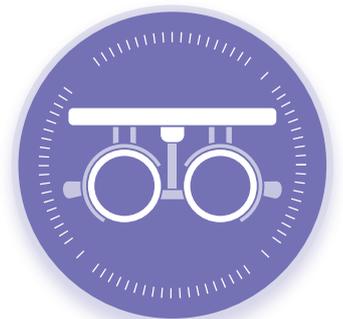






## CONTENTS

2	Corporate Information
3	Financial Highlight
4	Management Discussion and Analysis
14	Condensed Consolidated Statement of Comprehensive Income
15	Condensed Consolidated Statement of Financial Position
17	Condensed Consolidated Statement of Changes in Equity
19	Condensed Consolidated Statement of Cash Flows
20	Notes to the Interim Condensed Consolidated Financial Information
34	Report on Review of Interim Financial Information
35	Other Information



# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### Executive Directors

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

### Non-Executive Directors

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

### Independent Non-Executive Directors

Mr. Li Michael Hankin  
Professor Lau Wan Yee Joseph  
Mr. Ma Wai Hung Vincent

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## AUTHORIZED REPRESENTATIVES

Mr. Hui Yung Chris  
Ms. Chan Po Yu

## COMPANY SECRETARY

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

## AUDITOR

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

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## COMPLIANCE ADVISOR

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

## CORPORATE WEBSITE

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

## INVESTOR RELATIONS CONTACT

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

## STOCK CODE

1406

# FINANCIAL HIGHLIGHT



	Six months ended 30 September		
	2022 HK\$'000	2021 HK\$'000	Change
Revenue	<b>107,691</b>	117,509	(8.4%)
Profit for the period	<b>7,912</b>	10,482	(24.5%)
Adjusted net profit for the period <sup>(1)&amp;(2)</sup>	<b>7,912</b>	19,744	(59.9%)
Net profit margin (%)	<b>7.3%</b>	8.9%	N/A
Adjusted net profit margin (%) <sup>(1)&amp;(2)</sup>	<b>7.3%</b>	16.8%	N/A

*Notes:*

- (1) Adjusted net profit is derived by taking out the effect of the listing expenses incurred during the six months ended 30 September 2021.
- (2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a "non-GAAP" financial measure. It is not a measurement of the Group's financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.

# MANAGEMENT DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of private ophthalmic healthcare services in Hong Kong. With the continuing impact of COVID-19, the business environment for the six months ended 30 September 2022 (“**2022 Interim Period**”) was challenging. However, the Group are committed to maintaining proactive business development in Hong Kong since the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In June 2022, the Group entered into a non-binding memorandum of understanding (the “**MOU**”) with Union Medical Centre Limited (“**Union**”), under which Union and the Group intend to cooperate with respect to the ophthalmology and ancillary services in Hong Kong. Pursuant to the MOU, the Group shall assign its medical practitioners specialised in ophthalmology to provide regular consultation sessions to clinics operated by Union in Tsim Sha Tsui (the “**UM Clinics**”) or Union Hospital and provide non-refractive treatment services and subsequent care for patients at the UM Clinics or Union Hospital from time to time. For patients who require refractive treatment services when they visit UM Clinics or Union Hospital, UM Clinic or Union Hospital shall refer such patients to the Group to receive the relevant refractive treatment services at the medical centres operated by the Group. For details of the MOU, please refer to the announcement of the Company dated 21 June 2022.

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

Furthermore, on 29 August 2022, the Group entered into another tenancy agreement with an independent third party for a term of three years to establish a new medical centre in Tsim Sha Tsui for the provision of a full range of ophthalmic consultation and examination services and treatment services (the “**New Tsim Sha Tsui Centre**”). The New Tsim Sha Tsui Centre will be located at The ONE, a premium shopping mall in Hong Kong, and has a gross floor area of approximately 13,674 sq.ft. The Group expects the New Tsim Sha Tsui Centre will commence operations in or around the first or second quarter of 2023. The Company expects to fund the establishment of the New Tsim Sha Tsui Centre with the proceeds from the initial public offering by the Company.

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



## REVENUE OVERVIEW

We generate revenue from the provision of private ophthalmic services in Hong Kong, including refractive treatments, treatments for other eye problems, consultation and examination services, and sales of prescriptions and others. For the six months ended 30 September 2022, our revenue amounted to approximately HK\$107.7 million, representing a decrease of approximately HK\$9.8 million or 8.4% from approximately HK\$117.5 million for the six months ended 30 September 2021. The table below sets out (i) the breakdown of revenue by the types of treatments and services and their respective percentage of revenue; (ii) number of refractive treatment by types conducted; and (iii) average prices of the refractive treatment services during the six months ended 30 September 2022 and 2021 respectively.

