while also expanding its existing medical centre in Mong Kok (the "**New Mong Kok Centre**"). The New Tsim Sha Tsui Centre, located in The ONE, a premium shopping mall in Hong Kong, will provide private comprehensive ophthalmic healthcare services. The New Tsim Sha Tsui Centre together with the New Mong Kok Centre will increase the gross floor area of the Group's medical centres from approximately 16,936 sq.ft. to approximately 36,576 sq.ft. The New Tsim Sha Tsui Centre is expected to commence operation in July 2023, while the New Mong Kok Centre commenced operation by the end of 2022. I am confident that the new medical centres will enhance the Group's ability to provide high-quality services to our patients. We are committed to ensuring that our patents receive the best possible health care, and these new centres will allow us to do so in an even better environment.

PROSPECT

Looking ahead, we are excited about the progress we are making towards accelerating the development of ophthalmic services in Hong Kong. As one of the leading private healthcare institutions specializing in ophthalmology in Hong Kong, I believe we are well-positioned to tap into the market of the Greater Bay Area and provide high-quality medical services to patients. We are open to exploring any merger and acquisition opportunities or establish the medical centres with any business partners who have a footprint in the Greater Bay Area. We believe we have a competitive advantage in establishing our business operations in the region, leveraging our ample experience in the ophthalmic healthcare industry in Hong Kong.

Our commitment to providing high-quality healthcare services remains unwavering, and we believe that our expansion plans will enable us to deliver sustainable growth and returns to our Shareholders.

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, 27 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of private ophthalmic healthcare services in Hong Kong. Despite the negative impacts on the economy of Hong Kong caused by COVID-19 pandemic and increased competition from other industry players, the Group is committed to maintaining proactive business development in Hong Kong since the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In July 2022, the Group entered into a tenancy agreement with an independent third party for a term of three years to expand the scale of its existing medical centre located at Wai Fung Plaza, Mong Kok (the "**New Mong Kok Centre**"). The New Mong Kok Centre has a gross floor area of approximately 5,966 sq.ft. which shall mainly focus on the provision of refractive treatment services and other treatment services. The New Mong Kok Centre together with the existing medical centre at Wai Fung Plaza will provide a better environment and experience for the Group's customer. The New Mong Kok Centre commenced operations since the end of 2022.

Furthermore, on 29 August 2022, the Group entered into another tenancy agreement with an independent third party for a term of three years to establish a new medical centre in Tsim Sha Tsui for the provision of a full range of ophthalmic consultation and examination services and treatment services (the "**New Tsim Sha Tsui Centre**"). The New Tsim Sha Tsui Centre is located at The ONE, a premium shopping mall in Hong Kong, and has a gross floor area of approximately 13,674 sq.ft.. The Group expects the New Tsim Sha Tsui Centre will commence operations in early July 2023.

The expansion of the New Mong Kok Centre together with the establishment of the New Tsim Sha Tsui Centre will increase the gross floor area of the medical centres of the Group from approximately 16,936 sq. ft. to approximately 36,576 sq. ft.. We believe the expansion and the establishment of the new medical centres will strengthen our service networks in Hong Kong and further solidifies our leading position in the ophthalmology sector in Hong Kong.

REVENUE OVERVIEWS

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 2023, our revenue amounted to approximately HK$213.8 million, representing a decrease of approximately HK$11.4 million or 5.1% from approximately HK$225.2 million for the year ended 31 March 2022. 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 2023 and 2022 respectively.

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

	For the year ended 31 March				
	2023		2022		
	HK$'000	% of revenue	HK$'000	% of revenue	Change HK$'000
Refractive Treatments	**137,758**	**64.4%**	152,611	67.8%	(14,853)
SMILE surgeries	**87,483**	**40.9%**	87,686	38.9%	(203)
LASIK surgeries	**2,849**	**1.3%**	3,091	1.4%	(242)
Multifocal IOL replacements	**40,273**	**18.8%**	50,730	22.6%	(10,457)
ICL implantations	**7,153**	**3.4%**	11,104	4.9%	(3,951)
Treatment for other eye problems	**58,449**	**27.4%**	55,066	24.4%	3,383
Standard cataract surgeries	**29,134**	**13.6%**	21,081	9.3%	8,053
Laser procedures	**11,991**	**5.6%**	14,447	6.4%	(2,456)
PPV surgeries	**11,619**	**5.5%**	13,521	6.0%	(1,902)
Other treatments/surgeries	**5,705**	**2.7%**	6,017	2.7%	(312)
Consultation and examination services	**10,312**	**4.8%**	10,210	4.5%	102
Sales of prescriptions and others	**7,328**	**3.4%**	7,350	3.3%	(22)
Revenue	**213,847**	**100.0%**	225,237	100.0%	(11,390)

(ii) Number of refractive treatment by types conducted

	For the year ended 31 March			
	2023		2022	
	Number	%	Number	%
SMILE surgeries	**3,944**	**77.5%**	3,802	72.7%
LASIK surgeries	**146**	**2.9%**	159	3.0%
Multifocal IOL replacements	**906**	**17.8%**	1,132	21.6%
ICL implantations	**90**	**1.8%**	141	2.7%
Total	**5,086**	**100.0%**	5,234	100.0%

(iii) Average prices of the refractive treatment services

	For the year ended 31 March	
	2023	2022
	HK$	HK$
SMILE surgeries	**22,200**	23,100
LASIK surgeries	**19,500**	19,400
Multifocal IOL replacements	**44,500**	44,800
ICL implantations	**79,500**	78,800

REFRACTIVE TREATMENT

Refractive treatments were our largest source of revenue during the year, representing approximately 64.4% of our revenue during the year ended 31 March 2023. 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$14.8 million, or 9.7%, from approximately HK$152.6 million for the year ended 31 March 2022 to approximately HK$137.8 million for the year ended 31 March 2023. The decrease in revenue from refractive treatments was mainly due to a decline in revenue generated from multifocal IOL replacements, which decreased from approximately HK$50.7 million for the year ended 31 March 2022 to approximately HK$40.3 million for the year ended 31 March 2023. This decline in revenue was due to a decrease in the number of treatments conducted during the year.

In addition, the revenue generated from ICL implantations also decreased from approximately HK$11.1 million for the year ended 31 March 2022 to approximately HK$7.2 million for the year ended 31 March 2023, which was also a result of a decrease in the number of treatments conducted during the year.

TREATMENT FOR OTHER EYE PROBLEMS

Treatment for other eye problems include standard cataract surgery, laser procedure, PPV surgery, and other treatments and surgeries. Revenue generated from these treatments for the years ended 31 March 2022 and 2023 amounted to approximately HK$55.1 million and HK$58.4 million, respectively. This represented approximately 24.4% and 27.4% of our total revenue for the respective years. The revenue from treatment for other eye problems increased by approximately HK$3.3 million or 6.0% from approximately HK$55.1 million for the year ended 31 March 2022, to approximately HK$58.4 million for the year ended 31 March 2023. The increase was primarily due to the higher revenue recorded for standard cataract surgeries, which rose by approximately HK$8.1 million. This increase offset the decreases in revenue generated by laser procedures and PPV surgeries, which decreased by approximately HK$2.5 million and HK$1.9 million, respectively, compared to the year ended 31 March 2022.

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 slightly increased by approximately HK$0.1 million or 1% from approximately HK$10.2 million for the year ended 31 March 2022 to approximately HK$10.3 million for the year ended 31 March 2023.

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 2022 and 2023, our revenue generated from sales of prescriptions and others was approximately HK$7.4 million and HK$7.3 million, representing approximately 3.3% and 3.4% of our revenue, respectively. The fluctuation in revenue generated from sales of prescriptions and others was generally in line with the overall revenue generated from consultation and examination services provided during the year.

OTHER INCOME, NET

Our net other income for the year ended 31 March 2023, mainly consisted of (i) interest income from bank deposits of approximately HK$3.9 million and (ii) government subsidies of approximately HK$2.3 million under the employment support scheme of the Government's anti-epidemic fund. Our net other income for the year ended 31 March 2023, increased by approximately HK$4.6 million, or 270.6%, compared to the year ended 31 March 2022. The increase was mainly due to the absence of government subsidies under the employment support scheme during the year ended 31 March 2022, and an increase in interest income from bank deposits resulting from an increase in the bank balance during the year ended 31 March 2023.

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 prescribed by our medical practitioners to our patients following diagnosis after consultation and supplies are materials used during surgeries. For the years ended 31 March 2022 and 2023, the inventories used amounted to approximately HK$38.5 million and HK$37.5 million, representing approximately 17.1% and 17.5% of our revenue, respectively. The percentage of inventories used as compared to revenue remained relatively stable, and fluctuations in inventories used were generally in line with the decrease 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 fee 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 2022 and 2023, consultancy fees amounted to approximately HK$63.0 million and HK$74.8 million, representing approximately 28.0% and 35.0% of our total revenue, respectively. The increase in consultancy fees paid to the medical practitioners during the year was a result of the increase in the number of medical practitioners from 11 as of 31 March 2022 to 13 as of 31 March 2023.

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 2022 and 2023, our employee benefit expenses amounted to approximately HK$42.0 million and HK$52.6 million, representing approximately 18.7% and 24.6% of our revenue, respectively. The increase in employee benefit expenses during the year was mainly due to an increase in the number of employees from 99 as of 31 March 2022, to 123 as of 31 March 2023, to cope with the expansion needs of the Group.

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 2022 and 2023, our depreciation expenses for right-of-use assets amounted to approximately HK$14.4 million and HK$18.7 million, representing approximately 6.4% and 8.7% of our revenue, respectively. We recorded an increase of depreciation of right-of-use assets during the year as due to our additional leased properties in Mong Kok and Tsim Sha Tsui a result of our expansion of medical centre network during the year ended 31 March 2023.

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$17.4 million were charged to the Group's consolidated statement of comprehensive income during the year ended 31 March 2022. No such expenses were incurred during the year ended 31 March 2023.

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 2022 and 2023, other expenses were approximately HK$24.2 million and HK$31.8 million, representing approximately 10.7% and 14.9% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the years ended 31 March 2022 and 2023 respectively:

	For the year ended 31 March	
	2023	2022
	HK$'000	HK$'000
Business development	**7,497**	6,033
Repair and maintenance	**3,026**	2,514
Professional fees	**5,295**	1,098
Auditor's remuneration		
— Audit services	**950**	1,000
— Non-audit services	**300**	53
Bank charges	**5,552**	6,190
Other general and administrative expenses	**9,137**	7,277
Other expenses	**31,757**	24,165

Our business development expenses include the cost of organizing educational talks on eye care, as well as the related costs of printing leaflets and designing a website. The business development expenses increased by approximately HK$1.5 million or 25.0% from approximately HK$6.0 million for the year ended 31 March 2022, to approximately HK$7.5 million for the year ended 31 March 2023. This increase reflects our Group's efforts to build our brand, particularly in relation to the expansion of our existing medical centre in Mong Kok and the development of a new medical centre in Tsim Sha Tsui.

