



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





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Yung Chris (*Chief Executive Officer*)
Mr. Lo Tsz Hong
Dr. Tse Wai Ip

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Li Michael Hankin
Mr. Ma Wai Hung Vincent
Professor Lau Wan Yee Joseph*
Ms. Cheng Jessica (*Appointed on 29 May 2024*)

AUDIT COMMITTEE

Mr. Li Michael Hankin (*Chairman*)
Mr. Ma Wai Hung Vincent
Professor Lau Wan Yee Joseph*
Ms. Cheng Jessica (*Appointed on 29 May 2024*)

REMUNERATION COMMITTEE

Mr. Ma Wai Hung Vincent (*Chairman*)
Mr. Li Michael Hankin
Mr. Ng Roy
Professor Lau Wan Yee Joseph*

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

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Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

CORPORATE WEBSITE

www.claritymedic.com

INVESTOR RELATIONS CONTACT

Email: info@claritymedic.com

STOCK CODE

1406

*Notes** Professor Lau Wan Yee Joseph who was an independent non-executive Director, a member of each of the Audit Committee and Remuneration Committee, passed away on 7 February 2024.

FINANCIAL HIGHLIGHT

The board (the “**Board**”) of directors (the “**Directors**”) of Clarity Medical Group Holding Limited (the “**Company**”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the year ended 31 March 2023.

COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	For the year ended 31 March		
	2024 HK\$'000	2023 HK\$'000	Change
Revenue	190,933	213,847	(10.7%)
Loss for the year	(75,793)	(3,191)	2,275.2%
Adjusted net loss for the year ^{(1)&(2)}	(45,744)	(3,191)	1,333.5%

Notes: (1) Adjusted net loss is derived by taking off one-off non-recurring impairment losses on plant and equipment and right-of-use assets during the year ended 31 March 2024. 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/loss 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 2024 (the "**FY2024**").

FY2024 proved to be a challenging year for both the Company and the healthcare industry as a whole. The prevailing local economic downturn, coupled with an inflationary economy, had a discernible impact on consumer sentiment, resulting in a reduced willingness to spend. Furthermore, the reopening of international borders led to a notable increase in local customers opting for outbound travel, diverting their spending away from local businesses.

Additionally, we encountered substantial pressure from competitors who adopted an aggressive pricing strategy, particularly in the reflective treatments segment. This intensified competition posed challenges to our overall performance and market position. However, we have taken proactive measures to address these challenges and remain resilient.

In July 2023, the Company established a new medical centre in Tsim Sha Tsui, dedicated to the prevention and control of children's myopia and this centre has operated at a loss since its establishment. Consequently, we have recognized an exceptional impairment loss in the consolidated statement of comprehensive income for FY2024. While this impairment had an impact on our financial performance, we remain committed to the long-term potential of this venture and its contribution to our growth strategy.

Recognizing the inflationary business environment, we have implemented measures to improve operational efficiency and reduce costs while maintaining the quality of our services. We understand the importance of managing costs effectively to navigate the market conditions and maximize our competitiveness. As part of our efforts, the Group plans to relocate our Central medical centre from 9 Queen's Road Central to New World Tower, both prestigious locations in Central. We anticipate completing the relocation by the second half of 2024.

Looking ahead, we remain focused on enhancing cost-saving initiatives without compromising the quality of our services. Our unwavering dedication to providing high-quality healthcare services remains at the core of our operations. We firmly believe that this commitment, coupled with our strategic adaptations, will drive sustainable growth and generate favorable returns for our esteemed shareholders in the long term.

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, 24 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The operating environment for the Company in FY2024 has been challenging, marked by a local economic downturn, inflationary pressures, and changing consumer spending patterns. Additionally, we have observed an increase in competition from new market entrants, specifically in the provision of refractive treatment services, particularly in SMILE surgeries. This heightened competition has created a more price-sensitive market, impacting our revenue from SMILE surgeries.

In response to the intensifying pressures on our business, we have implemented strategic measures to navigate these challenges and drive growth. One notable initiative was the establishment of a new medical centre in Tsim Sha Tsui in July 2023, dedicated to the prevention and control of children's myopia. This investment aligns with our commitment to delivering high-quality healthcare services and providing specialised care in this particular area.

However, the new medical centre in Tsim Sha Tsui has been operating at a loss since its establishment. As a result of its financial performance and the expiration of the lease agreement for another medical centre, we recognised an impairment loss on plant & equipment and right-of-use assets amounting to approximately HK\$30.0 million in our consolidated statement of comprehensive income for FY2024 (2023: Nil).

Despite setbacks, we remain determined to navigate the changing landscape by providing exceptional ophthalmic services. We prioritise expertise, advanced technology, and personalised patient care. We will explore innovative strategies to enhance our value proposition, diversify revenue streams, and seize new growth opportunities while ensuring cost efficiency. With adaptability and leveraging our strengths, we are confident in our ability to overcome challenges and achieve long-term growth.

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 vision products. For the year ended 31 March 2024, our revenue amounted to approximately HK\$190.9 million, representing a decrease of approximately HK\$22.9 million or 10.7% from approximately HK\$213.8 million for the year ended 31 March 2023. 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 2024 and 2023 respectively.

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

	For the year ended 31 March				
	2024 HK\$'000	% of revenue	2023 HK\$'000	% of revenue	Change HK\$'000
Refractive Treatments	108,344	56.7%	137,758	64.4%	(29,414)
SMILE surgeries	56,536	29.6%	87,483	40.9%	(30,947)
LASIK surgeries	1,932	1.0%	2,849	1.3%	(917)
Multifocal IOL replacements	28,117	14.7%	40,273	18.8%	(12,156)
ICL implantations	21,759	11.4%	7,153	3.4%	14,606
Treatment for other eye problems	55,736	29.2%	58,449	27.4%	(2,713)
Standard cataract surgeries	27,773	14.5%	29,134	13.6%	(1,361)
Laser procedures	10,606	5.6%	11,991	5.6%	(1,385)
PPV surgeries	10,077	5.3%	11,619	5.5%	(1,542)
Other treatments/surgeries	7,280	3.8%	5,705	2.7%	1,575
Consultation and examination services	11,743	6.2%	10,312	4.8%	1,431
Sales of prescriptions and others	7,694	4.0%	7,328	3.4%	366
Children myopia prevention and control	7,416	3.9%	—	—	7,416
Revenue	190,933	100.0%	213,847	100.0%	(22,914)

(ii) Number of refractive treatment by types conducted

	For the year ended 31 March			
	2024 Number	%	2023 Number	%
SMILE surgeries	2,471	70.3%	3,944	77.5%
LASIK surgeries	105	3.0%	146	2.9%
Multifocal IOL replacements	598	17.0%	906	17.8%
ICL implantations	341	9.7%	90	1.8%
Total	3,515	100.0%	5,086	100.0%

(iii) Average prices of the refractive treatment services

	For the year ended 31 March	
	2024 HK\$	2023 HK\$
SMILE surgeries ⁽¹⁾	22,800	22,200
LASIK surgeries ⁽¹⁾	18,400	19,500
Multifocal IOL replacements ⁽²⁾	47,000	44,500
ICL implantations ⁽¹⁾	63,800	79,500

Notes: (1) Average prices of the refractive treatment services per two eyes.

(2) Average prices of the refractive treatment service per one single eye.

REFRACTIVE TREATMENT

Refractive treatments were our largest source of revenue during the year, representing approximately 56.7% of our revenue during the year ended 31 March 2024. 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\$29.5 million, or 21.4%, from approximately HK\$137.8 million for the year ended 31 March 2023 to approximately HK\$108.3 million for the year ended 31 March 2024. The decrease in revenue from refractive treatment was mainly due to a decline in revenue generated from SMILE surgeries, which decreased from approximately HK\$87.5 million for the year ended 31 March 2023 to approximately HK\$56.5 million for the year ended 31 March 2024. This decline in revenue was a result of conducting fewer SMILE surgeries during the year due to increased competition in the market.

In response to the increased competition in the SMILE surgeries market, the Company shifted its business development focus towards ICL implantations. This strategic shift resulted in an increase in revenue generated from ICL implantations. The revenue from ICL implantations increased from approximately HK\$7.2 million for the year ended 31 March 2023, to approximately HK\$21.8 million for the year ended 31 March 2024.

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 2023 and 2024 amounted to approximately HK\$58.4 million and HK\$55.7 million, respectively. This represented approximately 27.4% and 29.2% of our total revenue for the respective years. The revenue from treatment for other eye problems decreased by approximately HK\$2.7 million or 4.6% from approximately HK\$58.4 million for the year ended 31 March 2023, to approximately HK\$55.7 million for the year ended 31 March 2024. The decrease was primarily due to the lower revenue recorded for standard cataract surgeries, laser procedures and PPV surgeries, which decreased by approximately HK\$4.3 million. This decrease offset the increase in revenue generated by other treatments/surgeries which increased by approximately HK\$1.6 million, compared to the year ended 31 March 2023.

CONSULTATION AND EXAMINATION SERVICES

Consultation and examination services mainly include assessments of eye conditions, such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. Our revenue generated from consultation and examination services increased by approximately HK\$1.4 million or 13.6% from approximately HK\$10.3 million for the year ended 31 March 2023 to approximately HK\$11.7 million for the year ended 31 March 2024.

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 2023 and 2024, our revenue generated from sales of prescriptions and others was approximately HK\$7.3 million and HK\$7.7 million, representing approximately 3.4% and 4.0% 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.

CHILDREN MYOPIA PREVENTION AND CONTROL

Children myopia prevention and control aims to manage and slow down myopia progression in children. The services provided include comprehensive eye examinations to assess visual acuity, refractive error, and overall eye health. Based on the examination results, personalised consultations are offered to parents and children, including suggestions for managing myopia. During the year ended 31 March 2024, the Group launched its children myopia prevention and control business at the new Tsim Sha Tsui centre. The Group generated approximately HK\$3.2 million from children myopia consultation and examination services, as well as approximately HK\$4.2 million from sales of vision products aimed at managing myopia during FY2024 (2023: Nil). The launching of this new service aims to expand our revenue stream for the Group in the future.

OTHER INCOME, NET

Our net other income for the year ended 31 March 2024 mainly consisted of (i) interest income from bank deposits and other receivables and (ii) government subsidies. Our net other income for the year ended 31 March 2024 slightly increased by approximately HK\$77,000, or 1.2%, compared to the year ended 31 March 2023. The increase was primarily driven by a rise in interest income from bank deposits and other receivables primarily resulting from an increase in the average interest rate during the year ended 31 March 2024. However, this increase was offset by a decrease in government subsidies of approximately HK\$2.2 million compared to 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 2023 and 2024, the inventories used amounted to approximately HK\$37.5 million and HK\$37.3 million, representing approximately 17.5% and 19.5% of our revenue, respectively. The percentage of inventories used as compared to revenue increased from 17.5% for the year ended 31 March 2023, to 19.5% for the year ended 31 March 2024. This increase was primarily due to the decrease in pricing for certain refractive treatments, specifically, the average prices of ICL implantations decreased from HK\$79,500 for the year ended 31 March 2023, to HK\$63,800 for the year ended 31 March 2024.

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 2023 and 2024, consultancy fees amounted to approximately HK\$74.8 million and HK\$75.8 million, representing approximately 35.0% and 39.7% of our total revenue, respectively. The Company adopted a share award plan (the “**Share Award Plan**”) on 23 November 2022. On 4 July 2023, the Board resolved to grant 26,088,740 awarded shares to five service providers under the Share Award Plan. Consequently, share-based payments of approximately HK\$3.0 million, related to the service providers, were recorded as consultancy fees and recognised in the consolidated statement of comprehensive income for the year ended 31 March 2024 (2023: Nil).