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

	For the six months ended 30 September				
	2022		2021		Change HK\$'000
	HK\$'000	% of revenue	HK\$'000	% of revenue	
<b>Refractive Treatments</b>	<b>71,096</b>	<b>66.0%</b>	77,182	65.7%	(6,086)
SMILE surgeries	46,802	43.4%	41,883	35.7%	4,919
LASIK surgeries	1,923	1.8%	1,580	1.3%	343
Multifocal IOL replacements	18,911	17.6%	27,577	23.5%	(8,666)
ICL implantations	3,460	3.2%	6,142	5.2%	(2,682)
<b>Treatment for other eye problems</b>	<b>27,855</b>	<b>25.9%</b>	30,711	26.1%	(2,856)
Standard cataract surgeries	14,041	13.1%	11,572	9.8%	2,469
Laser procedures	6,355	5.9%	7,655	6.5%	(1,300)
PPV surgeries	5,199	4.8%	8,343	7.1%	(3,144)
Other treatments/surgeries	2,260	2.1%	3,141	2.7%	(881)
<b>Consultation and examination services</b>	<b>5,218</b>	<b>4.8%</b>	5,645	4.8%	(427)
<b>Sales of prescriptions and others</b>	<b>3,522</b>	<b>3.3%</b>	3,971	3.4%	(449)
<b>Revenue</b>	<b>107,691</b>	<b>100.0%</b>	117,509	100.0%	(9,818)



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

	For the six months ended 30 September			
	2022		2021	
	Number	%	Number	%
SMILE surgeries	2,073	79.0%	1,749	69.0%
LASIK surgeries	97	3.7%	82	3.2%
Multifocal IOL replacements	413	15.7%	628	24.8%
ICL implantations	41	1.6%	75	3.0%
<b>Total</b>	<b>2,624</b>	<b>100.0%</b>	<b>2,534</b>	<b>100.0%</b>

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

	For the six months ended 30 September	
	2022 HK\$	2021 HK\$
SMILE surgeries	22,600	24,000
LASIK surgeries	19,800	19,300
Multifocal IOL replacements	45,800	43,900
ICL implantations	84,400	81,900

**REFRACTIVE TREATMENT**

Refractive treatments were our largest source of revenue during the 2022 Interim Period, representing approximately 66.0% of our revenue. 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\$6.1 million or 7.9% from approximately HK\$77.2 million for the six months ended 30 September 2021 to approximately HK\$71.1 million for the six months ended 30 September 2022. The decrease in revenue was mainly due to economic downturn and increase in competition from other industry player.



During the 2022 Interim Period, the revenue generated from SMILE surgery increased by approximately HK\$4.9 million, or 11.7%, from approximately HK\$41.9 million for six months ended 30 September 2021 to approximately HK\$46.8 million for six months ended 30 September 2022 as the number of SMILE surgery conducted increased from 1,749 for the six months ended 30 September 2021 to 2,073 for the six months ended 30 September 2022. On the other hand, the revenue generated from multifocal IOL replacements and ICL implantations decreased by approximately HK\$11.3 million, or 33.5%, from approximately HK\$33.7 million for the six months ended 30 September 2021 to approximately HK\$22.4 million for the six months ended 30 September 2022 was mainly due to the decrease in the number of treatments conducted for both services as compared to the same corresponding period in 2021.

### TREATMENT FOR OTHER EYE PROBLEMS

Treatment for other eye problems include standard cataract surgery, laser procedure, PPV surgery, and other treatments and surgeries. For the six months ended 30 September 2021 and 2022, revenue generated from treatments for other eye problems amounted to approximately HK\$30.7 million and HK\$27.9 million, representing approximately 26.1% and 25.9% of our revenue, respectively. Revenue generated from treatment for other eye problems decreased by approximately HK\$2.8 million, or 9.1%, from approximately HK\$30.7 million for the six months ended 30 September 2021 to approximately HK\$27.9 million for the six months ended 30 September 2022. The decrease in revenue generated from treatment of other eye problems was mainly due to the decrease in revenue recorded for our laser procedures and PPV surgery of approximately HK\$1.3 million and HK\$3.1 million, respectively, as compared to the six months ended 30 September 2021.