Professional fees mainly comprise fees paid to various professional parties, including legal counsels, compliance advisor, internal auditor, share registry, and a professional investor relations firm. These fees increased by approximately HK$4.2 million or 381.8% from approximately HK$1.1 million for the year ended 31 March 2022, to approximately HK$5.3 million for the year ended 31 March 2023. The Group incurred higher professional fees following its Listing on 18 February 2022.

Bank charges are expenses related to credit card transfers. For the years ended 31 March 2022 and 2023, our bank charges amounted to approximately HK$6.2 million and HK$5.6 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 2022 and 2023, our other general and administrative expenses amounted to approximately HK$7.3 million and HK$9.1 million, respectively.

FINANCE COSTS

Finance costs mainly comprise interest expenses on lease liabilities. These costs increased by approximately HK$0.7 million, or 87.5%, from approximately HK$0.8 million for the year ended 31 March 2022, to approximately HK$1.5 million for the year ended 31 March 2023. This increase was primarily due to higher interest expenses on lease liabilities resulting from the increase in rental fees for our leased properties in Mong Kok and Tsim Sha Tsui. This increase in rental fees was driven by the expansion of our medical space.

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 2022 and 2023, our income tax expenses amounted to approximately HK$5.6 million and HK$0.3 million, our effective tax rate for the year ended 31 March 2022 was 29.2% (2023: not applicable). Our effective tax rate for the year ended 31 March 2022 was higher than Hong Kong's statutory corporate tax rate mainly due to certain non-deductible expenses incurred by our Group during the respective period. These expenses mainly comprised listing expenses incurred in preparation for the listing. The decrease in income tax expenses was primarily due to the decrease in profit recognised during the year, as the Group recorded a loss before tax of approximately HK$2.9 million for the year ended 31 March 2023.

(LOSS)/PROFIT FOR THE YEAR

As a result of the foregoing, the Group recorded a loss of approximately HK$3.2 million for the year ended 31 March 2023, compared to a profit after tax of HK$13.5 million for the year ended 31 March 2022.

Excluding the effect of Listing expenses incurred during the year ended 31 March 2022, the Group recorded an adjusted profit after tax of HK$30.9 million for the year ended 31 March 2022, as compared to a loss of approximately HK$3.2 million for the year ended 31 March 2023 which no listing expenses was incurred during the year.

CAPITAL EXPENDITURE AND COMMITMENTS

For the years ended 31 March 2022 and 2023, the Group incurred capital expenditures of approximately HK$0.2 million and HK$22.4 million, respectively, primarily due to the purchase of equipment and leasehold improvements for our medical centres and the expansion of our medical centres network.

As at 31 March 2023, capital expenditure contracted for but not yet recognised amounted to approximately HK$36.0 million which mainly represents capital expenditure commitments for the establishment of the New Mong Kok Centre and New Tsim Sha Tsui Centre (2022: Nil).

GEARING RATIO

As at 31 March 2023, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (2022: not applicable).

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 March 2023.

PLEDGE OF ASSETS

The Group had not pledged any assets as at 31 March 2023.

FINANCIAL INSTRUMENTS

Our major financial instruments include trade receivables, deposits and other receivables, 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 2023, 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 2023. 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 2023, we had not identified specific concentrations of credit risk related to trade receivables, as the amounts recognised mainly represent receivables from credit card companies due to a large number of customers who choose to pay by credit card.

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. 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. 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 2022 and 2023, we maintained at net cash position.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed a total of 123 employees (2022: 99). 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 and a share award plan (the "**Share Award Plan**") on 23 November 2022. These schemes were established to provide incentives and rewards to eligible participants, including selected employees, for their contributions to the Group and to align the corporate objectives and interests between the Group and its key talents. On 27 June 2023, the Board has resolved to terminate the Share Option Scheme with immediate effect. Please refer to the sub-section below headed "Share Option Scheme" for details. Details of the Share Award Plan are set out in the Directors' Report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's business. We believe that investing in our employees' development and skills not only benefits them personally but also enhances the Group's overall capabilities and competitiveness.

EVENTS AFTER THE REPORTING PERIOD

On 27 June 2023, the Board has resolved to terminate the Share Option Scheme with immediate effect. Please refer to the section headed "Share Option Scheme" in this report for details. Except for the termination of Share Option Scheme, there was no material subsequent event undertaken by the Company or by the Group after 31 March 2023 and up to the date of this annual 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 maintaining our market-leading position in SMILE surgery and promoting ICL implantation; while exploring new opportunities for growth and expansion, like exploring tapping into children myopia prevention and control business.

- 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 and expansion.

- We plan to acquire interests in ophthalmic-related businesses.

LIQUIDITY AND CAPITAL STRUCTURE

During the year ended 31 March 2023 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 2023, we had cash and cash equivalents of HK$207.5 million (2022: HK$241.3 million), all of which were denominated in Hong Kong dollars.

During the years ended 31 March 2022 and 2023, the Group did not use any financial instruments, currency borrowings or other hedging instruments for hedging purposes. The Group has no outstanding bank loans, overdrafts or other borrowings at 31 March 2023.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 March 2023, the gearing ratio is not applicable due to net cash position (2022: not applicable).

The current ratio (calculated as current assets over current liabilities) was 5.8 times as at 31 March 2023 compared with 10.3 times as at 31 March 2022.

As at 31 March 2023, the Group reported net current assets of HK$193.5 million, as compared with HK$225.4 million as at 31 March 2022.

Net cash generated from operating activities was HK$16.2 million during the year ended 31 March 2023 (2022: HK$27.6 million). The decrease was mainly attributed to the loss before income tax of approximately HK$2.9 million during the year ended 31 March 2023, as compared to a profit before income tax of approximately HK$19.0 million for the year ended 31 March 2022.

Net cash used in investing activities amounted to HK$143.8 million during the year ended 31 March 2023 as compared to HK$0.2 million during the year ended 31 March 2022.

During the year ended 31 March 2023, the net cash used in investing activities was mainly from (i) purchase and deposits paid for the purchases of plant and equipment of approximately HK$30.2 million; (ii) increase in time deposits with maturity of more than three months of approximately HK$103.0 million which was mainly the proceeds from the initial public offering of the Company; and (iii) advance of a loan to a medical practitioner of approximately HK$14.2 million; which are partially offset by interest received of approximately HK$3.6 million during the year ended 31 March 2023.

During the year ended 31 March 2023, net cash used in financing activities amounted to HK$9.2 million, compared to net cash from financing activities of HK$149.0 million during the year ended 31 March 2022. The cash used in financing activities for the year ended 31 March 2023 was mainly from (i) lease payments of approximately HK$16.3 million; and (ii) payment for share purchase for Share Award Plan under the trust of approximately HK$3.5 million which are partially offset by (iii) proceeds from the issuance of share options upon the exercise of share options of approximately HK$10.5 million.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 March 2023.

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

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Hui Yung Chris (許勇), aged 54, 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 25 years of experience in investment and capital markets and joined our Group since 29 March 2019. He currently also serves 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 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 54, 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 45, 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 68, 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 served as an independent non-executive director of 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) from August 2012 to June 2022, 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), 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. Wu was also appointed as an independent non-executive director of Hui Xian Real Estate Investment Trust (匯賢產業信託) (stock code: 87001) since November 2022.

Mr. Ng Roy (伍俊達), aged 60, 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 30 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 was also 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, and a member of the Membership Committee of the HKGCC since 2023. 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, and a member of the Technology Voucher Program Committee since 2022.

Mr. Ng was 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) from 2016 to 2023.

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

Ms. Zhao Wei (趙瑋), aged 44, 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 59, 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 28 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 58, 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 29 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 76, 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 (堃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

Mr. Ho Kin (何健), aged 38, 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 15 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) from November 2016 to 5 August 2022.

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. Ms. Chan joined our Group in January 2019. 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. Ms. Chan has over 15 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
Executive Directors	
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
Independent Non-executive Director	
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 2023.

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 2023 are set out in the Consolidated Financial Statements on pages 75 to 80 of this report. Our Board does not recommend the payment of a final dividend for the year ended 31 March 2023.

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 20 September 2023 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 Friday, 15 September 2023 to Wednesday, 20 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4: 30 p.m. on Thursday, 14 September 2023.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 20 September 2023. 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 14 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 132 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

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 that have a significant impact on the Group during the year ended 31 March 2023.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of our Group for the past five years ended 31 March 2023 are set on page 132 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 22 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 33 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As of 31 March 2023, none of the reserves of our Company is available for distribution to the shareholders of our Company (2022: Nil).

DIVIDEND

The Board does not recommend payment of a dividend for the year ended 31 March 2023. No dividend as paid or declared by the Company or other members of the Group during the year ended 31 March 2023.

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. 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 dated on 31 January 2022 (the "**Prospectus**") which is also set out below.

The remaining unused net proceeds as at 31 March 2023 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 2023, the Company utilised proceeds from the IPO of approximately HK$8.9 million. 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 (Note) (HK$ million)	Allocated net proceeds from IPO (HK$ million)	Net proceeds utilised during the year ended 31 March 2023 (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	8.9	Second half of 2022–2023	72.6
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
Total	**100%**	**245.6**	**181.9**	**8.9**		**173.0**

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 during the year ended 31 March 2023 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.

In accordance with the Pre-IPO Share Options Scheme, eight eligible participants have been granted Pre-IPO Share Options to subscribe for an aggregate of 28,125,000 Shares, representing approximately 5.3% 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 member, and four employees. The exercise price for each of the Pre-IPO Share Options is HK$0.57 per Share. All the Pre-IPO Share Options have been fully vested on or before 31 March 2020.

As of the date of this report, all the Pre-IPO Share Options have been exercised, and none of them remain outstanding.

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 2023 under the scheme are as follows:

Grantees	Position	Held at 1 April 2022	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the period	Held at 31 March 2023	Exercise Price HK$	Exercise Period	Grant Date	Expiry Date
		Number of Options									
Directors											
Wong Tai Cheung Andrew(1)	Chief Executive Officer and Executive Director	11,557,500	–	–	–	(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	1,850,000	–	–	–	(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(2)	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
Senior Management											
Ho Kin	Financial Controller	500,000	–	–	–	(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
Other grantees											
Chan Po Yu	Company Secretary	–	–	–	–	–	–	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	–	–	–	–	–	–	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	–	–	–	–	–	–	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	–	–	–	–	–	–	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
		18,407,500				(18,407,500)	–				

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.

The weighted average closing prices of the Shares immediately before the dates on which the Pre-IPO Share Options were exercised during the year ended 31 March 2023 were as follows: (i) HK$1.304 for 11,557,500 share options exercised by Mr. Wong Tai Cheung Andrew, (ii) HK$0.990 for 1,850,000 share options exercised by Lo Tsz Hong, (iii) HK$0.990 for 4,500,000 share options exercised by Star Lite (Greater China) Limited, and (iv) HK$1.387 for 500,000 share 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 Board has resolved on 27 June 2023 to terminate the Share Option Scheme with immediate effect for better allocation of the Company's resources in view of the followings: (i) the Company has adopted a new share scheme (i.e. the Share Award Plan) effective from 23 November 2022, which can recognize and reward the contributions of eligible participants and provide enough incentives for their long-term commitment thereby fostering the sustainable development of the Company; and (ii) no share options have been granted and further unexercised under the Share Option Scheme.