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 2023 and 2024, our employee benefit expenses amounted to approximately HK\$52.6 million and HK\$61.1 million, representing approximately 24.6% and 32.0% of our revenue, respectively. The increase in employee benefit expenses during the year was mainly due to (i) an increase in the average number of employees from 110 for the year ended 31 March 2023 to 123 for the year ended 31 March 2024 to cope with the needs for the establishment of a new medical centre in Tsim Sha Tsui in July 2023; and (ii) on 4 July 2023, the Board resolved to grant 9,367,500 awarded shares to 36 individuals (including two Directors) under the Share Award Plan. As a result, share-based payments of approximately HK\$3.0 million, related to the employees and Directors, were recorded as employee benefit expenses and recognised in the consolidated statement of comprehensive income for the year ended 31 March 2024 (2023: Nil).

DEPRECIATION OF PLANT AND EQUIPMENT

Depreciation expenses for plant and equipment mainly comprise depreciation expenses on leasehold improvements and medical and office equipment for our medical centres. For the years ended 31 March 2023 and 2024, our depreciation expenses for plant and equipment amounted to approximately HK\$6.2 million and HK\$15.9 million, representing approximately 2.9% and 8.3% of our revenue, respectively. The significant increase in depreciation of plant and equipment is due to the establishment of the new Tsim Sha Tsui medical centre, which commenced operations in July 2023.

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 2023 and 2024, our depreciation expenses for right-of-use assets amounted to approximately HK\$18.7 million and HK\$21.5 million, representing approximately 8.7% and 11.3% of our revenue, respectively. The increase in depreciation of right-of-use assets during the year was primarily caused by the full-year impact of leasing additional properties in Mong Kok and Tsim Sha Tsui. The lease period for the expanded Mong Kok medical centre commenced on 1 August 2022, while the new Tsim Sha Tsui medical centre began on 1 September 2022. Consequently, for the year ended 31 March 2024, the full-year effect of depreciation for these additional leased properties was recorded.

IMPAIRMENT LOSSES ON PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

As of 31 March 2024, the Company identified two underperforming medical centres. One of these centres focuses on children's myopia prevention and control and has been operating at a loss since its establishment. The other centre is nearing the end of its lease agreement, and the Company has no intention of renewing it. The Company conducted a discounted cash flow projection to estimate the recoverable amounts of non-financial assets associated with these two medical centres.

Based on this discounted cash flow projection, an impairment loss of approximately HK\$18.3 million for plant, and equipment, as well as an impairment loss of approximately HK\$11.7 million for right-of-use assets were recognised in the consolidated statement of comprehensive income for the year ended 31 March 2024 (2023: Nil).

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 2023 and 2024, other expenses were approximately HK\$31.8 million and HK\$35.6 million, representing approximately 14.9% and 18.6% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the years ended 31 March 2023 and 2024 respectively:

	For the year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Business development	12,900	7,497
Repair and maintenance	2,911	3,026
Professional fees	2,965	5,295
Auditor's remuneration		
— Audit services	950	950
— Non-audit services	350	300
Bank charges	4,280	5,552
Other general and administrative expenses	11,218	9,137
Other expenses	35,574	31,757

Our business development expenses include various activities aimed at promoting eye care and raising awareness of related topics. These activities comprise organising eye care educational talks, producing videos related to eye care, designing websites, organising events for promoting eye care awareness, and printing leaflets.

For the years ended 31 March 2023 and 2024, our business development expenses amounted to approximately HK\$7.5 million and HK\$12.9 million, respectively. The significant increase in business development expenses is primarily attributed to our promotion efforts focusing on the importance of children myopia control following the opening of the new Tsim Sha Tsui centre. Additionally, expenses related to ICL implantation also contributed to the higher expenditure. This increase reflects our Group's efforts to implement strategic measures to drive growth in response to the increased competition in the SMILE surgeries market.

Bank charges are expenses related to credit card transfers. For the years ended 31 March 2023 and 2024, our bank charges amounted to approximately HK\$5.6 million and HK\$4.3 million, respectively.

Other general and administrative expenses mainly includes, but not limited to, utilities charges, insurance payments, other telecommunication charges, travelling expenses and entertainment expenses. For the year ended 31 March 2023 and 2024, our other general and administrative expenses amounted to approximately HK\$9.1 million and HK\$11.2 million, respectively. The increase in other general and administrative expenses during the year is primarily attributed to the establishment of the new Tsim Sha Tsui centre.

FINANCE COSTS

Finance costs mainly comprise interest expenses on lease liabilities. These costs increased by approximately HK\$0.5 million, or 33.3%, from approximately HK\$1.5 million for the year ended 31 March 2023, to approximately HK\$2.0 million for the year ended 31 March 2024. The increase was primarily caused by the full-year impact of leasing additional properties in Mong Kok and Tsim Sha Tsui. The lease period for the expanded Mong Kok medical centre commenced on 1 August 2022, while the new Tsim Sha Tsui medical centre began on 1 September 2022. As a result, for the year ended 31 March 2024, the full-year effect of interest expenses on leasing liabilities for these additional leased properties was recorded.

INCOME TAX

The Group recognised taxation for profit at the rate of 16.5% in Hong Kong with reference to the estimated assessable profits during the period.

For the year ended 31 March 2023, our income tax expenses amounted to approximately HK\$274,000, despite the Group recorded a loss before income tax of approximately HK\$2.9 million. This was primarily due to certain non-deductible expenses incurred by the Group during the year ended 31 March 2023.

On the other hand, the Group reported a tax credit of around HK\$6.1 million for the year ended 31 March 2024. The tax credit was calculated at a rate of 16.5% based on a loss before income tax of approximately HK\$81.9 million recognised during FY2024, after excluding non-deductible items acknowledged by the Group. The non-deductible expenses mainly represented an impairment loss on plant and equipment, as well as right-of-use assets, totaling approximately HK\$30.0 million.

LOSS FOR THE YEAR

As a result of the foregoing, the Group recorded a loss of approximately HK\$75.8 million for the year ended 31 March 2024, compared to a loss for the year of HK\$3.2 million for the year ended 31 March 2023.

CAPITAL EXPENDITURE AND COMMITMENTS

For the years ended 31 March 2023 and 2024, the Group incurred capital expenditures of approximately HK\$22.4 million and HK\$39.7 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 2024, capital expenditure contracted for but not yet recognised amounted to approximately HK\$260,000 which mainly represents capital expenditure commitments for the Mong Kok centre (2023: HK\$36.0 million for the establishment of the new Mong Kok centre and new Tsim Sha Tsui centre).

GEARING RATIO

As at 31 March 2024, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (2023: not applicable).

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 March 2024.

PLEDGE OF ASSETS

The Group had not pledged any assets as at 31 March 2024.

FINANCIAL INSTRUMENTS

Our major financial instruments include trade receivables, financial assets included in deposits, prepayments and other receivables, cash and cash equivalents, lease liabilities, trade payables, financial liabilities included in 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 2023 and 2024, 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, financial assets included in deposits, prepayments and other receivables, and cash and cash equivalents. 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 2024. 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 2024, 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 2023 and 2024, we maintained at net cash position.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 110 employees (2023: 123). 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 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. Details of the Share Award Plan is set out in the Directors’ Report of this annual 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 REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this report.

OUTLOOK AND STRATEGIES

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

- We will continue to strengthen our market position in Hong Kong by 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 People’s Republic of China (“**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 2024 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 2024, we had cash and cash equivalents of HK\$141.4 million (2023: HK\$207.5 million), all of which were denominated in Hong Kong dollars.

During the years ended 31 March 2023 and 2024, 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 2024.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 31 March 2024, the gearing ratio is not applicable due to net cash position (2023: not applicable).

The current ratio (calculated as current assets over current liabilities) was 4.4 times as at 31 March 2024 compared with 5.8 times as at 31 March 2023.

As at 31 March 2024, the Group reported net current assets of HK\$130.9 million, as compared with HK\$193.5 million as at 31 March 2023.

Net cash used in operating activities was HK\$15.6 million during the year ended 31 March 2024 as compared to net cash generated from operating activities of HK\$16.2 million during the year ended 31 March 2023. For the year ended 31 March 2024, the net cash used in operating activities mainly attributed from loss before income tax of approximately HK\$81.9 million, excluding non-cash items of (i) shares-based payments of approximately HK\$6.0 million; (ii) depreciation of plant and equipment of approximately HK\$15.9 million; (iii) depreciation of right-of-use assets of approximately HK\$21.5 million; and (iv) impairment losses on plant and equipment and right-of-use assets of approximately HK\$30.0 million.

Net cash from investing activities amounted to HK\$26.6 million during the year ended 31 March 2024 as compared to net cash used in investing activities of approximately HK\$143.8 million during the year ended 31 March 2023.

For the year ended 31 March 2024, the net cash from investing activities was mainly from (i) interest received of approximately HK\$6.4 million during the year ended 31 March 2024; and (ii) decrease in time deposits with maturity of more than three months of approximately HK\$53.0 million; which are offset by purchases and deposits paid for the purchases of plant and equipment of approximately HK\$32.8 million.

During the year ended 31 March 2024, net cash used in financing activities amounted to HK\$24.1 million, compared to net cash used in financing activities of HK\$9.2 million during the year ended 31 March 2023. The net cash used in financing activities for the year ended 31 March 2024 was mainly from lease payments of approximately HK\$24.1 million.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

Except for investments in subsidiaries, there were no significant investments held by the Group as at 31 March 2024.

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

PROFILE OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Hui Yung Chris (許勇), aged 55, 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. Mr. Hui is also a director of various subsidiaries of the Company.

Dr. Tse Wai Ip (謝偉業), aged 55, 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 46, 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 69, 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 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, Faculty of Chinese Medicine of Baptist University of Hong Kong and the Peking Union Medical College Hospital.

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 was appointed as the chairman and an independent non-executive director of 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) in December 2023, and July 2019 respectively. He currently serves as 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), 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), and Hui Xian Real Estate Investment Trust (匯賢產業信託) (stock code: 87001).

Mr. Ng Roy (伍俊達), aged 61, 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 and has completed the Hospital Management and Leadership Training Program organised by Johns Hopkins Primary Care Policy Center and Institute of Hospital Management of Tsinghua University in 2018. He has accumulated over 30 years of retail management experience. At present, his businesses encompass health and wellness, and information technology.

Mr. Ng has also held various key public service positions. Mr. Ng currently serves as the vice chairman of GS1 Hong Kong Limited and is also the chairman of Investment Committee of GS1 Hong Kong Limited. Mr. Ng has been a vice chairman of the Economic Policy Committee of the Hong Kong General Chamber of Commerce (“**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.

Additionally, Mr. Ng holds the position of an adjunct professor at the CityU Academy of Innovation, an academy established by the City University of Hong Kong.

Ms. Zhao Wei (趙瑋), aged 45, 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 60, 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. Mr. Li is currently the chief risk officer at Valent Energy.

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 59, 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 also a general committee member of The Toys Manufacturers' Association of Hong Kong Limited.

Ms. Cheng Jessica, aged 44, was appointed as an independent non-executive Director and a member of the Audit Committee on 29 May 2024. She is responsible for supervising and providing independent advice to our Board. Ms. Cheng is currently a managing partner of Chief Sound Industries Limited, an electronics manufacturing company in the People's Republic of China (the "**PRC**"); a consultant at Genesis Medical Technology (Shanghai) Company Limited, an international medical device company; and an advisory partner at MCM Partners, a global merchant bank, corporate advisor and asset management firm headquartered in Hong Kong.