### CONSULTATION AND EXAMINATION SERVICES

Consultation and examination services mainly include assessments of eye conditions, such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. Our revenue generated from consultation and examination services decreased by approximately HK\$0.4 million or 7.1% from approximately HK\$5.6 million for the six months ended 30 September 2021 to approximately HK\$5.2 million for the six months ended 30 September 2022. The decrease in revenue generated from consultation and examination services was mainly due to the drop in the number of patient visits during the 2022 Interim Period.

### 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 six months ended 30 September 2021 and 2022, our revenue generated from sales of prescriptions and others was approximately HK\$4.0 million and HK\$3.5 million, representing approximately 3.4% and 3.3% of our revenue, respectively. The decrease in revenue generated from sales of prescriptions and others was generally in line with our overall decrease in consultation and examination services provided during the 2022 Interim Period.

### OTHER INCOME

The Group recorded other income in the amount of approximately HK\$2.8 million for the six months ended 30 September 2022 as compare to other income in the amount of approximately HK\$1.0 million for the six months ended 30 September 2021 as (i) the Group received government subsidies of approximately HK\$2.1 million under the employment support scheme of the Government's anti-epidemic fund; and (ii) we received interest income from bank deposits in the amount of HK\$0.7 million during the six months ended 30 September 2022.

On the other hand, the Group received rent concessions from landlords due to COVID-19 in the amount of HK\$0.9 million and nil during the six months ended 30 September 2021 and 2022 respectively.



## INVENTORIES USED

Inventories used mainly represent the costs of medical device licences, IOLs and drugs and dispensary supplies. Our medical device licences are procedure packs, which comprised of medical consumables required for the operation of our medical devices. The procedure packs enable our Medical Practitioners to perform treatments and surgeries using the respective medical devices. IOLs primarily consist of intraocular lens used in treatments and surgeries. Our drugs and dispensary supplies are drugs which our Medical Practitioners prescribed to our patients following diagnosis after consultation and supplies are materials used during surgeries. For the six months ended 30 September 2021 and 2022, the inventories used amounted to approximately HK\$19.0 million and HK\$19.4 million, representing approximately 16.1% and 18.0% of our revenue, respectively. The inventories used as a percentage of revenue remained relatively stable, and the fluctuations in inventories used was generally in line with the increase in the number of treatments conducted during the 2022 Interim Period.

## CONSULTANCY FEES

Consultancy fees represent professional fees paid to our medical practitioners, and consist of a fixed fees and/or a variable amount based on, among others, the revenue generated by the respective medical practitioners, net of the relevant costs. For the six months ended 30 September 2021 and 2022, consultancy fees amounted to approximately HK\$32.9 million and HK\$31.1 million, representing approximately 28.0% and 28.9% of our total revenue, respectively. The consultancy fee as a percentage of revenue remained relatively stable, and the fluctuation in consultancy fees was generally in line with the fluctuation in revenue.

## EMPLOYEE BENEFIT EXPENSES

Our employee benefit expenses include wages, salaries, pension scheme contributions and other related expenses for our staff. For the six months ended 30 September 2021 and 2022, our employee benefit expenses amounted to approximately HK\$19.2 million and HK\$23.7 million, representing approximately 16.3% and 22.0% of our revenue, respectively. The increase in employee benefit expenses during the 2022 Interim Period was primarily due to an increase in wages, salaries and bonuses paid to our employees and an increase in the number of employees in order to support the Group's expansion and to maintain the Group's competitiveness through retraining our employees and recruiting new talents. The Group's total number of employees increased from 97 as at 30 September 2021 to 111 as at 30 September 2022.

## DEPRECIATION OF RIGHT-OF-USE ASSETS

Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased equipment and properties. For the six months ended 30 September 2021 and 2022, our depreciation expenses for right-of-use assets amounted to approximately HK\$7.8 million and HK\$7.3 million, representing approximately 6.6% and 6.8% of our revenue, respectively. We recorded a decrease of depreciation of right-of-use assets during the 2022 Interim Period as a result of the decrease in rental fee of our leased properties in Mong Kok and Central upon renewal in May 2021 and August 2021, respectively.

## EXPENSES INCURRED IN CONNECTION WITH THE LISTING

The Company has been listed on the Stock Exchange since 18 February 2022 (the "Listing"). In relation to the Listing, listing expenses of approximately HK\$9.3 million and nil were charged to the Group's consolidated statement of comprehensive income during the six months ended 30 September 2021 and 2022 respectively.