THE SHARE AWARD PLAN

On 23 November 2022 (the "**Adoption Date**"), the Company adopted a Share Award Plan (the "**Share Award Plan**" or the "**Plan**"). The Share Award Plan shall be subject to the administration of the Board and the trustee in accordance with the terms of the Share Award Plan and the trust deed.

The purposes of the Plan are to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, to provide incentives thereto in order to retain them for the continued operation and development of the Group, and to attract suitable personnel for further development of the Group.

For more information, please refer to the circular of the Company dated 7 November 2022. The eligible participants (the "**Eligible Participants**") of the Plan include (i) any employee (whether full-time or part-time, including any director) of the Group (an "**Employee**"), and (ii) any service provider (the "**Service Provider**"). The Service Provider is defined as any medical practitioner or specialist in ophthalmology who works for the Group as an independent contractor, adviser, or consultant (whether directly engaged by the Group or through their service company) on a continuing or recurring basis in his/her ordinary and usual course of business which are material to the long-term growth of the Group where the frequency of his/her service is akin to those of employees.

Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board's powers include, inter alia, the authority, in its discretion, (i) to select Eligible Participants to whom awards may be granted under the Share Award Plan on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group; (ii) to determine, subject to the requirements of the Listing Rules, when awarded Shares may be granted; (iii) to determine the number of awarded Shares to be provisionally awarded to any Selected Participant pursuant to any award; and (iv) to determine, subject to the terms of the Share Award Plan and the requirements of the Listing Rules, the terms and conditions of any award based in each case on such factors as the Board may determine. .

In assessing the eligibility of any Service Provider and whether such Service Provider provides services on a continuing or recurring basis in the Group's ordinary and usual course of business, the Board will consider all relevant factors as appropriate, including, among others:

(i) the types of surgeries and treatments the Eligible Participant had performed for the patients of the Group in the past 12 months;

(ii) the industry experience of the Eligible Participant;

(iii) the period of engagement of the Eligible Participant, including whether the Eligible Participant had entered into a consultancy agreement with the Group in the past 12 months with a term of no less than 2 years; and

(iv) the Eligible Participant's contribution and/or future contribution to the development and growth of the Group.

The total number of Shares that (i) may be subscribed for and/or purchased by the trustee in respect of all Awards to be granted under the Share Award Plan, and (ii) may be issued under any other share schemes of the Company, must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date of the Share Award Plan. Based on the total number of issued Shares as of the Adoption Date being 521,775,000 Shares, the 10% limit represents a total of 52,177,500 Shares. The total number of Shares that may be subscribed for and/or purchased by the trustee in respect of all Awards to be granted to all Service Providers under the Share Award Plan must not in aggregate exceed 5% of the Shares as at the Adoption Date. Based on 521,775,000 Shares in issue as at the Adoption Date, the 5% sub-limit represents a total of 26,088,750 Shares.

The total number of Shares that may be subject to an award or awards to a selected participant (the "**Selected Participant**"), together with any Shares to be issued under any options granted to such Selected Participant under any share schemes of the Company, in a 12-month period up to and including the date of the award, shall not (i) in aggregate exceed 1% of the total number of issued Shares as at the date of the extraordinary general meeting held on 23 November 2023, being 521,775,000 Shares; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules.

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date of the Share Award Plan but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Since the Adoption Date and up to 31 March 2023, (i) no award has been granted under the Share Award Plan, and as a result, there was no unvested award as at the Adoption Date and up to 31 March 2023, and (ii) no award was vested, cancelled, or lapsed. As of 31 March 2023, no new Shares may be issued in respect of the awards that may be granted under the Share Award Plan, and 52,177,500 Shares (being the scheme limit of the Share Award Plan) remain available for future grants of the awards, representing approximately 9.9% of the total issued share capital of the Company as at the date of this annual report.

The trustee held 3,100,000 Shares under the Share Award Plan as of 31 March 2023 and up to the date of this annual report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

As no award was granted since the Adoption Date up to 31 March 2023, the fair value of awards granted during the financial year is not applicable.

The number of Shares that may be issued in respect of options and awards granted under the Pre-IPO Share Option Scheme, the Share Option Scheme, and the Share Award Plan during the year ended 31 March 2023, divided by the weighted average number of Shares in issue for the year ended 31 March 2023, is not applicable since there was no grant of options or awards during the year.

Reference being made to the announcement of the Company dated 4 July 2023, the Board resolved on 4 July 2023 to grant a total of 35,456,240 awarded Shares to certain eligible participants under the Share Award Plan, among which the 5,000,000 Shares to be granted to Mr. Hui Yung Chris ("**Mr. Hui**") is subject to Shareholder's approval at the forthcoming AGM. Details of the grant are set out below:

Date of grant: 4 July 2023

Purchase price of awards granted and arrangement to facilitate the purchase of awarded Shares: Nil

Grantees: A summary of the Grantees and their grants are set out below:

	Grantees	**Number of awarded Shares granted**	**% total number of Shares in issue as at the date of the grant**
Directors	Mr. Hui (executive Director, chief executive Director)	5,000,000	0.94%
	Mr. Lo Tsz Hong (executive Director)	141,250	0.02%
Service Providers	Dr. Wong Kin Keung	5,217,748	0.99%
	Dr. Kwok Pui Wai	5,217,748	0.99%
	Dr. Lai Hiu Ping	5,217,748	0.99%
	Dr. Tang Kai Tat	5,217,748	0.99%
	Dr. Ho Chun Ho	5,217,748	0.99%
Other Employee Participants	34 individuals	4,226,250	0.80%
Total		35,456,240	6.71%

Vesting period:

(i) Mr. Hui

100% of the awarded Shares will vest on the second anniversary of 4 July 2023.

(ii) Service Providers

(a) 25% of the awarded Shares will either vest on the first anniversary of 4 July 2023 or vest in three equal instalments on an annual basis commencing on the first anniversary of 4 July 2023;

(b) 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the second anniversary of 4 July 2023;

(c) 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the third anniversary of 4 July 2023; and

(d) the remaining 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the fourth anniversary of 4 July 2023.

(iii) Mr. Lo Tsz Hong and other Employee Participants

(a) 25% of the awarded Shares will vest on the first anniversary of 4 July 2023;

(b) 25% of the awarded Shares will vest on the second anniversary of 4 July 2023; and

(c) the remaining 50% of the awarded Shares will vest on the third anniversary of 4 July 2023.

Save as disclosed above, the Company had not issued for cash any equity securities (including securities convertible into equity securities) for the Reporting Period and no other proceeds have been brought forward from any issue of securities for cash as at 31 March 2023.

RETIREMENT BENEFIT SCHEMES

Our Group participated in retirement benefit scheme in accordance with the relevant rules and regulations in Hong Kong.

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 2023 are set out in note 1 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2023, 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 2023.

During the year ended 31 March 2023, our five largest suppliers accounted for approximately 75.9% 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 approximately 44.9% 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 2023.

DIRECTORS

Our Directors during the year ended 31 March 2023 and up to the date of this report are:

Executive Directors

Mr. Hui Yung Chris *(Chief Executive Officer)**
Mr. Lo Tsz Hong
Dr. Tse Wai Ip *(Appointed on 30 June 2022)*
Mr. Wong Tai Cheung Andrew *(Chief Executive Officer) (Resigned on 30 June 2022)*

Non-Executive Directors

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

Independent Non-Executive Directors

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

*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, Mr. Lo Tsz Hong, Mr. Wu Ting Yuk Anthony and Mr. Li Michael Hankin 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 15 to 21 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, renewable automatically thereafter for successive terms of one year each commencing from the date next after the expiry of the current term of office, 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 statutory compensation.

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 and Share Award Plan disclosed above, during the year ended 31 March 2023, 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 and Share Award Plan 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 throughout the financial year ended 31 March 2023 and up to the date of this annual report 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 28 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 28 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

During the year ended 31 March 2023, there were no connected transactions and no continuing connected transactions for the Company to be disclosed under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2023, 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 2023, 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	Approximately percentage of shareholding in our Company (%) (Note 1)
Directors			
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	20.36%
	Beneficial owner	947,500	0.18%
Wu Ting Yuk Anthony	Beneficial owner	3,749,812	0.71%
Lo Tsz Hong	Beneficial owner	1,850,000	0.35%
Ng Roy	Interest of controlled corporation	4,500,000 (Note 3)	0.85%

Notes:

1. As at 31 March 2023, the number of issued ordinary Shares of the Company was 528,125,000, which has been used for the calculation of the approximately percentage of shareholding in our Company.

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. These Shares 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 2023, 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 2023.

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

As at 31 March 2023, 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)
Long Position			
Clear Lead Ventures Limited (Note 1)	Beneficial owner	165,775,126	31.39%
3W Partners Fund I L.P. (Note 1)	Interest of controlled corporation	165,775,126	31.39%
3W Partners GP Limited (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Goh Lu Hong (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Chan Hoi Hin William (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Ultimate Bliss Limited (Note 2)	Beneficial owner	107,505,880	20.36%
Prime Sage International Limited (Note 2)	Interest of controlled corporation	107,505,880	20.36%
TMF (Cayman) Ltd. (Note 2)	Trustee	107,505,880	20.36%
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	20.36%
	Beneficial owner	947,500	0.18%
WuXi AppTec (HongKong) Limited (Note 3)	Beneficial owner	78,125,196	14.79%
WuXi AppTec Co. Ltd (Note 3)	Interest in controlled corporation	78,125,196	14.79%

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 2023, the number of issued ordinary Shares of the Company was 528,125,000, 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 2023, 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 2023.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by our Company are set out in the "Corporate Governance Report" section on pages 38 to 48 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 13 of this report and note 32 to the Consolidated Financial Statements.

AUDITOR

PricewaterhouseCoopers has resigned as the auditor of the Company with effect from 26 October 2022. The Board has resolved to appoint Ernst & Young as the auditor of the Company with effect from 26 October 2022, to fill the vacancy following the resignation of PricewaterhouseCoopers and to hold office until the conclusion of the next annual general meeting of the Company.

The Consolidated Financial Statements for the year ended 31 March 2023 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of our Company. A resolution for appointment of Ernst & Young as the independent auditor of our Company will be proposed at the forthcoming annual general meeting.

On behalf of our Board
Mr. Wu Ting Tuk Anthony
Chairman and Non-executive Director

Hong Kong, 27 June 2023

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.

During the year ended 31 March 2023 and 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") which are applicable to the Company.

Code provision C.5.1 provides that board meetings should be held at least four times a year at approximately quarterly intervals with a majority of Directors being present. In addition, code provision D.3.3 provides that the audit committee of the Company (the "**Audit Committee**") must meet at least twice a year with the issuer's auditors.

During the year ended 31 March 2023, the Board has convened four meetings for the purpose of discussing of Company's business and affairs, approving the annual results of the Company for year ended 31 March 2022 and approving the interim results of the Company for the six months ended 30 September 2022, and approving the change of the auditor of the Company. And the audit committee of the Company (the "**Audit Committee**") has convened four meetings with the auditors of the Company for the purpose of discussing of audit strategy, approving the annual results of the Company for the year ended 31 March 2022 and approving the interim results of the Company for the six months ended 30 September 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 the opinion of the Board, during the year ended 31 March 2023 and 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. Hui Yung Chris *(Chief Executive Officer)**
Mr. Lo Tsz Hong
Dr. Tse Wai Ip *(Appointed on 30 June 2022)*

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

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

The biographical information of the Directors are set out in the section headed "Profile of Directors, Senior Management and Company Secretary" on pages 15 to 21 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 year ended 31 March 2023 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, renewable automatically thereafter for successive terms of one year each commencing from the date next after the expiry of the current term of office, 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, 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.