Previously, Ms. Cheng held the position of President of the Greater Bay Area at Genesis GBA Limited, an international medical device company from 2021 to 2023. Ms. Cheng also served as an independent consultant to BGI Health (HK) Company Limited, a subsidiary of BGI Genomics, a world-leading genomics company listed on the Shenzhen Stock Exchange (stock code: 300676). Between 2018 and 2020, Ms. Cheng served as the chief operating officer in the Greater Bay Area and chief operating officer for the Strategic Investment Department at WeDoctor (Hong Kong) Limited, a technology-enabled healthcare solutions platform in the PRC. Prior to the above, Ms. Cheng worked in both commercial firms and government statutory bodies in the medical sector, including serving as the manager of the chairman and chief executive's office of the Hong Kong Hospital Authority from 2009 to 2014.

Ms. Cheng obtained a Bachelor of Business Administration degree from the University of Kent (formally known as the University of Kent at Canterbury), United Kingdom, in 2001, and a Master of Science degree in Training and Human Resource Management from the University of Leicester, United Kingdom, in 2010. Ms. Cheng's contributions to the community extends beyond her professional endeavours. Ms. Cheng is currently a member of the 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Committee; Deputy Director of Medicine & Health Committee of Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation; Member of the Hospital Governing Committee of the Pamela Youde Nethersole Eastern Hospital in Hong Kong; Honorary Secretary of the Little Life Warrior Society, a non-profit charitable organisation that supports children cancer patients and their families; and a Member of the Lung Tong Area Committee in the Kowloon City District of Hong Kong.

Senior Management

Mr. Ho Kin (何健), aged 39, 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 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 16 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. Mr. Ho is also a director of various subsidiaries of the Company.

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 18 years of working experience in accounting and audit, corporate finance, corporate secretarial management and corporate governance. In particular, she worked at PricewaterhouseCoopers Hong Kong from September 2005 to November 2011. She was an audit manager at the time of leaving PricewaterhouseCoopers Hong Kong. From December 2012 to March 2016, she worked as a financial controller at Brockman Mining Limited, a company mainly engaged in the acquisition, exploration and development of iron ore and listed on the Main Board of the Stock Exchange (stock code: 159) and the Australian Securities Exchange (stock code: BCK). She then worked at China Sandi Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 910), as the financial controller from March 2017 to December 2018 and the company secretary from April 2017 to December 2018.

Change in Information of the Directors and the Chief Executives

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

Name	Details of Changes
<i>Independent Non-executive Director</i>	
Professor Lau Wan Yee Joseph	Ceased to be an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee on 7 February 2024
Ms. Cheng Jessica	Appointed as an independent non-executive Director and a member of Audit Committee

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”.

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 2024.

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 2024 are set out in the Consolidated Financial Statements on pages 78 to 83 of this report. Our Board does not recommend the payment of a final dividend for the year ended 31 March 2024.

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 30 August 2024 are entitled to attend and vote at the annual general meeting of our Company (the “**AGM**”). The register of members of our Company will be closed from Tuesday, 27 August 2024 to Friday, 30 August 2024, 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 Monday, 26 August 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 30 August 2024. 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 15 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 140 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 2024.

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 2024 are set on page 140 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 32 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As of 31 March 2024, none of the reserves of our Company is available for distribution to the shareholders of our Company (2023: Nil).

DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 March 2024 (2023: Nil). No dividend as paid or declared by the Company or other members of the Group during the year ended 31 March 2024.

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

The remaining unutilised net proceeds as at 31 March 2024 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 2024, the Company utilised proceeds from the IPO of approximately HK\$70.2 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 1) (HK\$ million)	Allocated net proceeds from IPO (HK\$ million)	Net proceeds utilised during the year ended 31 March 2023 (HK\$ million)	Net proceeds utilised during the year ended 31 March 2024 (HK\$ million)	Estimated time for utilising the allocated net proceeds (Note 2)	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	43.1	By 31 March 2027	29.5
Acquiring majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area	30.5%	75.0	55.5	—	—	By 31 March 2027	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	—	—	By 31 March 2027	26.7
Working capital and other general corporate purposes	10.0%	24.6	18.2	—	18.2	Not applicable	—
Total	100%	245.6	181.9	8.9	61.3		111.7

Notes:

- (1) 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.
- (2) In view of the challenges faced by the Group in its business operations and the uncertainty surrounding the availability of suitable acquisition opportunities in the Greater Bay Area, as well as potential collaboration partners in the PRC, the Board has extended the estimated timeline for utilising the allocated but unutilised net proceeds as of 31 March 2024. As a result, there has been a delay in the estimated timeline for utilising the allocated net proceeds compared to the timeline previously disclosed in the Prospectus.

The Board considers that the extension of the expected timeline for using the unutilised net proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. Save as disclosed in this report, there are no other changes to the plan for utilising the proceeds from the IPO as of this report.

The expected time for utilising the remaining net proceeds is based on the best estimation of the present and future business market situations made by the Group. It may be subject to further change based on the future development of the market conditions.

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 for the year ended 31 March 2024 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 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.

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. No amount is required to be payable by the Selected Participant on acceptance of an award.

The Board may, at its discretion, determine the earliest vesting date (which shall be a date not less than 12 months from the date of acceptance of the award by the relevant Selected Participant unless otherwise permitted under the Listing Rules) and other subsequent date(s), if any, that must be attained by the relevant Selected Participant before any of the awarded Shares may be transferred to and vested in such Selected Participant under such award.

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.

The Board resolved on 4 July 2023 to grant a total of 35,456,240 awarded Shares, all of which remained unvested as at the date of this report, to certain eligible participants under the Share Award Plan. 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
Closing price of the Shares immediately before the date of grant:	HK\$0.90

As at 31 March 2024 and as at the date of this report, 23,704,695 Shares and 24,217,195 Shares are available for grant under the Share Award Plan respectively, representing approximately 4.5% and 4.6% of the total issued share capital of the Company as at the date of this report respectively.

Details of the movement of the awarded Shares granted and outstanding under the Share Award Plan are set out below:

Grantees	Number of the awarded Shares			Unvested as at 31 March 2024	Vesting period	Performance target
	Unvested as at 1 April 2023	Granted during the year	Lapsed during the reporting year (Note 1)			
Directors						
Mr. Hui (executive Director, chief executive Director)	—	5,000,000	—	5,000,000	100% of the awarded shares will vest on the second anniversary of 4 July 2023.	Not applicable
Mr. Lo Tsz Hong (executive Director)	—	141,250	—	141,250	25% of the awarded shares will vest on each of the first and second anniversary of 4 July 2023, remaining 50% will vest on the third anniversary	Not applicable
Service Providers						
Dr. Wong Kin Keung	—	5,217,748	(1,304,437)	3,913,311	Note (2)	Note (3)
Dr. Kwok Pui Wai	—	5,217,748	(1,304,437)	3,913,311	Note (2)	Note (3)
Dr. Lai Hiu Ping	—	5,217,748	(1,304,437)	3,913,311	Note (2)	Note (3)
Dr. Tang Kai Tat	—	5,217,748	(1,304,437)	3,913,311	Note (2)	Note (3)
Dr. Ho Chun Ho	—	5,217,748	(1,304,437)	3,913,311	Note (2)	Note (3)
Other Employee Participants						
Employees (Note 4)	—	4,226,250	(461,250)	3,765,000	25% of the awarded shares will vest on each of the first and second anniversary of 4 July 2023, remaining 50% will vest on the third anniversary	Not applicable
Total	—	35,456,240	(6,983,435)	28,472,805		

Notes: (1) During the year ended 31 March 2024, a total of 6,983,435 awarded Shares lapsed due to two reasons: (a) the service providers did not meet the performance target required for eligibility; and (b) the relevant employee participants ceased to be employees of the Group.

(2) Vesting period for 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.
- (3) Save for the part of the awards granted to the Service Providers which impose performance targets associated with the aggregate amount of revenue generated by such Service Providers for each financial year, there are no performance targets attached to the awards granted to other grantees (including Directors).
 - (4) The five highest paid employees during the year ended 31 March 2024 included 1 Director, whose interest in the awarded Shares is disclosed under the "Directors" section of the above table. Included in the grant of awarded Shares to employees, a total of 722,500 awarded Shares were granted to two non-Director, highest-paid employees as part of their compensation for services to the Group, none of the awarded Shares granted to these two non-Director, highest-paid employees were lapsed during the reporting year, and all remain unvested as at 31 March 2024. The remaining two of the five highest paid employees are not granted any awarded Shares under the Share Award Plan. As a result, share-based payments of approximately HK\$262,000 in relation to the awarded Shares granted to these two individuals were recognised as employee benefit expense in the consolidated statement of comprehensive income for the year ended 31 March 2024 (2023: Nil). Further details regarding the awarded Shares are set out in note 8 and 24 to the consolidated financial statements.
 - (5) Please refer to notes 2.4 and 24 to the Consolidated Financial Information for the accounting standard and policy adopted; and the fair value of awarded Shares at the date of grant, respectively.
 - (6) During the year ended 31 March 2024, no awarded Shares was vested or cancelled under the Share Award Plan.

The number of awarded Shares available for grant under the scheme mandate of the Share Award Plan at the beginning and the end of the year ended 31 March 2024 was 52,177,500 and 23,704,695, respectively. The number of awarded Shares available for grant under the service provider sublimit of the Share Award Plan at the beginning and the end of the year ended 31 March 2024 was 26,088,750 and 6,522,195, respectively.

The number of Shares that may be issued in respect of awarded Shares granted under the Share Award Plan during the year ended 31 March 2024 divided by the weighted average number of Shares in issue for the period is approximately 4.8%.

Save as disclosed above, the Company had not issued for cash any equity securities (including securities convertible into equity securities) for the year ended 31 March 2024 and no other proceeds have been brought forward from any issue of securities for cash as at 31 March 2024.

The trustee, Tricor Trust (Hong Kong) Limited, held 3,100,000 Shares under the Share Award Plan as of 31 March 2024 and up to the date of this report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

On 4 June 2024, the Company issued and allotted 792,125 Shares at HK\$0.01 per Share pursuant to the Share Award Plan, representing approximately 0.15% of the total issued share capital as of 31 March 2024 and up to the date of this report.

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 2024 are set out in note 1 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2024, 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 2024.

During the year ended 31 March 2024, our five largest suppliers accounted for approximately 68.8% 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 32.8% 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 2024.

DIRECTORS

Our Directors during the year ended 31 March 2024 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

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Li Michael Hankin
Mr. Ma Wai Hung Vincent
Professor Lau Wan Yee Joseph*
Ms. Cheng Jessica (*Appointed on 29 May 2024*)

*Note** Professor Lau Wan Yee Joseph who was an independent non-executive Director, passed away on 7 February 2024.

At the AGM, Ms. Cheng Jessica, being a newly appointed Director on 29 May 2024 will retire as Director in accordance with Article 83 of the Articles of Association of our Company (the "**Articles of Association**") and, being eligible, will offer herself for re-election.

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

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

Profile details of our Directors, the senior management and the company secretary of our Group are set out on pages 16 to 22 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 2024, 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 2024 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 2024, 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 2024, 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 2024, 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 awarded Shares of our Company

Name of Directors	Capacity/Nature of Interest	Number of Shares	Number of awarded shares granted (Note 1)	Approximately percentage of shareholding in our Company (%) (Note 2)
Directors				
Dr. Tse Wai Ip (Note 3)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	77,784,630	—	14.73%
	Beneficial owner	478,750	—	0.09%
Wu Ting Yuk Anthony	Beneficial owner	3,749,812	—	0.71%
Hui Yung Chris	Beneficial owner	—	5,000,000	0.95%
Lo Tsz Hong	Beneficial owner	1,850,000	141,250	0.38%
Ng Roy	Interest of controlled corporation	4,500,000 (Note 4)	—	0.85%

Notes:

- The awarded shares were granted pursuant to the Share Award Plan, details of which are set out in the paragraphs headed "The Share Award Plan" of the "Directors' Report" section contained in this report.
- As at 31 March 2024, the number of issued ordinary shares of the Company (the "Shares") was 528,125,000, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- 77,784,630 Shares are beneficially owned by Ultimate Bliss Limited ("Ultimate Bliss"). Ultimate Bliss 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.
- 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 2024, 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 2024.