## OTHER EXPENSES

Other expenses mainly comprise other general and administration expenses, management fees, business development expenses and bank charges. For the six months ended 30 September 2021 and 2022, other expenses were approximately HK\$11.8 million and HK\$15.8 million, representing approximately 10.0% and 14.7% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the six months ended 30 September 2021 and 2022 respectively:

	For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Business development	3,490	3,765
Repair and maintenance	1,685	1,229
Professional fees	3,222	419
Bank charges	2,800	3,187
Other general and administrative expenses	4,619	3,153
<b>Other expenses</b>	<b>15,816</b>	<b>11,753</b>

Our business development expenses include the cost of organising eye care educational talks and the related costs of printing leaflets and designing website. For the six months ended 30 September 2021 and 2022, our business development expenses amounted to approximately HK\$3.8 million and HK\$3.5 million respectively.

Bank charges are expenses related to credit card transfers. For the six months ended 30 September 2021 and 2022, our bank charges amounted to approximately HK\$3.2 million and HK\$2.8 million, respectively.

Other general and administrative expenses mainly includes, but not limited to, utilities charges, insurance payments and other telecommunication charges. For the six months ended 30 September 2021 and 2022, our other general and administrative expenses amounted to approximately HK\$3.2 million and HK\$4.6 million, respectively.

## FINANCE COSTS

Finance costs mainly comprise interest expenses on lease liabilities. The Group's finance costs remained stable at approximately HK\$0.3 million and HK\$0.4 million for the six months ended 30 September 2021 and 2022, respectively.

## INCOME TAX EXPENSES

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 six months ended 30 September 2021 and 2022, our income tax expenses amounted to approximately HK\$3.8 million and HK\$2.3 million, and our effective tax rates were 26.8% and 22.5%, respectively. Our effective tax rates for the six months ended 30 September 2021 and 2022 were higher than Hong Kong's statutory corporate tax mainly due to certain non-deductible expenses incurred by our Group during the respective periods, which mainly comprised of listing expenses incurred in preparation of the Listing.



## PROFIT FOR THE PERIOD AND NET PROFIT MARGIN

As a result of the foregoing, our net profit for the 2022 Interim Period decreased from HK\$10.5 million for the six months ended 30 September 2021 to approximately HK\$7.9 million for the six months ended 30 September 2022, representing a decrease of HK\$2.6 million or 24.8%. The net profit margin for 2022 Interim Period decreased from 8.9% for the six months ended 30 September 2021 to 7.3% for the six months ended 30 September 2022.

After excluding the effect of the listing expenses incurred during the six months ended 30 September 2021, the adjusted net profit of the Group amounted to approximately HK\$19.7 million and HK\$7.9 million for the six months ended 30 September 2021 and 2022 respectively, representing a period-on-period decrease of HK\$11.8 million or 59.9%. The adjusted net profit margin decreased from 16.8% for the six months ended 30 September 2021 to 7.3% for the six months ended 30 September 2022.

## CAPITAL EXPENDITURE AND COMMITMENTS

For the six months ended 30 September 2021 and 2022, the Group incurred capital expenditures of HK\$206,000 and HK\$3,005,000, respectively, primarily due to the purchase of equipment and leasehold improvements for our medical centres.

As at 30 September 2022, capital expenditure contracted for but not yet recognised amounted to HK\$20.8 million which mainly represents capital expenditure commitments for the establishment of the New Mong Kok Centre and New Tsim Sha Tsui Centre (31 March 2022: Nil).

## GEARING RATIO

As at 30 September 2022, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (31 March 2022: same).

## CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 September 2022.

## PLEDGE OF ASSETS

The Group had not pledged any assets as at 30 September 2022.

## 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 six months ended 30 September 2021 and 2022, 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.

### LIQUIDITY RISK

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

### CAPITAL RISK MANAGEMENT

Our capital structure consists of shareholders' equity and borrowings. In order to maintain or adjust our capital structure, we may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. We monitor capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. The net debt includes the total borrowings including lease liabilities less cash and cash equivalents. As of 31 March 2022 and 30 September 2022, we maintained at net cash position.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed a total of 111 employees (31 March 2022: 99). The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors (including the executive Directors), we take into account the experience of the Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual discretionary performance-related bonus.