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 year ended 31 March 2023 and up to the date of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG 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) and the Stock Exchange's website (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 year ended 31 March 2023, the Audit Committee held five meetings to review financial results and reports and reports and significant issues on the financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, change of the external auditors and appointment of external auditors and relevant scope of works. Out of these five meetings, the Audit Committee held four meetings with the Company's external auditors. The attendance of each member at the Audit Committee meetings is set out in the table under the section titled 'Meeting Attendance' of this report.

Auditors' Remuneration

An analysis of the remuneration that should be paid to the external auditor of the Company, Ernst & Young, for the audit of the year ended 31 March 2023 and non-audit services is set out below:

Services rendered	**Paid/Payable** HK$'000
Audit services fees	
Annual audit	950
Non-audit services fees	
Review of interim financial information	250
Tax compliance services	50
Total non-audit services fee	300

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 year ended 31 March 2023, the Nomination Committee held one meeting 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 year ended 31 March 2023, the Remuneration Committee held one meeting 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; (ii) determined and recommended the remuneration of non-executive Directors and independent non-executive directors of the Company for approval by the Board; and (iii) considered and approved matters relating to the Share Award Plan under Chapter 17 of the Listing Rules, including the reasonableness of the service provider sub-limit of 5% and etc.. 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 of the CG Code, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2023 is set out below.

Remuneration band (in HK$)	Number of individual
Nil to 1,000,000	1
1500,001 to 2,000,000	1
3,000,001 to 3,500,000	1

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 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 and Workforce Diversity

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, 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.

In relation to the details of gender ratio and relevant policy of the Group at the workforce level as of 31 March 2023, please refer to the section headed "Employment and Labour Standards" under the Environmental, Social and Governance Report which has contained in this annual report. During the year under review, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

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 1 April 2022 to 31 March 2023 set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**General Meeting**
Executive Directors					
Hui Yung Chris*	4/4	N/A	1/1	2/5	2/2
Lo Tsz Hong	4/4	N/A	N/A	N/A	2/2
Tse Wai Ip *(appointed on 30 June 2022)*	4/4	N/A	N/A	N/A	2/2
Wong Tai Cheung Andrew *(resigned on 30 June 2022)*	2/4	N/A	N/A	N/A	N/A
Non-Executive Directors					
Wu Ting Yuk Anthony *(Chairman)*	4/4	1/1	N/A	N/A	2/2
Ng Roy	3/4	N/A	1/1	N/A	2/2
Zhao Wei	4/4	N/A	N/A	N/A	0/2
Independent Non-Executive Directors					
Lau Wan Yee Joseph *(appointed on 30 June 2022)*	1/4	N/A	N/A	2/5	2/2
Li Michael Hankin	4/4	1/1	1/1	5/5	2/2
Ma Wai Hung, Vincent	4/4	1/1	1/1	5/5	2/2

*Notes** 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 of the Company with effect from 30 June 2022.

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 2023 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 71 to 74 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 2023, 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 2023, 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 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) which provides regularly updated Company financial information and other corporate information.

CONSTITUTIONAL DOCUMENTS

There has been no change in the Company's constitutional documents for the year ended 31 March 2023 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 2022 to 31 March 2023 (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**"), and there has been no changes in terms of the reporting scope as compared to previous year. 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 DATE 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.

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 Nursing Director, 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

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

IDENTIFICATION OF AND ENGAGEMENT WITH STAKEHOLDERS

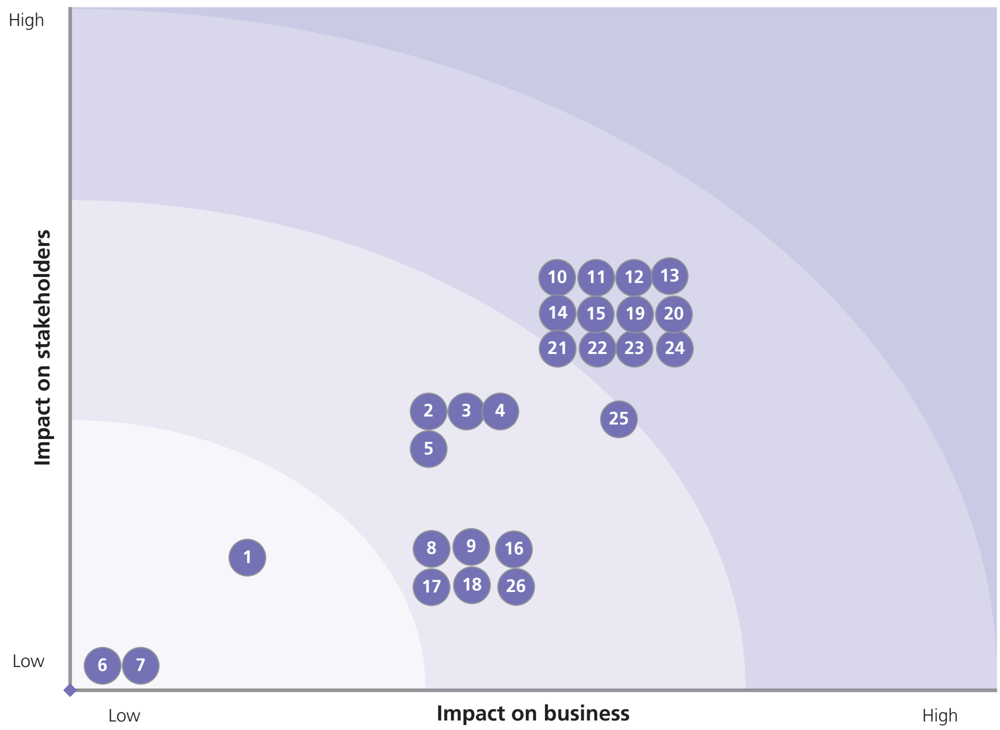
We believe communication with stakeholders is key to a successful business. We seek to understand and communicate with our stakeholders: our suppliers, customers, employees, investors, media, government and community. By such communications, we have a better understanding regarding the general expectations 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	• Compliance with the Listing Rules; and • Timely and accurate announcement.	• Meetings; • Training and seminars; and • Company's website and announcements.

Stakeholders	Areas of ESG Concern	Means of Engagement
Government and regulatory authorities	• Operational compliance; • Tax payment as legally required; and • Disclosure of information and submission of materials.	• Annual reviewal process; and • Company's website and announcements.
Investors	• Business strategies and performances; • Effective corporate governance; • Sustainable profitability; and • Investment returns.	• General meetings; • Financial reports and announcements; and • Company's website.
Media and Public	• Corporate governance; • Environmental protection; and • Uphold human rights standards.	• Announcements; • Company's website; and • Press conference.
Suppliers	• Payment schedule; • Demand stability; • Operational compliance; and • Quality services and products.	• Site visits; • Meetings; and • Conference calls and interviews.
Customers	• Quality services and products; • Product safety; • Commercial credibility; • Intellectual property rights and protection; and • Operational compliance.	• Visits; • Meetings; and • Customers' enquiries handling mechanism.
Employees	• Rights and benefits of employees; • Training and development; • Working environment and occupational safety; and • Equal opportunities.	• Regular meetings; • Employee training; • Annual appraisal; • Opinion box; and • WhatsApp and WeChat group.
Community	• Community development; • Employment opportunities; • Environmental protection; and • Social welfare.	• Community service activities; • Media enquiry; and • Press releases and announcements.

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[1]. 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

[1] 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), the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong), and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C 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

Starting from the Reporting Period, the Group owned a vehicle for serving its management team members. The vehicle is under regular maintenance checks to facilitate fuel consumption efficiency, which ensures road safety and minimizes air emissions. The major air pollutants emitted from vehicles include nitrogen oxides, sulphur oxides, and particulate matter.

Details of exhaust gas generated by the Group are as follows:

Types of Emissions	Unit	Year ended 31 March 2023	Year ended 31 March 2022
Nitrogen Oxides (No_x)	Kg	1.01	N/A
Sulphur Oxides (So_x)	Kg	0.03	N/A
Particulate Matter (PM)	Kg	0.07	N/A

Greenhouse Gas Emission

During the Reporting Period, the Group's indirect Greenhouse gas ("**GHG**") emissions[2] result primarily from the use of purchased electricity under scope 2, and the disposal of waste at landfills and business air travel by employees under scope 3. There are also direct greenhouse gas emissions generated directly from the combustion of fuels by vehicles under scope 1. 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. Paper consumption is solely for administrative printing purpose while business air travel is limited to our management team and is only approved under necessary circumstances.

During the Reporting Period, the Group has produced a total of 116.71 tonnes of Carbon Dioxide (CO_2), with a greenhouse gas emission intensity of 0.00054 tonnes per thousand revenues[3], which are slightly deviating from the previous set target due to the introduction of vehicle consumption and business air travel into the calculation starting from this Period. We are committed to maintaining the greenhouse gas emission intensity at 0.00054 tonnes of CO_2 equivalent emissions (CO_2e) per thousand revenues or below in the next reporting period.

[2] GHG emissions include the emissions of carbon dioxide (CO_2) and CO_2 equivalent (CO_2e) emissions of other GHG emitted such as methane and nitrous oxide.

[3] Our revenue for the Reporting Period is HK$213,847,000 (2022: HK$225,237,000)

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".

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 2023 Emission (tonnes of CO_2)	Year ended 31 March 2023 Emission per thousand revenues (tonnes of CO_2/thousand revenues)	Year ended 31 March 2022 Emission (tonnes of CO_2)	Year ended 31 March 2022 Emission per thousand revenues (tonnes of CO_2/thousand revenues)
Scope 1 Direct Emission	Vehicles	5.05	0.00002	N/A	N/A
Scope 2 Indirect Emission	Purchased Electricity[4]	91.31	0.00043	96.99	0.00043
Scope 3 Other Indirect Emission	Paper Consumption	11.82	0.00005	11.82	0.00005
	Business Air travel[5]	8.53	0.00004	N/A	N/A
Total		116.71	0.00054	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), the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong), and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C 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 and chemical wastes resulted from pharmaceutical products such as expired drugs and medicines. During the Reporting Period, the Group has produced 173.9 kg of clinical waste, with an intensity of 0.00081 kg per thousand revenues, and 120.0 kg of chemical wastes, with an intensity of 0.00056 kg per thousand revenues. The total intensity totalled 0.00137 kg per thousand revenues, which slightly deviates from the previous set target due to the introduction of chemical waste starting from this Period.

4 According to the 2022 sustainability reports of CLP Power Hong Kong and Hong Kong Electric, the CO_2e emission intensity of electricity sold by CLP Power Hong Kong is 0.39 kg CO_2e/kWh, whereas the CO_2e per electricity unit sold by Hong Kong Electric is 0.68 kg/kWh.