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

As at 31 March 2024, 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)	Interest of controlled corporation	77,784,630	14.73%
Prime Sage International Limited (Note 2)	Interest of controlled corporation	77,784,630	14.73%
TMF (Cayman) Ltd. (Note 2)	Trustee	77,784,630	14.73%
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	77,784,630	14.73%
	Beneficial owner	478,750	0.09%
WuXi AppTec (HongKong) Limited (Note 3)	Beneficial owner	78,125,196	14.79%
WuXi AppTec Co., Ltd. (Note 3)	Interest of controlled corporation	78,125,196	14.79%
Cheng Chi Heng	Beneficial owner	12,450,000	2.36%
	Person having a security interest in Shares	50,937,500	9.64%

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 Stock Exchange (stock code: 2359).
- 4) As at 31 March 2024, 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 2024, 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 2024.

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 14 of this report.

AUDITOR

As mentioned in the announcement of the Company dated 26 October 2022, as good corporate governance measure, the Company considered a rotation of its independent auditors after an appropriate period of time. After discussion with the Company, PricewaterhouseCoopers ("PwC"), which had continuously provided audit services to the Company for over five years, had tendered its resignation as auditor of the Company with effect from 26 October 2022. The Board and the Audit Committee have confirmed that there is no disagreements or unresolved matters between the Company and PwC in respect of the change of the auditor which should be brought to the attention of the shareholders of the Company.

In accordance with the articles of association of the Company and with the recommendation of the Audit Committee, the Board has resolved to appoint Ernst & Young ("EY") as the new auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 26 October 2022. On 20 September 2023, EY was re-appointed as the auditor of the Company at the annual general meeting of the Company.

The Consolidated Financial Statements for the year ended 31 March 2024 have been audited by EY, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of our Company. A resolution for appointment of EY 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, 24 June 2024



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 our Shareholders. The Board is committed to maintaining high corporate governance standards.

During the year ended 31 March 2024 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 C1 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 2024, the Board has convened four meetings for the purpose of discussing the Company’s business and affairs, approving the annual results of the Company for year ended 31 March 2023 and approving the interim results of the Company for the six months ended 30 September 2023. 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 2023 and approving the interim results of the Company for the six months ended 30 September 2023.

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 2024 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

Non-Executive Directors

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

Independent Non-Executive Directors

Mr. Li Michael Hankin
Mr. Ma Wai Hung Vincent
Professor Lau Wan Yee Joseph*
Ms. Cheng Jessica (*Appointed on 29 May 2024*)

*Note** Professor Lau Wan Yee Joseph who was an independent non-executive Director, passed away on 7 February 2024.

The biographical information of the Directors are set out in the section headed “Profile of Directors, Senior Management and Company Secretary” on pages 16 to 22 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 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

Rule 3.10(1) and Rule 3.10(A) of the Listing Rules require every board of directors of a listed issuer must include at least three independent non-executive directors, representing at least one-third of the Board. Regrettably, Professor Lau Wan Yee Joseph (“**Professor Lau**”) passed away on 7 February 2024. To fill the vacancy left by Professor Lau, Ms. Cheng Jessica (“**Ms. Cheng**”) was appointed as an independent non-executive director on 29 May 2024.

During the period from 7 February 2024 to 28 May 2024, the Company had only two independent non-executive Directors, which is less than one-third of the Board. However, for the remaining period of the year ended 31 March 2024, the Board met the requirements of the Listing Rules by having at least three independent non-executive Directors, representing one-third of the Board. Furthermore, one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise.

The Company has obtained written annual confirmations from each of the independent non-executive Directors, confirming their independence in accordance with the independence guidelines outlined in Rule 3.13 of the Listing Rules. The Company believes that all independent non-executive Directors are indeed 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. Each of the Directors is engaged on a director’s service agreement/appointment letter for a specific term ranging from one to three years, which is renewable and subject to the Articles of Association of the Company.

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 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. Below is a summary of Directors' participation in continuous professional development activities.

	Reading relevant material relating to the latest development of the Listing Rules, other applicable regulatory requirements and directors duties and responsibilities	Participating directors' induction training
Executive Directors		
Mr. Hui Yung Chris (<i>Chief Executive Officer</i>)	✓	
Mr. Lo Tsz Hong	✓	
Dr. Tse Wai Ip	✓	
Non-Executive Directors		
Mr. Wu Ting Yuk Anthony (<i>Chairman of the Board</i>)	✓	
Mr. Ng Roy	✓	
Ms. Zhao Wei	✓	
Independent Non-Executive Directors		
Mr. Li Michael Hankin	✓	
Mr. Ma Wai Hung Vincent	✓	
Professor Lau Wan Yee Joseph*	✓	
Ms. Cheng Jessica (<i>Appointed on 29 May 2024</i>)		✓

*Note** Professor Lau Wan Yee Joseph who was an independent non-executive Director, passed away on 7 February 2024.

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 C3 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 2024 and up to the date of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code 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 decisions fairly reflect Board consensus; provides effective communication with Shareholders and that their views are communicated to the Board as a whole.

Meanwhile, the Chief Executive Officer Mr. Hui Yung Chris, is 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.

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members. Regrettably, Professor Lau, a member of the Audit Committee passed away on 7 February 2024. To fill the vacancy left by Professor Lau, Ms. Cheng Jessica ("**Ms. Cheng**") was appointed as a member of the Audit Committee on 29 May 2024. During the period from 7 February 2024 to 28 May 2024, the Audit Committee had only two members, which is less than the minimum requirement of three members. However, for the remaining period of the year ended 31 March 2024, the Company met the requirements of the Listing Rules by having at least three Audit Committee members.

During the year ended 31 March 2024, the Audit Committee held four 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, and appointment of external auditors and relevant scope of works. All these four meetings were held 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 2024 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	300
Tax compliance services	50
Total non-audit services fee	350

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 2024, 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 2024, 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 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 2024 is set out below.

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in 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 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 two female Directors 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 2024, please refer to the section headed "Employment and Labour Standards" under the Environmental, Social and Governance Report which is 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 2023 to 31 March 2024 set out in the table below:

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

*Notes** Professor Lau Wan Yee Joseph who was an independent non-executive Director, a member of each of the Audit Committee and Remuneration Committee, passed away on 7 February 2024.

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 2024 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 72 to 77 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 2024, 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 2024, 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.

DISCLOSURE OF INSIDE INFORMATION

The Board has a policy for handling and disseminating inside information. The policy sets out guidelines and procedures for the Directors of the Company and executives of the Group to ensure the Group's inside information is disseminated to the public on an equal basis and in a timely manner.

Directors and executives in possession of potential inside information and or inside information, are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain confidentiality. The policy shall be updated and revised as and when necessary in light of changes in circumstances and changes in the Listing Rules, the Securities and Futures Ordinance, relevant statutory and regulatory requirements from time to time.

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 within 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 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.

The Board has reviewed the implementation and effectiveness of the Communication Policy during the year under review, and considered that the policy effectively enabled the Company to achieve good communication with its shareholders.

CONSTITUTIONAL DOCUMENTS

There has been no change in the Company's constitutional documents for the year ended 31 March 2024 and 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 “**Report**” or “**ESG Report**”). The ESG Report aims to provide an overview of our performance with respect to environmental protection, social involvement, engagement with stakeholders and sustainable development. The reporting scope is determined based on the materiality and significance of ESG impacts on the company under the Group’s direct operational control. Relevant figures are recorded and collected from our Medical Centres (the “**Medical Centres**”) and office in Hong Kong from 1 April 2023 to 31 March 2024 (“**Reporting Period**”).

PREPARATION BASIS OF THE REPORT

The ESG Report is prepared following the Environmental, Social and Governance Reporting Guide (the “**Reporting Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). It not only complies with all provisions of “Comply or Explain” but also adheres to materiality, quantitative, balance, and consistency principles. 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 have been no changes in terms of the reporting scope as compared to the 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 highlighting the impacts of our operating activities in Hong Kong during the Reporting Period.

Adopting the above reporting standard ensures that our disclosure is accurate, consistent, reliable, timely, and reflects our commitment to transparency. As we see this report as a medium to communicate with our stakeholders, we openly present 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 ESG Report is retrieved from the Group’s internal documents, statistical reports, and relevant public materials. The Group undertakes that the ESG Report does not contain any false information, misleading statement, or material omission and takes responsibility for the contents hereof as to 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 responsible corporate citizens, we value the concept of sustainable business development. This ESG Report summarises our strategies, practices, and vision for integrating 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 (the “**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 of transitioning to a more sustainable business, the Board will continue to review our progress toward achieving the 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: Stock Exchange, government and regulatory authorities, investors, media and public, suppliers, customers, employees 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 we would like to align our ESG strategies with their expectations. Our stakeholders’ major ESG expectations and concerns are set forth below:

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

Stakeholders	Areas of ESG Concern	Means of Engagement
Government and Regulatory Authorities	<ul style="list-style-type: none"> Operational compliance; Tax payment as legally required; and Disclosure of information and submission of materials. 	<ul style="list-style-type: none"> Annual review process; and Company's website and announcements.
Investors	<ul style="list-style-type: none"> Business strategies and performances; Effective corporate governance; Sustainable profitability; and Investment returns. 	<ul style="list-style-type: none"> General meetings; Financial reports and announcements; and Company's website.
Media and Public	<ul style="list-style-type: none"> Corporate governance; Environmental protection; and Uphold human rights standards. 	<ul style="list-style-type: none"> Announcements; Company's website; and Press conference.
Suppliers	<ul style="list-style-type: none"> Payment schedule; Demand stability; Operational compliance; and Quality services and products. 	<ul style="list-style-type: none"> Site visits; Meetings; and Conference calls and interviews.
Customers	<ul style="list-style-type: none"> Quality services and products; Product safety; Commercial credibility; and Operational compliance. 	<ul style="list-style-type: none"> After-sales services; Customers' enquiries handling mechanism; and Customers' privacy policies.
Employees	<ul style="list-style-type: none"> Rights and benefits of employees; Training and development; Working environment and occupational safety; and Equal opportunities. 	<ul style="list-style-type: none"> Regular meetings; Employee training; Annual appraisal; Opinion box; and WhatsApp and WeChat group.
Community	<ul style="list-style-type: none"> Community development; Employment opportunities; Environmental protection; and Social welfare. 	<ul style="list-style-type: none"> 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 Map¹. 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:

LEVEL OF INFLUENCE ON STAKEHOLDERS’ ASSESSMENTS & DECISIONS



ESG issues

Environment

1. Exhaust emissions
2. Greenhouse gas emissions
3. Hazardous waste
4. Non-hazardous waste
5. Energy usage
6. Water usage
7. Environment and natural resources
8. Climate change

Social

9. Employment
10. Health and safety
11. Training and development
12. Labour standard
13. Supply chain management
14. Products responsibility
15. Anti-corruption
16. Social responsibility

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

A. ENVIRONMENTAL

Environmental Compliance

We comply with all laws and regulations that are relevant to environmental protection in Hong Kong, including but not limited to the Air Pollution Control Ordinance of Hong Kong, the Water Pollution Control Ordinance of Hong Kong, 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), the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong), and the Hazardous Chemicals Control Ordinance 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 minimises air emissions. The major air pollutants emitted from vehicles include nitrogen oxides (NO_x), sulphur oxides (SO_x), and particulate matter (PM). The rise in air emissions can be primarily attributed to the increased usage of vehicles by the Group. However, we will consistently conduct regular vehicle inspections to enhance fuel consumption efficiency. We are committed to maintaining all types of air emissions within a range of 90% to 120% levels compared to this Reporting Period. By setting this target, we aim to proactively manage and minimise our environmental impact, ensuring that our operations align with sustainable practices and contribute to a greener future.