### EVENTS AFTER THE REPORTING PERIOD

With reference to the circular of the Company dated 7 November 2022, and announcements of the Company dated 28 October 2022 and 23 November 2022, the Company adopted a share award plan (the "**Share Award Plan**") pursuant to the extraordinary general meeting on 23 November 2022.

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 give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For the details of the Share Award Plan, please refer to the circular of the Company dated 7 November 2022.

Except for the adoption of Share Award Plan on 23 November 2022, there was no other material subsequent event undertaken by the Company or by the Group after 30 September 2022 and up to the date of this report.



## OUTLOOK AND STRATEGIES

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

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

## FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

## LIQUIDITY AND CAPITAL STRUCTURE

During the six months ended 30 September 2021 and 2022, our operations were generally financed from internally generated cash flows. The Directors believe that in the long term, our operations will be funded by internally generated cash flows and, if necessary, additional equity financing and bank borrowings. As at 30 September 2022, we had cash and cash equivalents (including time deposits) of HK\$233.6 million (31 March 2022: HK\$241.3 million), all of which were denominated in Hong Kong dollars.

During the six months ended 30 September 2021 and 2022, the Group did not use any financial instruments, currency borrowings or other hedging instruments for hedging purposes.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. As at 30 September 2022, the gearing ratio is not applicable due to net cash position (31 March 2022: not applicable).

The current ratio (calculated as current assets over current liabilities) was 7.7 times as at 30 September 2022 compared with 10.3 times as at 31 March 2022.

As at 30 September 2022, the Group reported net current assets of HK\$223.2 million, as compared with HK\$225.4 million as at 31 March 2022.

Net cash generated from operating activities was HK\$17.7 million during the six months ended 30 September 2022 (2021: HK\$25.4 million). The decrease was mainly attributed to the decrease in profit before income tax during the six months ended 30 September 2022.



Net cash used in investing activities amounted to HK\$205.4 million during the six months ended 30 September 2022 as compared to HK\$0.2 million during the six months ended 30 September 2021. During the six months ended 30 September 2022, the net cash used in investing activities was mainly from (i) additions and deposits paid for the purchases of plant and equipment of approximately HK\$11.9 million; (ii) increase in time deposits of approximately HK\$180 million which was mainly the proceeds from the initial public offering of the Company and (iii) advance of a loan to a medical practitioner of approximately HK\$14.2 million.

During the six months ended 30 September 2022, net cash generated from financing activities amounted to HK\$67,000, as compared to net cash used in financing activities of HK\$25.4 million during the six months ended 30 September 2021. The cash generated from financing activities for the six months ended 30 September 2022 was mainly from (i) proceeds from issuance of ordinary shares upon exercise of share options of approximately HK\$6.9 million, netted off; and (ii) lease payments of approximately HK\$6.8 million.

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

Except for investment in subsidiaries, there were no significant investments held by the Group during the 2022 Interim Period.

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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	3	107,691	117,509
Other income	4	2,755	956
Inventories used		(19,443)	(18,951)
Consultancy fee		(31,074)	(32,923)
Employee benefit expenses		(23,693)	(19,174)
Depreciation for plant and equipment		(2,526)	(3,945)
Depreciation of right-of-use assets		(7,263)	(7,794)
Expenses incurred in connection with the Company's listing		—	(9,262)
Other expenses	5	(15,816)	(11,753)
<b>Operating profit</b>		<b>10,631</b>	14,663
Finance costs	6	(419)	(340)
<b>Profit before income tax</b>		<b>10,212</b>	14,323
Income tax expense	7	(2,300)	(3,841)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>7,912</b>	10,482
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK\$ per share)			
— Basic	9	0.015	0.028
— Diluted	9	0.015	0.028

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
<b>Non-current assets</b>			
Plant and equipment	10	18,176	17,696
Right-of-use assets		37,698	20,118
Deferred tax assets		277	594
Rental and other deposits	12	12,442	2,144
<b>Total non-current assets</b>		<b>68,593</b>	40,552
<b>Current assets</b>			
Inventories		2,898	3,746
Trade receivables	11	2,822	1,105
Deposits, prepayments and other receivables	12	16,941	2,629
Tax recoverable		—	842
Cash and cash equivalents	13	233,634	241,270
<b>Total current assets</b>		<b>256,295</b>	249,592
<b>Current liabilities</b>			
Trade payables	14	6,344	5,877
Accruals and other payables		7,286	7,391
Provisions		850	—
Lease liabilities		17,482	10,928
Tax payables		1,141	—
<b>Total current liabilities</b>		<b>33,103</b>	24,196
<b>Net current assets</b>		<b>223,192</b>	225,396
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>291,785</b>	265,948
<b>Non-current liabilities</b>			
Provisions		1,625	1,250
Lease liabilities		19,924	9,247
<b>Total non-current liabilities</b>		<b>21,549</b>	10,497
<b>Net assets</b>		<b>270,236</b>	255,451