5 Due to the viral outbreak of the Coronavirus (COVID-19) in previous reporting periods, business air travel was considered immaterial. In light of the easing situation of the pandemic, business air travel will be included under the disclosure of GHG emissions starting from the Reporting Period.

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

	Year ended 31 March 2023	Year ended 31 March 2022
Clinical waste generated[6] (in kg)	173.9	142.8
Clinical waste intensity (kg/thousand revenues)	0.00081	0.00063
Chemical waste generated (kg)	120.0	N/A
Chemical waste intensity (kg/thousand revenues)	0.00056	N/A
Total hazardous waste generated (kg)	293.9	142.8
Total intensity (kg/thousand revenues)	0.00137	0.00063

We have established a set of Clinical Waste Management Policy in compliance with the legal requirements of the Waste Disposal Ordinance, the Waste Disposal (Clinical Waste) (General) Regulation and the Waste Disposal (Chemical 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 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.

[6] Starting from the Reporting Period, chemical waste is considered material and will be included in the calculation of hazardous waste.

Although the disposal of clinical and chemical materials is inevitable as they are necessary for us to provide ophthalmic services and medications to patients, we strive to reduce our production of wastes. To lower the generation of hazardous wastes, besides offering regular compulsory training and information sessions for all our operational staff regarding clinical and chemical 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, the amount of clinical wastes generated during the Reporting Period had increased compared to previous year. However, under the easing epidemic situation of the COVID-19, we are confident in getting back on track to meet our set target. By implementing the aforementioned measures, we target to maintain the total intensity of hazardous wastes produced at 0.00137 kg per thousand revenues or below in the next reporting period.

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 waste, with an intensity of 0.012 kg per thousand revenues. The consumption intensity slightly deviated from the previous set target due to a slight decrease in total revenue in the Reporting Period.

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

	Year ended 31 March 2023	Year ended 31 March 2022
Paper consumption (in kg)	2,462.5	2,462.5
Intensity (kg/thousand revenues)	0.012	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 0.012 kg per thousand revenues or below in the next reporting period.

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.

Energy Consumption

During the Reporting Period, the total amount of fuels consumed by vehicles, which includes the consumption of gasoline, was 18,407 kWh, with an intensity of 0.09 kWh per thousand revenues. The units of electricity purchased form electricity providers totalled 194,703 kWh, with an intensity of 0.91 kWh per thousand revenues. While for the total energy consumption, it totalled 213,110 kWh, with an intensity of 1.00 kWh per thousand revenues and is on track with the previous set target. Below are the statistics of energy consumption recorded during the Reporting Period:

	Year ended 31 March 2023	**Year ended 31 March 2022**
Fuel consumption (in kWh)	18,407	N/A
Intensity (kWh/thousand revenues)	0.09	N/A
Electricity consumption (in kWh)	194,703	193,908
Intensity (kWh/thousand revenues)	0.91	0.86
Total energy consumption (in kWh)[7]	213,110	193,908
Total energy consumption intensity (kWh/thousand revenues)	1.00	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 continuously maintain the total energy consumption intensity at 1.00 kWh per thousand revenues or below in the next reporting period.

[7] As the use of vehicles had been introduced into the Group's business during the Reporting Period, fuel consumption is taken into account in the calculation of total energy consumption starting from the Reporting Period.

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
Physical Risks	• Extreme weather conditions such as flooding and typhoon • Sustained elevated temperature	• Reduced revenue from business and supply chain disruptions	✓	✓		• Established adverse weather condition policy • Implemented energy conservation measures such as installing more energy-efficient electrical devices
Transaction Risks	• Changes in environmental-related regulations • Emerging technologies	• Higher operating costs to adopt new practices or technologies • Decreased competitiveness and impact on revenues		✓	✓	• 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 • Encourage our employees to attend conferences and training to keep them abreast with the latest developments in ophthalmic technologies

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 employees' 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 2023, the Group has a total of 136 employees.

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

	As at 31 March 2023
Total workforce	136
Breakdowns by gender	
Female	114
Male	22
Breakdowns by age	
<25	12
25–29	40
30–39	46
40–49	25
>50	13
Breakdowns by employment type	
Full time	123
Part time	13
Breakdowns by geographical location	
Hong Kong	136

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

	Year ended 31 March 2023
Overall turnover	44%
Turnover rate by gender	
Female	49%
Male	18%
Turnover rate by age	
<25	42%
25–29	38%
30–39	41%
40–49	28%
>50	108%
Turnover rate by geographical location	
Hong Kong	44%

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 were no record of work-related injuries and lost working days resulted 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 procedures, drug allergy handling procedures, and the proper handling of sharps, contaminants, and chemicals.

In light of the easing situation of COVID-19 pandemic, we will still continue to monitor and assess any other health and safety-related issues that may have impacts on 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 professional 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 practices, medical device management procedures and the latest developments in ophthalmic technologies.

	Year ended 31 March 2023
Overall percentage of employees trained	85%
Percentage of employees trained by gender	
Female	86%
Male	14%
Percentage of employees trained by employee category	
Management	11%
Mid-level employee	15%
Junior employee	74%
Overall average training hours completed per employee (hours)	28.25
Average training hours completed per employee by gender (hours)	
Female	31.46
Male	11.59
Average training hours completed per employee by employee category (hours)	
Management	6.29
Mid-level employee	30.65
Junior employee	30.79

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 annually to ensure our suppliers always live up to our business ethics, environment, and health and safety standards.

As at 31 March 2023, we have connected with approximately 33 approved suppliers and are all located in Hong Kong.

Product and Service Responsibility

As we are principally engaged in the provision of ophthalmic services and the sales 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.

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 at 31 March 2023. 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 we provide 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 we provide. 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 privacy rights 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 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 2023, 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 renewals 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 will 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, in light of the easing situation of the pandemic, 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
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and 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 Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Greenhouse Gas Emission Energy Consumption
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
A2 Use of Resources		
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).	Energy Consumption
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.	Energy Consumption
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 due to the Group's business nature

Aspect	Description	Chapter
A3 The Environment and Natural Resources		
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
A4 Climate Change		
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. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment 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
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
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
B3 Development and Training		
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
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced 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
B5 Supply Chain Management		
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
B6 Product and Service Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product 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
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the 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
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
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

To the shareholders of Clarity Medical Group Holding Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Clarity Medical Group Holding Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 75 to 131, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
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. During the year ended 31 March 2023, revenue of the Group amounted to approximately HK$213,847,000 was recognised when or as the control of the goods or services were transferred to the customers. We considered revenue recognition to be a key audit matter due to the significance of the revenue transactions. Related disclosures are included in notes 2.4 and 4 to the consolidated financial statements.	Our procedures in relation to revenue recognition included: Understood, evaluated and tested, on a sample basis, the key internal controls over revenue recognition; Tested revenue transactions, on a sample basis, by examining the relevant underlying supporting documents, such as records of customers, invoices and cash receipts; and 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.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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 HKSAs 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 HKSAs, we exercise professional judgement 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.

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 Yen Kai Shun, Catherine.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

27 June 2023

For the year ended 31 March 2023

		Year ended 31 March	
	Notes	**2023 HK$'000**	2022 HK$'000
Revenue	*4*	**213,847**	225,237
Other income, net	*5*	**6,330**	1,731
Inventories used		**(37,508)**	(38,492)
Consultancy fee		**(74,843)**	(62,978)
Employee benefit expenses	*8*	**(52,555)**	(42,023)
Depreciation for plant and equipment	*12*	**(6,179)**	(7,706)
Depreciation of right-of-use assets	*13(a)*	**(18,727)**	(14,387)
Expenses incurred in connection with the Company's listing		**—**	(17,394)
Other expenses	*6*	**(31,757)**	(24,165)
Operating (loss)/profit		**(1,392)**	19,823
Finance costs	*7*	**(1,525)**	(777)
(Loss)/profit before income tax		**(2,917)**	19,046
Income tax expense	*9*	**(274)**	(5,555)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company		**(3,191)**	13,491
(Loss)/earnings per share attributable to owners of the Company (expressed in HK cents per share)			
— Basic	*11*	**(0.6)**	3.5
— Diluted	*11*	**(0.6)**	3.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	As at 31 March 2023 HK$'000	2022 HK$'000
Non-current assets			
Plant and equipment	*12*	**33,813**	17,696
Right-of-use assets	*13(a)*	**44,433**	20,118
Deferred tax assets	*21*	**331**	594
Rental and other deposits	*16*	**15,020**	2,144
Total non-current assets		**93,597**	40,552
Current assets			
Inventories	*14*	**3,682**	3,746
Trade receivables	*15*	**1,960**	1,105
Deposits, prepayments and other receivables	*16*	**19,470**	2,629
Tax recoverable		**1,054**	842
Cash and cash equivalents	*17*	**207,496**	241,270
Total current assets		**233,662**	249,592
Current liabilities			
Trade payables	*18*	**7,166**	5,877
Accruals and other payables	*19*	**11,075**	7,391
Lease liabilities	*13(b)*	**21,958**	10,928
Total current liabilities		**40,199**	24,196
Net current assets		**193,463**	225,396
Total assets less current liabilities		**287,060**	265,948
Non-current liabilities			
Provisions	*20*	**2,475**	1,250
Lease liabilities	*13(b)*	**25,301**	9,247
Total non-current liabilities		**27,776**	10,497
Net assets		**259,284**	255,451

	Note	As at 31 March 2023 HK$'000	2022 HK$'000
Equity			
Equity attributable to owners of the Company			
Share capital	*22*	**5,281**	5,097
Share premium	*22*	**306,388**	292,898
Shares held under the Share Award Plan		**(3,468)**	—
Reserves		**(48,917)**	(42,544)
Total equity		**259,284**	255,451

The consolidated financial statements on pages 75 to 131 were approved by the Board of Directors on 27 June 2023 and were signed on its behalf by:

Mr. Hui Yung Chris	**Mr. Lo Tsz Hong**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital HK$'000 (Note 22)	Share premium HK$'000	Shares held under the Share Award Plan HK$'000 (Note 25)	Other reserves HK$'000 (Note 24(a))	Share-based payment reserve HK$'000 (Note 24(b))	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2023							
At 1 April 2022	**5,097**	**292,898**	**—**	**(11,489)**	**3,182**	**(34,237)**	**255,451**
Loss and total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(3,191)**	**(3,191)**
Issuance of shares upon exercise of share options	**184**	**13,490**	**—**	**—**	**(3,182)**	**—**	**10,492**
Purchases of shares for the Share Award Plan under the Trust	**—**	**—**	**(3,468)**	**—**	**—**	**—**	**(3,468)**
At 31 March 2023	**5,281**	**306,388**	**(3,468)**	**(11,489)***	**—***	**(37,428)***	**259,284**

	Share capital HK$'000 (Note 22)	Share premium HK$'000	Shares held under the Share Award Plan HK$'000 (Note 25)	Other reserves HK$'000 (Note 24(a))	Share-based payment reserve HK$'000 (Note 24(b))	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2022							
At 1 April 2021	—	108,849	—	(11,489)	4,862	(21,728)	80,494
Profit and total comprehensive income for the year	—	—	—	—	—	13,491	13,491
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 10)	—	—	—	—	—	(26,000)	(26,000)
At 31 March 2022	5,097	292,898	—	(11,489)*	3,182*	(34,237)*	255,451