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

	Unit	Year Ended 31 March 2024	Year Ended 31 March 2023
Air Emissions ²			
Nitrogen oxides (NO _x)	kg	2.35	1.01
Sulphur oxides (SO _x)	kg	0.05	0.03
Particulate Matter (PM)	kg	0.17	0.07

Greenhouse Gas Emissions

During the Reporting Period, the Group's indirect Greenhouse gas (the "GHG") emissions result primarily from purchased electricity under scope 2, waste disposal at landfills, and business air travel by employees under scope 3. There are also direct GHG emissions generated directly from the combustion of fuels by vehicle under scope 1. We use electricity to support the daily operations of our office and Medical Centres, such as the air-conditioning and lighting systems, medical devices, and other electrical equipment. Paper consumption is solely for administrative printing purposes, while business air travel is limited to our management team and is only approved under necessary circumstances.

² The air emissions for the Reporting Period are disclosed in accordance with "Appendix 2: Reporting guidance on Environment KPIs" issued by the Stock Exchange to provide a more comprehensive performance of the Group.

During the Reporting Period, the Group produced a total of 168.71 (2023: 116.71) tonnes of carbon dioxide equivalent (“CO₂e”), with a GHG emissions intensity of 0.0009 (2023: 0.0005) tonnes of CO₂e per thousand revenues³. However, the Group was unable to meet the previously established target due to the newly opened office in Hong Kong starting from this Reporting Period. As a result, we will explore other applicable measures and strategies to minimise GHG emissions. We are committed to maintaining the GHG intensity at 0.0009 tonnes of CO₂e per thousand revenues or below in the next reporting period.

To reduce the generation of GHG emissions, we have been educating our employees and encouraging them to uphold energy efficiency. Please refer to the “Electricity and Energy Efficiency” section for details of our energy-efficient practices.

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

Scope of GHG Emissions ⁴	Emission Sources	Year ended 31 March 2024		Year ended 31 March 2023	
		Emission (in tonnes of CO ₂ e)	Emission per thousand revenues (tonnes of CO ₂ e/ thousand revenues)	Emission (in tonnes of CO ₂ e)	Emission per thousand revenues (tonnes of CO ₂ e/ thousand revenues)
Scope 1 — Direct emission	Vehicle usage — Petrol	9.24		5.05	
Scope 2 — Energy indirect emission	Purchased electricity	137.02		91.31	
Scope 3 — Other indirect emission	Paper consumption	10.23		11.82	
	Business Air Travel	12.22		8.53	
Total GHG emissions (tonnes of CO₂e)⁵		168.71	0.0009	116.71	0.0005

Hazardous Waste Management

We comply with all relevant laws and regulations that are relevant to 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.

³ The Group’s revenue for the Reporting Period is HK\$190,933,000 (2023: HK\$213,847,000).

⁴ The Group changed the presentation format of GHG emissions starting with this Reporting Period to have a better understanding and consistency.

⁵ Greenhouse Gas Emissions data are presented in terms of carbon dioxide equivalent. They are based on, including but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, the global warming potential values from the “Sixth Assessment Report” issued by the Intergovernmental Panel on Climate Change, “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Sustainability Report 2023” issued by the HK Electric Investments Limited, and the “2023 Sustainability Report” issued by the CLP Holdings Limited.

Our hazardous wastes are principally clinical wastes and pharmaceutical products, such as expired drugs and medicines produced during medical operations in our Medical Centres. During the Reporting Period, the Group produced 130.10 (2023: 293.90) kg of hazardous waste, with an intensity of 0.0007 (2023: 0.0014) kg per thousand revenues. The Group achieved the previously established target due to proper hazardous waste management and strive to reduce its hazardous waste generation by implementing various effective measures.

Although the disposal of clinical and chemical materials is inevitable as they are necessary for us to provide ophthalmic services and medications to patients, 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 sterilisation.

Patient safety is our top priority. We have used reusable medical equipment and instruments after thorough disinfection and sterilisation during the Reporting Period. By implementing the aforementioned measures, we target to maintain the total intensity of hazardous wastes produced at 0.0007 kg per thousand revenues or below in the next reporting period.

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

Discharge of Hazardous Waste⁶	Unit	Year ended 31 March 2024	Year ended 31 March 2023
Total hazardous waste	Kg	130.10	293.90
Total hazardous waste intensity	Kg per thousand revenues	0.0007	0.0014

We have established a set of "Clinical Waste Management Policy" in compliance with the legal requirements to safely and organise clinical waste. Regarding the policy, we would like to highlight some major measures that we implement, which our Clinical Waste Management Policy has regulated:

- all containers for packaging clinical wastes should be leak-proof, impervious to moisture, and strong enough to prevent tearing or bursting under normal handling. Such packages should not be reused;
- all used or contaminated sharps should be put into standardised 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;

⁶ The Group changed the presentation format of hazardous waste starting with this reporting period to have a better understanding and consistency.

- 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.

Non-hazardous Waste Management

Our major source of non-hazardous waste is paper for administrative work. During the Reporting Period, the Group produced 2,131.25 (2023: 2,462.50) kg of non-hazardous waste, with an intensity of 0.01 (2023: 0.01) kg per thousand revenues. The group achieved the previously established target due to an effective management of paper use.

The statistics of our non-hazardous waste during the Reporting Period are set forth below:

Discharge of Non-hazardous Waste ⁷	Unit	Year ended 31 March 2024	Year ended 31 March 2023
Total non-hazardous waste	Kg	2,131.25	2,462.50
Total non-hazardous waste intensity	Kg per thousand revenues	0.01	0.01

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 0.01 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 implement energy-efficient measures to use resources, including electricity, water, and other natural resources, wisely and prudently.

⁷ Non-hazardous waste has been presented in a different format starting from this Reporting Period in order to provide a better understanding and consistency.

Energy Consumption

During the Reporting Period, the total amount of fuel consumed by vehicles, including petrol fuel usage, was 33,541.40 (2023: 18,407.00) kWh. The purchased electricity from third-party providers totalled 321,953.00 (2023: 194,703.00) kWh. The total energy consumption totalled 355,494.40 (2023: 213,110.00) kWh, with an intensity of 1.86 (2023: 1.00) kWh per thousand revenues. This increase in the total energy consumption was due to equipment refurbishment in Medical Centres and the opening of a new centre in Tsim Sha Tsui during the Reporting Period. Therefore, the Group was unable to meet the previously established target. The following are the statistics of energy consumption recorded during the Reporting Period:

Types of Energy Consumption	Unit	Year ended 31 March 2024	Year ended 31 March 2023
Direct energy consumption			
Fuel consumption (Petrol)	kWh	33,541.40	18,407.00
Indirect energy consumption			
Purchased electricity consumption	kWh	321,953.00	194,703.00
Total energy consumption	kWh	355,494.40	213,110.00
Total energy consumption intensity	kWh per thousand revenues	1.86	1.00

As we are 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 within an appropriate range.

By implementing these measures, we target to continuously maintain the total energy consumption intensity at 1.86 kWh per thousand revenues or below in the next reporting period.

Use of Water

As most of our Medical Centres and office premises in Hong Kong are centrally managed by property management, no water consumption data is available for disclosure. Due to the opening of a new centre in Tsim Sha Tsui, related water consumption data could be collected using appropriate methods. The Group decided to disclose its water consumption for the new centre in Tsim Sha Tsui. The following figures for water consumption are presented starting from this Reporting Period:

Water Consumption	Unit	Year ended 31 March 2024	Year ended 31 March 2023
Total water consumption	Cubic meters	107.98	N/A
Total water consumption intensity	Cubic meters per thousand revenues	0.001	N/A

In addition, 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. We have not encountered any issues in sourcing water during the Reporting Period. By implementing these measures, we target to continuously maintain the total water consumption intensity at 0.001 cubic meters per thousand revenues or below in the next reporting period.

Environmental and Natural Resources

As disclosed in this section, the Group does not significantly impact the environment or natural resources and upholds environmental sustainability in our daily operations. We comply with ESG policies and procedures, apply energy-efficient practices in our operations, 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 concerning the recommendations of the Task Force on Climate-related Financial Disclosure (the "TCFD"), which are the physical 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
Acute Physical Risks	<ul style="list-style-type: none"> Extreme weather conditions, such as flooding and typhoon 	<ul style="list-style-type: none"> Reduced revenue from business and supply chain disruption 	✓	✓		<ul style="list-style-type: none"> Established adverse weather condition policy
Chronic Physical Risks	<ul style="list-style-type: none"> Sustained elevated temperature 			✓	✓	<ul style="list-style-type: none"> Implemented energy conservation measures such as installing more energy-efficient electrical devices

Risk Type	Risks	Potential Financial Impact	Short (current Reporting Period)	Medium (one to three years)	Long (four to ten years)	Mitigation Strategy
Transition Risks	<ul style="list-style-type: none"> Changes in environmental-related regulations Emerging technology 	<ul style="list-style-type: none"> Higher operation costs to adopt new practices or technologies Decreased competitiveness and impact on revenues 		✓	✓	<ul style="list-style-type: none"> 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. Vision correction surgery is a more environmentally friendly alternative to disposable contact lenses, so we may capture more business opportunities. 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 our employees competitive remuneration packages and benefits to attract high-calibre talents. In addition to 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 subsidise our employees’ pursuit of 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 would 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 regarding employment in Hong Kong that significantly impact us, including, but not limited to, the Employment Ordinance, Minimum Wage Ordinance, and Employees' Compensation Ordinance. As at 31 March 2024, the Group had 132 employees.

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

	As at 31 March 2024
Total workforce	132
Breakdowns by gender	
Male	24
Female	108
Breakdowns by age	
<25	20
25–29	30
30–39	40
40–49	27
≥50	15
Breakdowns by employment type	
Full-time	110
Part-time	22
Breakdowns by geographical location	
Hong Kong	132

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

	As at 31 March 2024
Overall turnover rate⁸	74%
Turnover rate by gender	
Male	58%
Female	78%
Turnover rate by age	
<25	35%
25–29	103%
30–39	83%
40–49	56%
≥50	80%
Turnover rate by geographical location	
Hong Kong	74%

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 1 case of work-related injuries, 1 lost working day result due to work injuries, and no work-related fatalities. We recorded no work-related fatalities, work-related injuries, and no relevant lost days in the past two years. The employee involved in work-related injuries during the Reporting Period were compensated and covered by the Group's employees' compensation insurance and medical insurance.

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

The Group will continue to monitor and assess any other health and safety-related issues that may impact our employees and set up corresponding solutions and measures to protect them in compliance with relevant laws and regulations.

⁸ Employee turnover rate by category = Total number of employees leaving employment by category during the financial year/Total number of employees by category at the end of the financial year*100%.

Development and Training

We emphasise 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 must 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. They shadow their department managers to pick up all job-related skills and knowledge quickly. 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. They 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 training sessions' effectiveness, all employees must complete an online quiz after attending the training sessions.

Aside from the above, we offer mandatory professional training sessions to all our medical practitioners (the “**Medical Practitioners**”). These training sessions mainly cover optometry-related information, devices, and technologies to keep our Medical Practitioners abreast of updates in medical practices, medical device management procedures, and the latest developments in ophthalmic technologies.