	<i>Note</i>	<b>30 September 2022 (Unaudited) HK\$'000</b>	31 March 2022 (Audited) HK\$'000
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	5,218	5,097
Share premium		301,734	292,898
Reserves		(36,716)	(42,544)
<b>Total equity</b>		<b>270,236</b>	255,451

The condensed consolidated financial information on pages 14 to 33 were approved by the Board of Directors on 28 November 2022 and were signed on its behalf:

**Mr. Hui Yung Chris**  
*Director*

**Mr. Lo Tsz Hong**  
*Director*

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2022 (unaudited)</b>						
At 1 April 2022	5,097	292,898	(11,489)	3,182	(34,237)	255,451
Profit and total comprehensive income for the period	—	—	—	—	7,912	7,912
Issuance of shares upon exercise of share options	121	8,836	—	(2,084)	—	6,873
At 30 September 2022	5,218	301,734	(11,489)	1,098	(26,325)	270,236

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2021 (unaudited)</b>						
At 1 April 2021	—	108,849	(11,489)	4,862	(21,728)	80,494
Profit and total comprehensive income for the period	—	—	—	—	10,482	10,482
At 30 September 2021	—	108,849	(11,489)	4,862	(11,246)	90,976

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash flows from operating activities	17,707	25,439
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(3,005)	(206)
Deposits paid for the purchase of plant and equipment	(8,876)	—
Interest received	671	14
Increase in time deposits with original maturity of more than three months	(180,000)	—
Advance of a loan to a medical practitioner	(14,200)	—
Net cash flows used in investing activities	(205,410)	(192)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	6,873	—
Payment of listing expenses	—	(16,517)
Repayment of principal portion of lease liabilities	(6,387)	(8,498)
Repayment of interest portion of lease liabilities	(419)	(340)
Net cash flows from/(used in) financing activities	67	(25,355)
<b>Net decrease in cash and cash equivalents</b>	<b>(187,636)</b>	<b>(108)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>241,270</b>	<b>64,862</b>
<b>Cash and cash equivalents at end of period</b>	<b>53,634</b>	<b>64,754</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	53,634	64,754
Non-pledged time deposits with original maturity of more than three months when acquired	180,000	—
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	233,634	64,754
Time deposits with original maturity of more than three months when acquired	(180,000)	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	53,634	64,754

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



## 1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in provision of ophthalmic services in Hong Kong.

The interim condensed consolidated financial information are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”), unless otherwise stated.

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

## 2 ACCOUNTING POLICIES AND BASIS OF PREPARATION

### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 September 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022.

### 2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 3  
Amendments to HKAS 16  
Amendments to HKAS 37  
*Annual Improvements to  
HKFRSs 2018–2020*

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



## 2 ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### 2.2 Changes in accounting policies (Continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there was no business combination occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the related cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. The amendments did not have any impact on the financial position or performance of the Group as the Group did not sell items produced before an item of property, plant and equipment is available for use.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified based on the new accounting policy. Therefore, the amendments did not have any impact on the financial position or performance of the Group.



## 2 ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### 2.2 Changes in accounting policies (Continued)

- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 April 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## 3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the six months ended 30 September 2022 and 2021 is analysed by the chief operating decision-maker. For the purposes of resources allocation and performance assessment, the executive directors review the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no discrete operating segment financial information is available.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong.

No information about major customers is presented as there is no single customer which individually contributed more than 10% of the Group's total revenue for the six months ended 30 September 2022 and 2021.