* These reserve accounts comprise the debit consolidated reserves of HK$48,917,000 (2022: HK$42,544,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax		(2,917)	19,046
Adjustments for:			
Depreciation of plant and equipment	*12*	6,179	7,706
Depreciation of right-of-use assets	*13(a)*	18,727	14,387
Write-off of plant and equipment	*5*	147	—
Finance costs	*7*	1,525	777
Interest income	*5*	(3,852)	(47)
Rent concessions	*5*	—	(1,532)
		19,809	40,337
Decrease in inventories		64	454
(Increase)/decrease in trade receivables		(855)	780
(Increase)/decrease in deposits, prepayments and other receivables		(7,546)	2,488
Increase/(decrease) in trade payables		1,289	(2,533)
Increase/(decrease) in accruals and other payables		3,684	(4,110)
Decrease in amount due from a related party		—	662
Cash generated from operations		16,445	38,078
Hong Kong profits tax paid		(223)	(10,528)
Net cash flows from operating activities		16,222	27,550
Cash flows from investing activities			
Purchases of plant and equipment	*12*	(22,443)	(205)
Deposits paid for purchases of plant and equipment		(7,758)	—
Interest received		3,639	47
Increase in time deposits with original maturity of more than three months		(103,000)	—
Advance of a loan to a medical practitioner		(14,200)	—
Net cash flows used in investing activities		(143,762)	(158)

	Notes	Year ended 31 March 2023 HK$'000	2022 HK$'000
Cash flows from financing activities			
Dividends paid to owners of the Company		—	(26,000)
Proceeds from issuance of ordinary shares	22	—	200,000
Proceeds from issuance of shares upon exercise of share options	22	10,492	5,539
Payment of listing expenses		—	(17,016)
Repayment of principal portion of lease liabilities	26(b)	(14,733)	(12,730)
Repayment of interest portion of lease liabilities	26(b)	(1,525)	(777)
Purchases of shares for Share Award Plan under the Trust		(3,468)	—
Net cash flows (used in)/from financing activities		(9,234)	149,016
Net (decrease)/increase in cash and cash equivalents		(136,774)	176,408
Cash and cash equivalents at beginning of the year		241,270	64,862
Cash and cash equivalents at end of the year		104,496	241,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		23,490	241,270
Non-pledged time deposits with original maturity of more than three months when acquired		103,000	—
Non-pledged time deposits with original maturity of less than three months when acquired		81,006	—
Cash and cash equivalents as stated in the consolidated statement of financial position	17	207,496	241,270
Time deposits with original maturity of more than three months when acquired		(103,000)	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		104,496	241,270

1 GENERAL INFORMATION

Clarity Medical Group Holding Limited (the "**Company**") was incorporated in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company together with its subsidiaries (the "**Group**") are principally engaged in the provision of ophthalmic services in Hong Kong. The principal place of business of the Group is Room 1302, 13/F, 9 Queen's Road Central, Hong Kong.

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 18 February 2022 (the "**Listing**").

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			2023	2022	
Clarity Medical Group International Limited	British Virgin Islands ("**BVI**")	US$1	100	100	Investment holding
Saintford Limited ("**Saintford**")	Hong Kong	HK$42,410,000	100	100	Provision of ophthalmic services and sales of prescriptions
Clarity Pharmacal Company Limited*	Hong Kong	HK$1	100	—	Inactive

* Clarity Pharmacal Company Limited was incorporated on 9 January 2023.

Except for Clarity Medical Group International Limited, all of the above subsidiaries are indirectly held by the Company.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The above amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. As the Group does not have any investments in associates or joint ventures, the amendments are not expected to be applicable to the Group.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 April 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	5 years
Leasehold improvements	Shorter of lease terms or 5 years
Medical and office equipment	5–10 years
Motor vehicle	5 years

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	Over lease terms
Medical and office equipment	5–10 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of any office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and any contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and any contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables at amortised cost, net of directly attributable transaction costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, payables and interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(i) *Revenue from the provision of ophthalmic services*

Ophthalmic service income is recognised at the point in time when the respective services are rendered.

(ii) *Revenue from sales of prescriptions*

Revenue from sales of prescriptions is recognised at the point in time when the control of the products has been transferred to the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In addition, as approved in the extraordinary general meeting on 23 November 2022, the Company operates a share award scheme (the "**Share Award Plan**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date of which they are granted.

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 profit or loss, with a corresponding adjustment to equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recognised 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.

Shares of the Company which are acquired and held by the trust for the Share Award Plan are recognised directly in equity at cost if no awarded shares have been granted to the eligible participants.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of trade receivables and other receivables

The impairment provisions for trade receivables and other receivables are based on assumptions about ECLs. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the years ended 31 March 2023 and 2022 is analysed by the chief operating decision-maker. For the purposes of resource allocation and performance assessment, the executive directors review 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 2.4 to the financial statements. 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 10% or more of the total revenue for each of the years ended 31 March 2023 and 2022.

The Group 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	
	2023	2022
	HK$'000	HK$'000
Ophthalmic service income	**206,519**	217,887
Sales of prescriptions	**7,328**	7,350
	213,847	225,237

5 OTHER INCOME, NET

	Notes	Year ended 31 March 2023 HK$'000	2022 HK$'000
Other income			
Rent concessions	*(a)*	—	1,532
Government subsidies	*(b)*	2,303	—
Interest income		3,852	47
Miscellaneous income		322	152
		6,477	1,731
Other losses			
Write-off of plant and equipment		(147)	—
		6,330	1,731

Notes:

(a) Rent concessions represent the change in lease payments directly related to COVID-19.

(b) For the year ended 31 March 2023, government subsidies represent the subsidies 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**"). There were no unfulfilled conditions related to these subsidies.

6 EXPENSES BY NATURE

Included in "Other expenses" are expenses related to:

	Year ended 31 March 2023 HK$'000	2022 HK$'000
Auditor's remuneration		
— Audit services	950	980
— Non-audit services	300	53
Bank charges	5,552	6,190
Business development	7,497	6,033
Repair and maintenance	3,026	2,514
Professional fees	5,295	1,098
Expenses in relation to short-term leases	842	596

7 FINANCE COSTS

		Year ended 31 March	
		2023	2022
	Note	**HK$'000**	HK$'000
Interest expenses on lease liabilities	*13(b)*	**1,525**	777

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION)

Details of the Group's employee benefit expenses are as follows:

	Year ended 31 March	
	2023	2022
	HK$'000	HK$'000
Wages, salaries and bonuses	**49,436**	39,897
Pension scheme contributions (defined contribution scheme)	**1,600**	1,449
Others	**1,519**	677
	52,555	42,023

Note: The Group maintains a defined contribution pension scheme for its employees in Hong Kong under the Mandatory Provident Fund ("**MPF**"). Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5% of the employees' relevant income, as defined in the Hong Kong Mandatory Provident Fund Schemes 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 are no forfeited contributions utilised during the year and available at the year-end to reduce future contributions.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION) (CONTINUED)

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 March	
	2023	2022
	HK$'000	HK$'000
Fees	**2,192**	189
Other emoluments:		
Salaries, allowances and benefits in kind	**3,201**	1,134
Discretionary bonuses	**1,048**	1,151
Pension scheme contributions	**42**	36
	4,291	2,321
	6,483	2,510

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 March	
	2023	2022
	HK$'000	HK$'000
Mr. Hui Yung Chris (Note (a))	**60**	27
Mr. Li Michael Hankin	**240**	27
Mr. Ma Wai Hung Vincent	**240**	27
Professor Lau Wan Yee Joseph (Note (b))	**452**	—
	992	81

Notes:

(a) Mr. Hui Yung Chris has been re-designated from an independent non-executive director to an executive director and appointed as the Chief Executive Officer of the Company on 30 June 2022.

(b) Professor Lau Wan Yee Joseph has been appointed as an independent non-executive director on 30 June 2022.

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION) (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive officer

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 March 2023					
Executive directors:					
Mr. Lo Tsz Hong	—	597	48	18	663
Mr. Tse Wai Ip (Note (a))	—	301	—	5	306
Mr. Wong Tai Cheung Andrew (Chief Executive Officer) (Note (b))	240	200	1,000	5	1,445
Mr. Hui Yung Chris (Chief Executive Officer) (Note (c))	—	2,103	—	14	2,117
	240	3,201	1,048	42	4,531
Non-executive directors:					
Mr. Ng Roy	240	—	—	—	240
Mr. Wu Ting Yuk Anthony	480	—	—	—	480
Ms. Zhao Wei	240	—	—	—	240
	960	—	—	—	960
	1,200	3,201	1,048	42	5,491
Year ended 31 March 2022					
Executive directors:					
Mr. Lo Tsz Hong	—	529	65	18	612
Mr. Wong Tai Cheung Andrew (Chief Executive Officer)	—	605	1,086	18	1,709
	—	1,134	1,151	36	2,321
Non-executive directors:					
Mr. Ng Roy	27	—	—	—	27
Mr. Wu Ting Yuk Anthony	54	—	—	—	54
Ms. Zhao Wei	27	—	—	—	27
	108	—	—	—	108
	108	1,134	1,151	36	2,429

Notes:

(a) Mr. Tse Wai Ip has been appointed as an executive director on 30 June 2022.

(b) Mr. Wong Tai Cheung Andrew has resigned as an executive director and ceased to act as the Chief Executive Officer on 30 June 2022.

(c) Mr. Hui Yung Chris has been re-designated from an independent non-executive director to an executive director and appointed as the Chief Executive Officer of the Company on 30 June 2022.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year (2022: Nil).

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION) (CONTINUED)

The five highest paid employees during the year included 2 directors and/or chief executive (2022: Nil), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining 3 (2022: 5) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	Year ended 31 March	
	2023	2022
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**5,707**	5,637
Discretionary bonuses	**186**	—
Pension scheme contributions	**54**	90
	5,947	5,727

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**1**	4
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**1**	—
HK$3,000,001 to HK$3,500,000	**1**	—
	3	5

9 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. In the prior year, Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during that year, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

	Year ended 31 March	
	2023 HK$'000	2022 HK$'000
Current — Hong Kong		
Charge for the year	**—**	7,242
Under/(over) provision in prior years	**11**	(631)
Deferred (Note 21)	**263**	(1,056)
Total tax charge for the year	**274**	5,555

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before income tax at the Hong Kong statutory tax rate to the tax charge at the effective tax rate is as follows:

	Year ended 31 March	
	2023 HK$'000	2022 HK$'000
(Loss)/profit before income tax	**(2,917)**	19,046
Tax at Hong Kong profits tax rate at 16.5%	**(481)**	3,142
Adjustments in respect of current tax of previous periods	**11**	(631)
Income not subject to tax	**(1,017)**	(8)
Expenses not deductible for tax	**216**	3,217
Tax concession	**—**	(165)
Tax losses not recognised	**1,392**	—
Others	**153**	—
Total tax charge at the Group's effective rate	**274**	5,555

10 DIVIDENDS

	Year ended 31 March	
	2023 HK$'000	2022 HK$'000
Interim dividends	**—**	26,000

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2023.