	As at 31 March 2024
The overall percentage of employees trained⁹	82%
Percentage of employees trained by gender¹⁰	
Male	18%
Female	82%
Percentage of employees trained by employee category¹⁰	
Management	11%
Mid-level employee	14%
Junior employee	75%
Overall average training hours completed per employee (hours)¹¹	17.09
Average training hours completed per employee by gender (hours)¹²	
Male	9.92
Female	18.69
Average training hours completed per employee by employee category (hours)¹²	
Management	16.00
Mid-level employee	26.79
Junior employee	15.93

⁹ Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year*100%.

¹⁰ Percentage of employees trained among employees participated in training = Number of employees trained by category during the financial year/Total number of employees trained during the financial year*100%.

¹¹ Average training hours completed per employee = Total number of training hours completed during the financial year/Total number of employees at the end of the financial year.

¹² Average training hours = Number of training hours completed by category during the financial year/Number of employees by category at the end of the financial year.

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 supplier, and we conduct ongoing 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.

During the Reporting Period, the Group had a total of 66 suppliers, and the breakdown of the number of suppliers by geographical region is as follows:

	Unit	Year ended 31 March 2024
Total Key Suppliers by Geographical Region		
Hong Kong	no.	65
Mainland China	no.	1
Total	no.	66

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

In addition, in the pursuit of quality excellence, we were one of the few private healthcare institutions in Hong Kong to implement a high-standard quality management system in accordance with the requirement of ISO 9001:2015 as of 31 March 2024. 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. We can now 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 purchasing and controlling materials and medical devices 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 materials' quantities, expiry dates, and storage conditions. 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 significantly impact us regarding 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.

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

Complaint Handling

We value every feedback from our patients, especially those related to the services we provide. To handle complaints in an organised and effective way, we have established the "Complaint Handling Policy." We sincerely hope that by handling complaints in an organised manner, all parties will 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. 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 discussion.

During the Reporting Period, we received 3 product — or service-related complaints, which the Group addressed according to the above-mentioned proper procedures.

Data Protection and Privacy

We fully understand how important privacy rights are 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 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 backups. 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 2024, we have 7 registered trademarks in Hong Kong and 1 domain names that are 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 corruption 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 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 our disciplinary actions against corruption, fraudulent behaviour, and misconduct. We encourage our employees to promptly report any potential signs of corruption, fraudulent behaviour, and misconduct, and we make every effort to keep the whistleblower'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 during the Reporting Period, we will organise relevant training sessions for our directors and employees whenever 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. We understand that good corporate citizenship goes beyond our business operations and extends into the lives of our customers, employees, and neighbours. To contribute to the community in the future, we plan to hold educational seminars regarding eye care and other ophthalmic-related information. These seminars will be designed to raise awareness about eye health, provide valuable information on the prevention of eye-related issues, and share the latest advancements in ophthalmic care. We recognise the importance of education in promoting well-being and are dedicated to positively impacting individual and community health.

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.	Not applicable 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 labour.	Employment and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	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

INDEPENDENT AUDITOR'S REPORT



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 78 to 139, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 and vision products. Ophthalmic services mainly include consultation, examination and treatment of eye problems.

During the year ended 31 March 2024, revenue of the Group amounted to approximately HK\$190,933,000 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 audit procedures included:

- (i) obtaining an understanding of, evaluating and testing, on a sample basis, the key internal controls over revenue recognition;
- (ii) testing revenue transactions, on a sample basis, by examining the relevant underlying supporting documents, such as records of customers, invoices and cash receipts; and
- (iii) testing 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.

Key audit matter

How our audit addressed the key audit matter

Impairment of plant and equipment and right-of-use assets

As at 31 March 2024, the Group's plant and equipment and right-of-use assets amounted to approximately HK\$39,281,000 and HK\$13,348,000, respectively.

Management performed impairment assessments on the Group's plant and equipment and right-of-use assets where an indicator of impairment of these assets exists. Impairment losses of HK\$18,334,000 and HK\$11,715,000 were recognised during the year to reduce the carrying amounts of certain plant and equipment and right-of-use assets, respectively, to their recoverable amounts.

Management determined the recoverable amounts of the relevant cash-generating units ("**CGUs**") as at 31 March 2024 based on the value in use calculations using the discounted cash flow method. Significant judgements and estimates were involved in the assessments of the recoverable amounts, including assumptions on the growth rates and the discount rates. The outcome was sensitive to expected future market conditions and the actual performance of the relevant CGUs.

Related disclosures are included in notes 2.4, 3, 12 and 13(a) to the consolidated financial statements.

Our audit procedures included:

- (i) evaluating the Group's policies and procedures in identifying impairment indicators;
- (ii) involving our internal valuation specialists to assist us in evaluating the methodology and certain key assumptions including the growth rates and discount rates used in the value in use calculations;
- (iii) assessing the key assumptions used in the value in use calculations, including the growth rates and the discount rates with reference to the historical financial data, available industry and market data and business plan of management; and
- (iv) assessing the related disclosures in the consolidated financial statements.

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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

24 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Revenue	4	190,933	213,847
Other income, net	5	6,407	6,330
Inventories used		(37,326)	(37,508)
Consultancy fee		(75,821)	(74,843)
Employee benefit expenses	8	(61,059)	(52,555)
Depreciation of plant and equipment	12	(15,891)	(6,179)
Depreciation of right-of-use assets	13(a)	(21,492)	(18,727)
Impairment loss on plant and equipment	12	(18,334)	—
Impairment loss on right-of-use assets	13(a)	(11,715)	—
Other expenses	6	(35,574)	(31,757)
Operating loss		(79,872)	(1,392)
Finance costs	7	(2,024)	(1,525)
Loss before income tax		(81,896)	(2,917)
Income tax	9	6,103	(274)
Loss for the year		(75,793)	(3,191)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1	—
Total comprehensive loss for the year attributable to owners of the Company		(75,792)	(3,191)
Loss per share attributable to owners of the Company (expressed in HK cents per share)			
— Basic and diluted	11	(14.4)	(0.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	As at 31 March	
		2024 HK\$'000	2023 HK\$'000
Non-current assets			
Plant and equipment	12	39,281	33,813
Right-of-use assets	13(a)	13,348	44,433
Deferred tax assets	21	6,434	331
Deposits, prepayments and other receivables	16	7,892	15,020
Total non-current assets		66,955	93,597
Current assets			
Inventories	14	3,576	3,682
Trade receivables	15	2,647	1,960
Deposits, prepayments and other receivables	16	20,149	19,470
Tax recoverable		1,405	1,054
Cash and cash equivalents	17	141,431	207,496
Total current assets		169,208	233,662
Current liabilities			
Trade payables	18	4,767	7,166
Accruals and other payables	19	12,089	11,075
Provisions	20	2,300	—
Lease liabilities	13(b)	19,177	21,958
Total current liabilities		38,333	40,199
Net current assets		130,875	193,463
Total assets less current liabilities		197,830	287,060
Non-current liabilities			
Provisions	20	2,075	2,475
Lease liabilities	13(b)	6,233	25,301
Total non-current liabilities		8,308	27,776
Net assets		189,522	259,284

Consolidated Statement of Financial Position
As at 31 March 2024

	Notes	As at 31 March	
		2024 HK\$'000	2023 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital	22	5,281	5,281
Share premium	22	306,388	306,388
Shares held under the Share Award Plan		(3,468)	(3,468)
Reserves	25	(118,679)	(48,917)
Total equity		189,522	259,284

The consolidated financial statements on pages 78 to 139 were approved by the Board of Directors on 24 June 2024 and were signed on its behalf by:

Mr. Hui Yung Chris
Director

Mr. Lo Tsz Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital HK\$'000 (Note 22)	Share premium HK\$'000	Shares held under the Share Award Plan HK\$'000 (Note 24)	Other reserves HK\$'000 (Note 25(a))	Exchange fluctuation reserve HK\$'000	Share-based payment reserve HK\$'000 (Note 25(b))	Accumulated losses HK\$'000	Total HK\$'000
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 24)	Other reserves HK\$'000 (Note 25(a))	Exchange fluctuation reserve HK\$'000	Share-based payment reserve HK\$'000 (Notes 24, 25(b))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2023	5,281	306,388	(3,468)	(11,489)	—	—	(37,428)	259,284
Loss for the year	—	—	—	—	—	—	(75,793)	(75,793)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	—	1	—	—	1
Total comprehensive loss for the year	—	—	—	—	1	—	(75,793)	(75,792)
Share-based payments	—	—	—	—	—	6,030	—	6,030
At 31 March 2024	5,281	306,388	(3,468)	(11,489)*	1*	6,030*	(113,221)*	189,522

* These reserve accounts comprise the debit consolidated reserves of HK\$118,679,000 (2023: HK\$48,917,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Loss before income tax		(81,896)	(2,917)
Adjustments for:			
Depreciation of plant and equipment	12	15,891	6,179
Depreciation of right-of-use assets	13(a)	21,492	18,727
Impairment loss on plant and equipment	12	18,334	—
impairment loss on right-of-use assets	13(a)	11,715	—
Write-off of plant and equipment	5	—	147
Finance costs	7	2,024	1,525
Interest income	5	(6,224)	(3,852)
Share-based payments	24	6,030	—
		(12,634)	19,809
Decrease in inventories		106	64
Increase in trade receivables		(687)	(855)
Decrease/(increase) in deposits, prepayments and other receivables		1,810	(7,546)
(Decrease)/increase in trade payables		(2,399)	1,289
(Decrease)/increase in accruals and other payables		(1,424)	3,684
Cash (used in)/generated from operations		(15,228)	16,445
Hong Kong profits tax paid		(351)	(223)
Net cash flows (used in)/from operating activities		(15,579)	16,222
Cash flows from investing activities			
Purchases of plant and equipment		(31,321)	(22,443)
Deposits paid for purchases of plant and equipment		(1,492)	(7,758)
Interest received		6,421	3,639
Decrease/(increase) in time deposits with original maturity of more than three months		53,000	(103,000)
Advance of a loan to a medical practitioner		—	(14,200)
Net cash flows from/(used in) investing activities		26,608	(143,762)

Consolidated Statement of Cash Flows
For the year ended 31 March 2024

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Cash flows from financing activities			
Proceeds from issuance of shares upon exercise of share options	22	—	10,492
Repayment of principal portion of lease liabilities	26(b)	(22,071)	(14,733)
Repayment of interest portion of lease liabilities	26(b)	(2,024)	(1,525)
Purchases of shares for Share Award Plan under the Trust		—	(3,468)
Net cash flows used in financing activities		(24,095)	(9,234)
Net decrease in cash and cash equivalents		(13,066)	(136,774)
Cash and cash equivalents at beginning of the year		104,496	241,270
Effect of foreign exchange rate changes		1	—
Cash and cash equivalents at end of the year		91,431	104,496
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		43,431	23,490
Non-pledged time deposits with original maturity of more than three months when acquired		50,000	103,000
Non-pledged time deposits with original maturity of less than three months when acquired		48,000	81,006
Cash and cash equivalents as stated in the consolidated statement of financial position	17	141,431	207,496
Time deposits with original maturity of more than three months when acquired		(50,000)	(103,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		91,431	104,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Clarity Medical Group Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the 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 and its subsidiaries (collectively referred to as 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.

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
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 and vision products
Clarity Pharmacal Company Limited	Hong Kong	HK\$1	100	100	Inactive
Clarity Medical China Investment Limited ¹	Hong Kong	HK\$1	100	—	Investment holding
Clarity Ophthalmology (Shenzhen) Limited 清晰眼科(深圳)有限公司 ²	The People’s Republic of China (“ PRC ”)/ Chinese Mainland	RMB500,000	100	—	Provision of consultancy services

¹ Clarity Medical China Investment Limited was incorporated on 20 October 2023.

² Clarity Ophthalmology (Shenzhen) Limited is registered as a wholly-foreign-owned enterprise under PRC law and was incorporated on 1 December 2023.

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

2 ACCOUNTING POLICIES

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**”) 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 (“**HKS**”) 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 Group for the year ended 31 March 2024. 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 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 ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 and disclosures

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

2 ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

- (b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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 did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> ^{1, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> ^{1, 4}
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ 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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

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 consolidated financial statements.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (Continued)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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 consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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;
 - (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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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	20%
Leasehold improvements	Over the shorter of lease terms and 20%
Medical and office equipment	10% to 20%
Motor vehicle	20%

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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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
Equipment	5 to 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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

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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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 consolidated 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 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 profit or loss.

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.

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Income tax (Continued)

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 does not give rise to equal taxable and deductible temporary differences; and
- 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 does not give rise to equal taxable and deductible temporary differences; 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.

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Income tax (Continued)

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.

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.
- (iii) Revenue from sales of vision products
Revenue from sales of vision products 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).

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

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.

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 and awarded shares under the Share Award Plan 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 and awarded shares 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 and awarded shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material 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 are expensed in the period in which they are incurred.

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (Continued)

Foreign currencies

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the overseas subsidiary are currencies other than the HK\$. As at the end of the reporting period, the assets and liabilities of the entity are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year are translated into HK\$ at the weighted average exchange rates or the year.

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 plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment of plant and equipment and right-of-use assets at the end of each reporting period. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. In assessing value in use, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 March 2024, the carrying amounts of plant and equipment and right-of-use assets were approximately HK\$39,281,000 and HK\$13,348,000 (2023: HK\$33,813,000 and HK\$44,433,000), respectively. Further details are disclosed in notes 12 and 13(a) to the consolidated financial statements, respectively.

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 2024 and 2023 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 material accounting policy information as set out in note 2.4 to the consolidated 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 revenue is generated in Hong Kong and the Group's assets and liabilities are mainly 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 2024 and 2023.

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	
	2024 HK\$'000	2023 HK\$'000
Ophthalmic service income	179,070	206,519
Sales of prescriptions	7,694	7,328
Sales of vision products	4,169	—
Total	190,933	213,847

5 OTHER INCOME, NET

	Note	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Other income			
Government subsidies	(a)	93	2,303
Interest income		6,224	3,852
Miscellaneous income		90	322
		6,407	6,477
Other losses			
Write-off of plant and equipment		—	(147)
Total		6,407	6,330

Note:

- (a) Government subsidies represent the reimbursement of Maternity Leave Pay Scheme and SME Export Marketing Fund (2023: 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). 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	
	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
— Audit services	950	950
— Non-audit services	350	300
Bank charges	4,280	5,552
Business development	12,900	7,497
Repair and maintenance	2,911	3,026
Professional fees	2,965	5,295
Expenses in relation to short-term leases	392	842

7 FINANCE COSTS

	Note	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Interest expenses on lease liabilities	13(b)	2,024	1,525

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	
	2024 HK\$'000	2023 HK\$'000
Wages, salaries and bonuses	55,326	49,436
Pension scheme contributions (defined contribution scheme)	1,903	1,600
Share-based payments	3,017	—
Others	813	1,519
Total	61,059	52,555

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 were 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	
	2024 HK\$'000	2023 HK\$'000
Fees	1,872	2,192
Other emoluments:		
Salaries, allowances and benefits in kind	4,018	3,201
Discretionary bonuses	51	1,048
Share-based payments	1,523	—
Pension scheme contributions*	42	42
Subtotal	5,634	4,291
Total	7,506	6,483

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

During the year ended 31 March 2024, certain directors were granted awarded shares, in respect of their services to the Group, under the Share Award Plan of the Company, further details of which are set out in note 24 to the consolidated financial statements. The fair value of awarded shares, which has been recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Mr. Hui Yung Chris (<i>Note (a)</i>)	—	60
Mr. Li Michael Hankin	240	240
Mr. Ma Wai Hung Vincent	240	240
Professor Lau Wan Yee Joseph (<i>Note (b)</i>)	512	452
Total	992	992

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 and passed away on 7 February 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2023: 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	Share-based payments HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024						
Executive directors:						
Mr. Lo Tsz Hong	—	618	51	51	18	738
Mr. Tse Wai Ip (<i>Note (a)</i>)	—	400	—	—	6	406
Mr. Hui Yung Chris (Chief Executive Officer) (<i>Note (c)</i>)	—	3,000	—	1,472	18	4,490
Subtotal	—	4,018	51	1,523	42	5,634
Non-executive directors:						
Mr. Ng Roy	240	—	—	—	—	240
Mr. Wu Ting Yuk Anthony	480	—	—	—	—	480
Ms. Zhao Wei	160	—	—	—	—	160
Subtotal	880	—	—	—	—	880
Total	880	4,018	51	1,523	42	6,514
2023						
Executive directors:						
Mr. Lo Tsz Hong	—	597	48	—	18	663
Mr. Tse Wai Ip (<i>Note (a)</i>)	—	301	—	—	5	306
Mr. Wong Tai Cheung Andrew (Chief Executive Officer) (<i>Note (b)</i>)	240	200	1,000	—	5	1,445
Mr. Hui Yung Chris (Chief Executive Officer) (<i>Note (c)</i>)	—	2,103	—	—	14	2,117
Subtotal	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
Subtotal	960	—	—	—	—	960
Total	1,200	3,201	1,048	—	42	5,491

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 (2023: Nil).

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

The five highest paid employees during the year included 1 director (2023: 2 directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining 4 (2023: 3) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	6,802	5,707
Discretionary bonuses	189	186
Share-based payments	262	—
Pension scheme contributions	69	54
Total	7,322	5,947

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	
	2024	2023
Nil to HK\$1,000,000	—	1
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$3,000,001 to HK\$3,500,000	—	1
Total	4	3

During the year ended 31 March 2024, awards shares were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 24 to the consolidated financial statements. The fair value of such awards shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosure.

9 INCOME TAX

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 (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Current — Hong Kong		
Underprovision in prior years	—	11
Deferred (Note 21)	(6,103)	263
Total tax (credit)/charge for the year	(6,103)	274

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(81,896)	(2,917)
Tax at Hong Kong profits tax rate at 16.5% (2023: 16.5%)	(13,513)	(481)
Difference in tax rates for specific provinces or enacted by local authority	(3)	—
Adjustments in respect of current tax of previous periods	—	11
Income not subject to tax	(951)	(1,017)
Expenses not deductible for tax	195	216
Tax losses not recognised	8,287	1,392
Others	(118)	153
Total tax (credit)/charge at the Group's effective rate	(6,103)	274

10 DIVIDENDS

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 March 2024 (2023: Nil).

11 BASIC AND DILUTED LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held under the Share Award Plan of 525,025,000 (2023: 522,404,554) during the years ended 31 March 2024 and 2023.

Diluted

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2024 as the Group had no potentially dilutive ordinary shares in issue. No adjustment had 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.

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 2024					
At 1 April 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
At 1 April 2023, net of accumulated depreciation	422	12,982	20,298	111	33,813
Additions	177	22,241	17,275	—	39,693
Depreciation provided during the year	(121)	(10,900)	(4,844)	(26)	(15,891)
Impairment	(139)	(17,451)	(744)	—	(18,334)
At 31 March 2024, net of accumulated depreciation and impairment	339	6,872	31,985	85	39,281
At 31 March 2024					
Cost	2,749	55,651	70,418	128	128,946
Accumulated depreciation and impairment	(2,410)	(48,779)	(38,433)	(43)	(89,665)
Net carrying amount	339	6,872	31,985	85	39,281

12 PLANT AND EQUIPMENT (CONTINUED)

	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					
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

Impairment of plant and equipment and right-of-use assets

As at 31 March 2024, the Group's management identified certain medical centers which continued to underperform and estimated the corresponding recoverable amounts of their plant and equipment and right-of-use assets. Based on these estimates, impairment losses of HK\$18,334,000 and HK\$11,715,000 were recognised to write down the carrying amounts of these plant and equipment and right-of-use assets to their recoverable amounts of Nil and Nil, respectively, as at 31 March 2024. The estimates of the recoverable amounts were based on value in use. The discount rate applied to the cash flow projections was 13.6%.

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 2022	223	19,895	20,118
Additions	—	43,042	43,042
Depreciation charge	(223)	(18,504)	(18,727)
As at 31 March 2023 and 1 April 2023	—	44,433	44,433
Additions/modifications	—	2,122	2,122
Depreciation charge	—	(21,492)	(21,492)
Impairment	—	(11,715)	(11,715)
As at 31 March 2024	—	13,348	13,348

(b) Lease liabilities

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

	2024 HK\$'000	2023 HK\$'000
Carrying amount at beginning of the year	47,259	20,175
New leases	—	41,817
Modifications	222	—
Accretion of interest recognised during the year	2,024	1,525
Payments	(24,095)	(16,258)
Carrying amount at 31 March	25,410	47,259
Analysed into:		
Current portion	19,177	21,958
Non-current portion	6,233	25,301

The maturity analysis of lease liabilities is disclosed in note 31.1(c) to the consolidated 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	
	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	2,024	1,525
Depreciation charge of right-of-use assets	21,492	18,727
Expense relating to short-term leases (included in other expenses)	392	842
Impairment loss on right-of-use assets	11,715	—
Total amount recognised in profit or loss	35,623	21,094

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

14 INVENTORIES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Medical consumables	3,439	3,682
Vision products	137	—
Total	3,576	3,682

As at 31 March 2024 and 2023, management considers there was no inventory obsolescence. The costs of inventories were recognised as expenses and included in "inventories used" in the consolidated statement of comprehensive income amounted to HK\$37,326,000 and HK\$37,508,000 for the years ended 31 March 2024 and 2023, 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 2024 and 2023, 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	
	2024 HK\$'000	2023 HK\$'000
0 to 30 days	1,504	1,152
31 to 60 days	560	505
61 to 90 days	217	91
Over 90 days	366	212
Total	2,647	1,960

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 2024 and 2023, 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 2024 and 2023.

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	
	2024 HK\$'000	2023 HK\$'000
Rental and other deposits	7,041	8,644
Deposits paid for purchases of plant and equipment	3,316	7,758
Prepayments	1,473	1,120
Other receivables (<i>Note</i>)	16,211	16,968
	28,041	34,490
Less: non-current portion	(7,892)	(15,020)
Current portion	20,149	19,470

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 2024 and 2023, 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\$14,448,500 (2023: HK\$14,413,000) which is unsecured, bears interest at 3% per annum and repayable within 12 months; and
- (ii) An amount due from a medical practitioner of HK\$900,000 (2023: a related party of HK\$2,200,000) 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	
	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	43,431	23,490
Non-pledged time deposits with original maturity of more than three months when acquired	50,000	103,000
Non-pledged time deposits with original maturity of less than three months when acquired	48,000	81,006
Cash and cash equivalents	141,431	207,496

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$11,000 (2023: Nil). The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balance are deposited with credit worthy bank with no recent history of default.