11 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held under the Share Award Plan during the years ended 31 March 2023 and 2022.

The weighted average number of shares in issue for the year ended 31 March 2022 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.

	Year ended 31 March	
	2023	2022
(Loss)/profit attributable to owners of the Company during the year (HK$'000)	**(3,191)**	13,491
Weighted average number of ordinary shares in issue less shares held under the Share Award Plan	**522,404,554**	390,270,986
Basic (loss)/earnings per share (expressed in HK cents per share)	**(0.6)**	3.5

Diluted

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2023 in respect of a dilution as the impact of the potential ordinary shares on exercise of share options had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the year ended 31 March 2022 is based on the profit for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

	Year ended 31 March 2022
Profit attributable to owners of the Company during the year (HK$'000)	13,491
Weighted average number of ordinary shares in issue	390,270,986
Effect of dilutive potential ordinary shares on exercise of share options	279,703
Weighted average number of ordinary shares after assuming dilution	390,550,689
Diluted earnings per share (expressed in HK cents per share)	3.5

12 PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Medical and office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2023					
At 1 April 2022					
Cost	2,146	21,591	40,062	—	63,799
Accumulated depreciation	(2,100)	(17,974)	(26,029)	—	(46,103)
Net carrying amount	46	3,617	14,033	—	17,696
At 1 April 2022, net of accumulated depreciation	46	3,617	14,033	—	17,696
Additions	445	12,244	9,626	128	22,443
Write-off	(2)	(129)	(16)	—	(147)
Depreciation provided during the year	(67)	(2,750)	(3,345)	(17)	(6,179)
At 31 March 2023, net of accumulated depreciation	422	12,982	20,298	111	33,813
At 31 March 2023					
Cost	2,572	33,410	53,143	128	89,253
Accumulated depreciation	(2,150)	(20,428)	(32,845)	(17)	(55,440)
Net carrying amount	422	12,982	20,298	111	33,813

12 PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Medical and office equipment HK$'000	Total HK$'000
31 March 2022				
At 1 April 2021				
Cost	2,146	21,425	40,023	63,594
Accumulated depreciation	(1,859)	(13,803)	(22,735)	(38,397)
Net carrying amount	287	7,622	17,288	25,197
At 1 April 2021, net of accumulated depreciation	287	7,622	17,288	25,197
Additions	—	166	39	205
Depreciation provided during the year	(241)	(4,171)	(3,294)	(7,706)
At 31 March 2022, net of accumulated depreciation	46	3,617	14,033	17,696
At 31 March 2022				
Cost	2,146	21,591	40,062	63,799
Accumulated depreciation	(2,100)	(17,974)	(26,029)	(46,103)
Net carrying amount	46	3,617	14,033	17,696

13 LEASES

The Group as a lessee

The Group has lease contracts for various properties and equipment used in its operations. Leases of various properties and equipment generally have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Equipment HK$'000	Properties HK$'000	Total HK$'000
As at 1 April 2021	483	11,543	12,026
Additions	—	22,479	22,479
Depreciation charge	(260)	(14,127)	(14,387)
As at 31 March 2022 and 1 April 2022	223	19,895	20,118
Additions	—	43,042	43,042
Depreciation charge	(223)	(18,504)	(18,727)
As at 31 March 2023	**—**	**44,433**	**44,433**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$'000	2022 HK$'000
Carrying amount at beginning of year	**20,175**	11,958
New leases	**41,817**	22,479
Accretion of interest recognised during the year	**1,525**	777
Covid-19-related rent concessions from lessors	**—**	(1,532)
Payments	**(16,258)**	(13,507)
Carrying amount at 31 March	**47,259**	20,175
Analysed into:		
Current portion	**21,958**	10,928
Non-current portion	**25,301**	9,247

The maturity analysis of lease liabilities is disclosed in note 31.1(c) to the financial statements.

13 LEASES (CONTINUED)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 March	
	2023	2022
Interest on lease liabilities	**1,525**	777
Depreciation charge of right-of-use assets	**18,727**	14,387
Expense relating to short-term leases (included in other expenses)	**842**	596
Covid-19-related rent concessions from lessors	**—**	(1,532)
Total amount recognised in profit or loss	**21,094**	14,228

The total cash outflow for leases are disclosed in note 26(c) to the consolidated financial statements.

14 INVENTORIES

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Medical consumables	**3,682**	3,746

As at 31 March 2023 and 2022, 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$37,508,000 and HK$38,492,000 for the years ended 31 March 2023 and 2022, respectively.

15 TRADE RECEIVABLES

The Group seeks to maintain strict control over its outstanding trade receivable balances. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

As at 31 March 2023 and 2022, the carrying amount of trade receivables approximated its fair values and is denominated in HK$.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 March	
	2023 **HK$'000**	2022 HK$'000
0–30 days	**1,152**	791
31–60 days	**505**	191
61–90 days	**91**	32
Over 90 days	**212**	91
	1,960	1,105

The Group applies the simplified approach permitted by HKFRS 9 to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2023 and 2022, 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 2023 and 2022.

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.

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Rental and other deposits	**8,644**	4,112
Deposits paid for purchases of plant and equipment	**7,758**	—
Prepayments	**1,120**	598
Other receivables (Note)	**16,968**	63
	34,490	4,773
Less: non-current portion	**(15,020)**	(2,144)
Current portion	**19,470**	2,629

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2023 and 2022, the loss allowance was assessed to be minimal.

Note: Included in "Other receivables" are balances related to:

(i) A loan advanced to a medical practitioner of HK$14,413,000 (2022: Nil) which is unsecured, bears interest at 3% per annum and repayable within 12 months.

(ii) An amount due from a related party of HK$2,200,000 (2022: Nil) which is unsecured, interest-free and repayable in a monthly instalment of HK$100,000 per month.

17 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Cash and bank balances	**23,490**	241,270
Non-pledged time deposits with original maturity of more than three months when acquired	**103,000**	—
Non-pledged time deposits with original maturity of less than three months when acquired	**81,006**	—
Cash and cash equivalents	**207,496**	241,270

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

18 TRADE PAYABLES

The ageing analysis of the trade payables to third parties as at the end of the reporting period based on the invoice date is as follows.

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
0–30 days	**1,745**	1,999
31–60 days	**3,539**	1,320
61–90 days	**1,230**	1,710
Over 90 days	**652**	848
	7,166	5,877

As at 31 March 2023 and 2022, all trade payables of the Group were denominated in HK$, and their fair value approximated to their carrying amounts.

19 ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Other payables (Note)	**7,830**	3,581
Accruals	**3,245**	3,810
	11,075	7,391

Note: Other payables are non-interest bearing and have an average term of one month.

20 PROVISION

	Provision for reinstatement cost	
	2023	2022
	HK$'000	HK$'000
At beginning of year	**1,250**	1,250
Addition during the year	**1,225**	—
At 31 March	**2,475**	1,250

20 PROVISION (CONTINUED)

The provision for reinstatement cost relates to the Group's obligations to reinstate its leased properties to their original state or to a condition, as specified in the respective tenancy agreements, at the end/upon the termination of the relevant lease terms.

The provision for reinstatement cost was determined based on certain assumptions and estimates made by the directors of the Company with reference to past experience and available information. The assumptions and estimates are reviewed, and revised where appropriate.

21 DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

	Losses available for offsetting against future taxable profits HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Total HK$'000
Deferred tax liabilities at 1 April 2021	—	(462)	(462)
Deferred tax credited to the consolidated statement of comprehensive income (Note 9)	—	1,056	1,056
Deferred tax assets at 31 March 2022 and 1 April 2022	—	594	594
Deferred tax credited/(charged) to the consolidated statement of comprehensive income (Note 9)	**779**	**(1,042)**	**(263)**
Deferred tax assets/(liabilities) at 31 March 2023	**779**	**(448)**	**331**

The Group has tax losses arising in Hong Kong of HK$13,160,000 (2022: Nil) that are available indefinitely for offsetting against its future taxable profits. Deferred tax assets of HK$1,392,000 (2022: Nil) have not been recognised in respect of these tax losses as it is considered not probable that taxable profits will be available against which the tax losses can be utilised.

22 SHARE CAPITAL AND SHARE PREMIUM

Shares

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
As at 31 March 2023 and 2022 (of HK$0.01 each)		5,000,000,000.00	50,000
Issued and fully paid:			
As at 1 April 2021		6,366.32	—
Capitalisation issue		374,993,633.68	3,750
Issuance of ordinary shares	*(a)*	125,000,000.00	1,250
Issuance of shares upon exercise of share options	*(b)*	9,717,500.00	97
As at 31 March 2022 and 1 April 2022		509,717,500.00	5,097
Issuance of shares upon exercise of share options	*(b)*	18,407,500.00	184
As at 31 March 2023		528,125,000.00	5,281

Notes:

(a) On 18 February 2022, the Company issued a total of 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 the issue of shares amounting to HK$18,073,000 were treated as a deduction from share premium.

(b) During the year, an aggregate of 18,407,500 (2022: 9,717,500) share options have been exercised at the exercise price of HK$0.57 each (2022: HK$0.57 each). Net proceeds of approximately HK$10,492,000 (2022: approximately HK$5,539,000) were recorded upon the exercise of share options.

Share premium

Share premium mainly represented (i) the difference between the net asset value of Saintford and the nominal value of Company's shares issued in exchange for the acquisition of Saintford pursuant to the reorganisation of the Company in connection with the Listing; and (ii) the amount of consideration received by the Company (together with share-based payment reserve transferred upon the exercise of share options) in excess of the par value of its shares issued.

23 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 with the initial exercise price of HK$42,612 per share. This represented 7.5% of the issued shares of Saintford. The options are subject to the following vesting schedule:

23 SHARE-BASED PAYMENTS (CONTINUED)

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

The assessed fair values at the 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.

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 incurred 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 the modification date of the share options 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%

The Group adopted a share option scheme (the "**Share Option Scheme**") on 26 January 2022 and no shares were granted under the Share Option Scheme up to the date of these financial statements. On 27 June 2023, the Board has resolved to terminate the Share Option Scheme with immediate effect.

23 SHARE-BASED PAYMENTS (CONTINUED)

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

	2023		2022	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 April	**HK$0.57**	**18,407,500**	HK$33,506	477
Effect of capitalisation issue during the year (Note)		**—**		28,124,523
Exercised during the year	**HK$0.57**	**(18,407,500)**	HK$0.57	(9,717,500)
As at 31 March	**N/A**	**—**	HK$0.57	18,407,500
Vested and exercisable at 31 March	**N/A**	**—**	HK$0.57	18,407,500

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.

24 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 78 of the financial statements.

(a) Other reserves

Other reserves mainly represents the combined share capital of the subsidiaries comprising the Group before the completion of the reorganisation of the Company in connection with the Listing, and contributed surplus and merger reserve after completion of the reorganisation.

(b) Share-based payment reserve

Share-based payment reserve represents the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

25 SHARE AWARD PLAN

On 23 November 2022 (the "**Adoption Date**"), the Company adopted a Share Award Plan (the "**Share Award Plan**"). The purposes of the Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to provide incentives to retain them for the continued operation and development of the Group, and to attract suitable personnel for further development of the Group.