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	
	2024 HK\$'000	2023 HK\$'000
0 to 30 days	3,983	1,745
31 to 60 days	735	3,539
61 to 90 days	48	1,230
Over 90 days	1	652
Total	4,767	7,166

As at 31 March 2024 and 2023, 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	
	2024 HK\$'000	2023 HK\$'000
Other payables (Note)	7,977	7,830
Accruals	4,112	3,245
Total	12,089	11,075

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

20 PROVISION

	Provision for reinstatement cost	
	2024 HK\$'000	2023 HK\$'000
At beginning of the year	2,475	1,250
Addition during the year	1,900	1,225
At 31 March	4,375	2,475
Portion classified as current liabilities	(2,300)	—
Non-current portion	2,075	2,475

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	Impairment loss on right-of-use assets HK\$'000	Others HK\$'000	Total HK\$'000
Deferred tax assets at 1 April 2022	—	594	—	—	594
Deferred tax credited/ (charged) to consolidated statement of comprehensive income (Note 9)	779	(1,042)	—	—	(263)
Deferred tax assets/ (liabilities) at 31 March 2023 and 1 April 2023	779	(448)	—	—	331
Deferred tax credited to consolidated statement of comprehensive income (Note 9)	—	3,083	1,933	1,087	6,103
Deferred tax assets at 31 March 2024	779	2,635	1,933	1,087	6,434

The Group has tax losses arising in Hong Kong of HK\$63,321,000 (2023: HK\$13,160,000) that are available indefinitely for offsetting against its future taxable profits. The Group also had estimated tax losses arising in Mainland China of approximately HK\$38,000 (2023: Nil), subject to the agreement by relevant tax authorities, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets of HK\$9,679,000 (2023: HK\$1,392,000) 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

	<i>Note</i>	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
<i>Authorised:</i>			
As at 31 March 2024 and 2023 (of HK\$0.01 each)		5,000,000,000	50,000
As at 1 April 2022		509,717,500	5,097
Issuance of shares upon exercise of share options	<i>(a)</i>	18,407,500	184
As at 31 March 2023, 1 April 2023 and 31 March 2024		528,125,000	5,281

Note:

- (a) For the year ended 31 March 2023, an aggregate of 18,407,500 share options have been exercised at the exercise price of HK\$0.57 each. Net proceeds of approximately HK\$10,492,000 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 OPTION SCHEME

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:

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%

23 SHARE OPTION SCHEME (CONTINUED)

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 OPTION SCHEME (CONTINUED)

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

	Average exercise price per share option	Number of options
As at 1 April 2022	HK\$0.57	18,407,500
Exercised during the year	HK\$0.57	(18,407,500)
As at 31 March 2023	N/A	—
Vested and exercisable at 31 March 2023	N/A	—

24 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.

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.

24 SHARE AWARD PLAN (CONTINUED)

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.

The Board resolved on 4 July 2023 to grant a total of 35,456,240 awarded shares, all of which remained unvested as at the date of this report, to certain eligible participants under the Share Award Plan. 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

Closing price of the Shares immediately before the date of grant: HK\$0.90

Details of the movement of the awarded shares granted and outstanding under the Share Award Plan are set at below:

	Grantees	Number of awarded shares			Unvested as at 31 March 2024	Vesting period	Performance target
		Unvested as at 1 April 2023	Granted during the year	Lapsed during the year			
Executive director, chief executive director	Mr. Hui Yung Chris (Note (i))	—	5,000,000	—	5,000,000	100% of the awarded shares will vest on the second anniversary of 4 July 2023.	Not applicable
Executive director	Mr. Lo Tsz Hong	—	141,250	—	141,250	25% of the awarded shares will vest on each of the first and second anniversary of 4 July 2023 remaining 50% will vest on the third anniversary	Not applicable
Service providers	Dr. Wong Kin Keung	—	5,217,748	(1,304,437)	3,913,311	Note (ii)	Note (iii)
	Dr. Kwok Pui Wai	—	5,217,748	(1,304,437)	3,913,311		
	Dr. Lai Hiu Ping	—	5,217,748	(1,304,437)	3,913,311		
	Dr. Tang Kai Tat	—	5,217,748	(1,304,437)	3,913,311		
	Dr. Ho Chun Ho	—	5,217,748	(1,304,437)	3,913,311		
Other employee participants	Employees	—	4,226,250	(461,250)	3,765,000	25% of the awarded shares will vest on each of first and second anniversary of 4 July 2023 remaining 50% will vest on the third anniversary	

24 SHARE AWARD PLAN (CONTINUED)

Notes:

- (i) The proposed grant of awarded shares to Mr. Hui Yung Chris was approved in the Annual General Meeting held on 20 September 2023.
- (ii) Vesting period for 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) Save for the part of the awards granted to the Service Providers which impose performance targets associated with the aggregate amount of revenue generated by such Service Providers for each financial year, there are no performance targets attached to the awards granted to other grantees (including Directors).

No awarded shares were vested or cancelled under the Share Award Plan during the year ended 31 March 2024.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these awarded shares. The Group accounts for the Share Award Plan as an equity-settled plan.

24 SHARE AWARD PLAN (CONTINUED)

As at 31 March 2024 and as at the date of this report, 23,704,695 shares and 24,217,195 shares are available for grant under the Share Award Plan respectively, representing approximately 4.5% and 4.6% of the total issued share capital of the Company as at the date of this report respectively.

The trustee, Tricor Trust (Hong Kong) Limited, held 3,100,000 shares under the Share Award Plan as of 31 March 2024 and up to the date of this report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

On 4 June 2024, the Company issued and allotted 792,125 shares at HK\$0.01 per share pursuant to the Share Award Plan, representing approximately 0.15% of the total issued share capital as of 31 March 2024 and up to the date of this report.

The fair value of the share awards was calculated based on the market prices of the Group's shares at the respective grant dates. During the year ended 31 March 2024, share-based payments were recognised as expenses and included in "consultancy fee" and "employee benefit expenses" in the consolidated statement of comprehensive income in relation to the share awards amounted to HK\$3,013,000 (2023: Nil) and HK\$3,017,000 (2023: Nil), respectively.

25 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 81 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 of Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 18 February 2022, 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/awarded shares granted which are yet to be exercised/vested, as further explained in the material accounting policy information for share-based payments in note 2.4 to the consolidated financial statements.

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions/modifications to right-of-use assets, lease liabilities, and provision of HK\$2,122,000 (2023: HK\$43,042,000), HK\$222,000 (2023: HK\$41,817,000), and HK\$1,900,000 (2023: HK\$1,225,000), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities HK\$'000
At 1 April 2023	47,259
Changes from financing cash flows	(24,095)
Modifications	222
Interest expense	2,024
At 31 March 2024	25,410

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

(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	
	2024 HK\$'000	2023 HK\$'000
Within operating activities	392	842
Within financing activities	24,095	16,258
Total	24,487	17,100

27 COMMITMENTS

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

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Contracted, but not provided for: Plant and equipment	260	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 2024 and 2023:

Name of related party	Relationship with the Group
Mr. Tse Wai Ip ("Dr. Tse")	An executive director of the Company
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 Yung Lam ("Dr. Hui")
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	
	2024 HK\$'000	2023 HK\$'000
Consultancy fee to Metro Grace Limited (<i>Note i</i>)	—	(11,161)
Consultancy fee to Foresight (Ophthalmology) Limited (<i>Note ii</i>)	—	(700)
Compensation fee from related parties (<i>Note iii</i>)	—	4,800
Consultancy fee to WIT Limited (<i>Note iv</i>)	(2,976)	(2,951)
Employee benefit expense paid to a related party (<i>Note v</i>)	(809)	—

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes:

- (i) 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.
- (ii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Hui pursuant to the consultancy fee agreement. On 20 January 2023, Dr. Hui ceased to be the Director of Medical Development of the Company and Dr. Hui was not considered as a related party thereafter.
- (iii) 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.
- (iv) 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.
- (v) The related party, who is a close family member of Dr. Tse, joined the Group on 4 September 2023 and left on 15 January 2024.

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	5,941	6,441
Post-employment benefits	42	42
Share-based payments	1,523	—
Total compensation paid to key management personnel	7,506	6,483

Further details of directors' and the chief executive's emoluments are included in note 8 to the consolidated 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	
	2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost		
Trade receivables	2,647	1,960
Financial assets included in deposits, prepayments and other receivables	23,252	25,612
Cash and cash equivalents	141,431	207,496
Total	167,330	235,068
Financial liabilities at amortised cost		
Trade payables	4,767	7,166
Financial liabilities included in accruals and other payables	11,064	9,847
Lease liabilities	25,410	47,259
Total	41,241	64,272

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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Financial assets				
Deposits and other receivables, non-current portion	7,892	15,020	7,480	15,020

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, the current portion 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 2024 and 2023, 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 (2023: 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 2024 and 2023, the Group's income and operating cash flows are substantially independent of changes in market foreign exchange rate.

(b) Credit risk

The Group mainly transacts with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Trade receivables (Note 15)	—	—	—	2,647	2,647
Financial assets included in deposits, prepayments and other receivables					
— Normal*	23,252	—	—	—	23,252
Cash and cash equivalents					
— Not yet past due	141,431	—	—	—	141,431
Total	164,683	—	—	2,647	167,330

As at 31 March 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
Trade receivables (Note 15)	—	—	—	1,960	1,960
Financial assets included in deposits, prepayments and other receivables					
— Normal*	25,612	—	—	—	25,612
Cash and cash equivalents					
— Not yet past due	207,496	—	—	—	207,496
Total	233,108	—	—	1,960	235,068

* The credit quality of the financial assets included in deposits, prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash balances to meet the financial commitments when they fall due.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2024

	On demand or less than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000
Trade payables	4,767	—	4,767
Financial liabilities included in accruals and other payables	11,064	—	11,064
Lease liabilities	20,046	6,312	26,358
Total	35,877	6,312	42,189

As at 31 March 2023

	On demand or less than 12 months HK\$'000	More than 12 months HK\$'000	Total HK\$'000
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
Total	42,304	27,841	70,145

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2024 and 2023, the Group maintained a net cash position as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Lease liabilities	25,410	47,259
Less: Cash and cash equivalents	(141,431)	(207,496)
Net cash position	(116,021)	(160,237)

32 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Non-current asset		
Investment in a subsidiary	—	58,761
Total non-current asset	—	58,761
Current assets		
Amount due from subsidiaries	—	4,201
Other receivables	774	1,007
Cash and cash equivalents	114,625	190,730
Total current assets	115,399	195,938
Current liabilities		
Accruals and other payables	397	500
Total current liabilities	397	500
Net current assets	115,002	195,438
Net assets	115,002	254,199
EQUITY		
Equity attributable to owners of the Company		
Share capital	5,281	5,281
Share premium	306,388	306,388
Shares held under the Share Award Plan	(3,468)	(3,468)
Reserves (<i>Note</i>)	(193,199)	(54,002)
Total equity	115,002	254,199

The statement of financial position of the Company was approved by the Board of Directors on 24 June 2024 and signed on its behalf.

Mr. Hui Yung Chris
Director

Mr. Lo Tsz Hong
Director

32 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 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 and 1 April 2023	—	(54,002)	(54,002)
Loss for the year	—	(145,227)	(145,227)
Share-based payments	6,030	—	6,030
At 31 March 2024	6,030	(199,229)	(193,199)

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, 2023 and 2024 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 March 2020 and 2021 is extracted from the Prospectus.

COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Results					
Revenue	190,933	213,847	225,237	222,381	218,376
(Loss)/profit for the year	(75,793)	(3,191)	13,491	35,769	26,387
Adjusted net (loss)/profit for the year ⁽¹⁾⁽²⁾	(45,744)	(3,191)	30,885	44,353	31,186
Net profit margin (%)	N/A	N/A	6.0%	16.1%	12.1%
Adjusted net profit margin (%) ⁽²⁾	N/A	N/A	13.7%	19.9%	14.3%
Assets and Liabilities					
Total assets	236,163	327,259	290,144	117,150	169,336
Total liabilities	46,641	67,975	34,693	36,656	46,611
Total equity	189,522	259,284	255,451	80,494	122,725

Notes:

- (1) Adjusted net (loss)/profit is derived by taking out i) the one-off non-recurring impairment losses on plant and equipment and right-of-use assets, and ii) 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/(loss) 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.