25 SHARE AWARD PLAN (CONTINUED)

Eligible Participants of the Share Award Plan include (i) any employee (whether full-time or part-time, including any director) of the Group, and (ii) any service provider (the "**Service Provider**"). The Service Provider is defined as any medical practitioner or specialist in ophthalmology who works for the Group as an independent contractor, adviser, or consultant (whether directly engaged by the Group or through their service company).

The total number of shares that (i) may be subscribed for and/or purchased by the trustee in respect of all Awards to be granted under the Share Award Plan, and (ii) may be issued under any other share schemes of the Company, must not in aggregate exceed 10% of the shares in issue as at the Adoption Date of the Share Award Plan. Based on the total number of issued shares as of the Adoption Date being 521,775,000 shares, the 10% limit represents a total of 52,177,500 shares. The total number of shares that may be subscribed for and/or purchased by the trustee in respect of all Awards to be granted to all Service Providers under the Share Award Plan must not in aggregate exceed 5% of the Shares as at the Adoption Date. Based on 521,775,000 shares in issue as at the Adoption Date, the 5% sub-limit represents a total of 26,088,750 shares.

The total number of shares that may be subject to an award or awards to a selected participant (the "**Selected Participant**"), together with any shares to be issued under any options granted to such Selected Participant under any share schemes of the Company, in a 12-month period up to and including the date of the award, shall not (i) in aggregate exceed 1% of the total number of issued shares as at the date of the extraordinary general meeting held on 23 November 2023, being 521,775,000 shares; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules.

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date of the Share Award Plan but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Since the Adoption Date and up to 31 March 2023, (i) no award has been granted under the Share Award Plan, and as a result, there was no unvested award as at the Adoption Date and up to 31 March 2023, and (ii) no award was vested, cancelled, or lapsed. As of 31 March 2023, no new shares may be issued in respect of the awards that may be granted under the Share Award Plan, and 52,177,500 shares (being the scheme limit of the Share Award Plan) remain available for future grants of the awards, representing approximately 9.9% of the total issued share capital of 528,125,000 shares of the Company as at the date of this annual report.

The trustee held 3,100,000 shares under the Share Award Plan as of 31 March 2023 and up to the date of this annual report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

As no award was granted since the Adoption Date up to 31 March 2023, the fair value of awards granted during the financial year is not applicable.

The number of shares that may be issued in respect of options and awards granted under the Pre-IPO Share Option Scheme, the Share Option Scheme, and the Share Award Plan during the year ended 31 March 2023, divided by the weighted average number of shares in issue for the year ended 31 March 2023, is not applicable since there was no grant of options or awards during the year.

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets, lease liabilities, and provision of HK$43,042,000 (2022: HK$22,479,000), HK$41,817,000 (2022: HK$22,479,000), and HK$1,225,000 (2022: Nil), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

2023

	Lease liabilities HK$'000
At 1 April 2022	20,175
Changes from financing cash flows	(16,258)
New leases	41,817
Interest expense	1,525
At 31 March 2023	47,259

2022

	Lease liabilities HK$'000
At 1 April 2021	11,958
Changes from financing cash flows	(13,507)
New leases	22,479
Interest expense	777
Covid-19-related rent concessions from lessors	(1,532)
At 31 March 2022	20,175

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash outflows is as follows:

	Year ended 31 March	
	2023 HK$'000	2022 HK$'000
Within operating activities	842	596
Within financing activities	16,258	13,507
	17,100	14,103

27 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Contracted, but not provided for:		
Plant and equipment	**35,974**	—

28 RELATED PARTY TRANSACTIONS

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 2023 and 2022:

Name of related party	Relationship with the Group
Mr. Tse Wai Ip ("**Dr. Tse**")	An executive director of the Company
Starry Profit Limited	A company of medical practice controlled by Dr. Hui Yung Lam ("**Dr. Hui**")
Metro Grace Limited	A company of medical practice controlled by Dr. Lau Tze Yan Teresa ("**Dr. Lau**")
Foresight (Ophthalmology) Limited	A company of medical practice controlled by Dr. Hui
Star Lite Energy Management Limited	A company controlled by a non-executive director of the Company
WIT Limited	A company of medical practice controlled by Dr. Tse

(a) Transactions with related parties

The following transactions were carried out with related parties at terms mutually agreed by both parties:

	Year ended 31 March	
	2023	2022
	HK$'000	HK$'000
IT consultancy service fee to Star Lite Energy Management Limited (Note i)	**—**	(57)
Consultancy fee to Starry Profit Limited (Note ii)	**—**	(2,200)
Consultancy fee to Metro Grace Limited (Note iii)	**(11,161)**	(2,400)
Consultancy fee to Foresight (Ophthalmology) Limited (Note iv)	**(700)**	—
Compensation fee from related parties (Note v)	**4,800**	—
Consultancy fee to WIT Limited (Note vi)	**(2,951)**	—

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes:

(i) The IT consultancy service agreement with Star Lite Energy Management Limited was terminated in June 2021.

(ii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Hui pursuant to the consultancy fee agreement. The consultancy agreement with Starry Profit Limited was terminated in January 2023.

(iii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Lau pursuant to the consultancy fee agreement. On 31 August 2022, Dr. Lau ceased to be the Chief Operating Officer of the Company and Dr. Lau was not considered as a related party thereafter.

(iv) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Hui pursuant to the consultancy fee agreement dated 20 January 2023.

(v) The compensation fee represented the compensation fee received/receivable from the related parties based on mutually agreed terms upon termination of the relevant agreements entered into between the related parties and the Group.

(vi) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Tse pursuant to the consultancy fee agreement dated 4 April 2022.

(b) Compensation of key management personnel of the Group:

	Year ended 31 March	
	2023 **HK$'000**	2022 HK$'000
Short term employee benefits	**6,441**	2,393
Post-employment benefits	**42**	36
Total compensation paid to key management personnel	**6,483**	2,429

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

29 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Financial assets at amortised cost		
Trade receivables	**1,960**	1,105
Financial assets included in deposits, prepayments and other receivables	**25,612**	4,175
Cash and cash equivalents	**207,496**	241,270
	235,068	246,550
Financial liabilities at amortised cost		
Trade payables	**7,166**	5,877
Financial liabilities included in accruals and other payables	**9,847**	5,055
Lease liabilities	**47,259**	20,175
	64,272	31,107

30 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts As at 31 March		Fair values As at 31 March	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Deposits and other receivables, non-current portion	**15,020**	2,144	**15,020**	1,964

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, the current potion of financial assets included in deposits, prepayments and other receivables, and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

30 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following method and assumptions were used to estimate the fair values:

The fair values of non-current portion of deposits and other receivables are estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

As at 31 March 2023 and 2022, the Group had no financial assets or financial liabilities measured at fair value in the consolidated statement of financial position.

Regarding the assets and liabilities for which fair values are disclosed, the fair values measurement of the non-current portion of deposits and other receivables were classified as Level 2. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 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 2023 and 2022, 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, financial assets included in deposits, prepayments and other receivables, cash and cash equivalents. 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.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.1 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 ECLs 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 ECLs 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 2023 and 2022, the Group has assessed that the ECL rate for trade receivables was immaterial. Thus no loss allowance provision for trade receivables was recognised during the years ended 31 March 2023 and 2022.

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Financial assets included in deposits, prepayments and other receivables

The Group adopt the general approach for ECLs of financial assets included in deposits, prepayments and other receivables 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 ECLs and the expected credit loss rate for these financial assets is immaterial under 12 months ECLs model.

Cash and cash equivalents

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.

	On demand or less than 12 months HK$'000	More than 12 months HK$'000	Total HK$'000
As at 31 March 2023			
Trade payables	7,166	—	7,166
Financial liabilities included in accruals and other payables	9,847	—	9,847
Lease liabilities	25,291	27,841	53,132
	42,304	27,841	70,145

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.1 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
As at 31 March 2022			
Trade payables	5,877	—	5,877
Financial liabilities included in accruals and other payables	5,055	—	5,055
Lease liabilities	12,087	9,800	21,887
	23,019	9,800	32,819

31.2 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 2023 and 2022, the Group maintained a net cash position as follows:

	As at 31 March	
	2023 HK$'000	2022 HK$'000
Lease liabilities	**47,259**	20,175
Less: Cash and cash equivalents	**(207,496)**	(241,270)
Net cash position	**(160,237)**	(221,095)

32 EVENT AFTER REPORTING PERIOD

The Group adopted a share option scheme on 26 January 2022 to provide incentives and rewards to eligible participants, including selected employees, for their contributions to the Group and to align the corporate objectives and interests between the Group and its key talents. On 27 June 2023, the Board has resolved to terminate the share option scheme with immediate effect.

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 March	
	2023	2022
	HK$'000	HK$'000
Non-current asset		
Investment in a subsidiary	**58,761**	58,761
Total non-current asset	**58,761**	58,761
Current assets		
Amount due from a subsidiary	**4,201**	—
Other receivables	**1,007**	—
Cash and cash equivalents	**190,730**	196,125
Total current assets	**195,938**	196,125
Current liabilities		
Accruals and other payables	**500**	1,902
Amount due to a subsidiary	**—**	965
Total current liabilities	**500**	2,867
Net assets	**254,199**	252,019
EQUITY		
Equity attributable to owners of the Company		
Share capital	**5,281**	5,097
Share premium	**306,388**	292,898
Shares held under the Share Award Plan	**(3,468)**	—
Reserves (Note)	**(54,002)**	(45,976)
Total equity	**254,199**	252,019

The statement of financial position of the Company was approved by the Board of Directors on 27 June 2023 and signed on its behalf.

Mr. Hui Yung Chris	**Mr. Lo Tsz Hong**
Director	*Director*

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	4,862	(30,090)	(25,228)
Profit for the year	—	6,932	6,932
Dividends paid to shareholders (Note 10)	—	(26,000)	(26,000)
Issuance of shares upon exercise of share options	(1,680)	—	(1,680)
At 31 March 2022 and 1 April 2022	**3,182**	**(49,158)**	**(45,976)**
Loss for the year	**—**	**(4,844)**	**(4,844)**
Issuance of shares upon exercise of share options	**(3,182)**	**—**	**(3,182)**
At 31 March 2023	**—**	**(54,002)**	**(54,002)**

FINANCIAL INFORMATION SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five 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 and 2023 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				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**213,847**	225,237	222,381	218,376	206,601
(Loss)/profit for the year	**(3,191)**	13,491	35,769	26,387	30,039
Adjusted net (loss)/profit for the year(1)&(2)	**(3,191)**	30,885	39,446	31,186	46,563
Net profit margin (%)	**N/A**	6.0%	16.1%	12.1%	14.5%
Adjusted net profit margin (%)(1)&(2)	**N/A**	13.7%	17.7%	14.3%	22.5%
Assets and Liabilities					
Total assets	**327,259**	290,144	117,150	169,336	80,773
Total liabilities	**67,975**	34,693	36,656	46,611	42,221
Total equity	**259,284**	255,451	80,494	122,725	38,552

Notes:

(1) Adjusted net (loss)/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.