The Group's derived revenue from the transfer of goods and services at a point in time in the ordinary course of business. Revenue is recognised in the following major revenue streams:

	<b>Six months ended 30 September</b>	
	<b>2022 (Unaudited) HK\$'000</b>	<b>2021 (Unaudited) HK\$'000</b>
Ophthalmic service income	<b>104,169</b>	113,538
Sales of prescriptions	<b>3,522</b>	3,971
	<b>107,691</b>	117,509

#### 4 OTHER INCOME

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Rent concessions ( <i>Note i</i> )	—	919
Government subsidies ( <i>Note ii</i> )	2,072	—
Interest income	671	11
Miscellaneous income	12	26
	<b>2,755</b>	<b>956</b>

Notes:

- (i) Rent concessions represent the change in lease payment directly related to COVID-19.
- (ii) For the six months ended 30 September 2022, government subsidies represent the subsidy from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. There were no unfulfilled conditions relating to these subsidies.

#### 5 EXPENSES BY NATURE

Included in "other expenses" are the expenses related to:

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Business development	3,490	3,765
Repair and maintenance	1,685	1,229
Professional fees	3,222	419
Bank charges	2,800	3,187

#### 6 FINANCE COSTS

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest expenses on lease liabilities	419	340

## 7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

	<b>Six months ended 30 September</b>	
	<b>2022 (Unaudited) HK\$'000</b>	2021 (Unaudited) HK\$'000
Hong Kong profits tax:		
Current income tax	<b>1,983</b>	4,322
Deferred income tax	<b>317</b>	(481)
	<b>2,300</b>	3,841

## 8 DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 9 BASIC AND DILUTED EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2022 and 2021.

The weighted average number of shares in issue for the six months ended 30 September 2021 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 374,993,633.68 shares issued under the capitalisation issue on 18 February 2022.

	<b>Six months ended 30 September</b>	
	<b>2022 (Unaudited)</b>	2021 (Unaudited)
Profit attributable to owners of the Company during the period (HK\$'000)	<b>7,912</b>	10,482
Weighted average number of ordinary shares in issue	<b>520,502,992</b>	375,000,000
Basic earnings per share (expressed in HK\$ per share)	<b>0.015</b>	0.028

## 9 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

### Diluted

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to Company, adjusted for the effect of dilutive potential ordinary shares on exercise of share options. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

	Six months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company during the period (HK\$'000)	7,912	10,482
Weighted average number of ordinary shares in issue	520,502,992	375,000,000
Effect of dilutive potential ordinary shares on exercise of share options	4,039,582	—
Weighted average number of ordinary shares after assuming dilution	524,542,574	375,000,000
Diluted earnings per share (expressed in HK\$ per share)	0.015	0.028

## 10 PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired items of plant and equipment of HK\$3,005,000 (2021: HK\$206,000).

## 11 TRADE RECEIVABLES

As at 30 September 2022 and 31 March 2022, the carrying amount of trade receivables approximated its fair values and is denominated in HK\$.

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

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
0–30 days	1,947	791
31–60 days	—	191
61–90 days	441	32
Over 90 days	434	91
	2,822	1,105

## 11 TRADE RECEIVABLES (CONTINUED)

The Group applies the simplified approach permitted by HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 30 September 2022 and 31 March 2022, the Group has assessed that the expected loss allowance for trade receivables was immaterial. Thus no loss allowance provision for trade receivables was recognised during the six months ended 30 September 2022 and 2021.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Rental and other deposits	5,747	4,112
Deposits paid for purchase of plant and equipment	8,876	—
Prepayments	560	661
Other receivables ( <i>Note</i> )	14,200	—
	<b>29,383</b>	4,773
Less: non-current portion	<b>(12,442)</b>	(2,144)
Current portion	<b>16,941</b>	2,629

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 September 2022 and 31 March 2022, the loss allowance was assessed to be minimal.

*Note:* Included in the balance is a loan advanced to a medical practitioner of HK\$14,200,000 (31 March 2022: Nil) which is unsecured, bears interest at 3% per annum and repayable within 12 months.

## 13 CASH AND CASH EQUIVALENTS

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Cash and bank balances	53,634	241,270
Non-pledged time deposits with an original maturity of more than three months when acquired	180,000	—
Cash and cash equivalents	<b>233,634</b>	241,270

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

## 14 TRADE PAYABLES

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

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
0–30 days	2,504	1,999
31–60 days	2,010	1,320
61–90 days	1,354	1,710
Over 90 days	476	848
	<b>6,344</b>	<b>5,877</b>

As at 30 September 2022 and 31 March 2022, all trade payables of the Group were denominated in HK\$, and their fair value approximated to their carrying amounts.

## 15 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
<i>Authorised:</i>		
As at 1 April 2021	38,000,000.00	380
As at 31 March 2022, 1 April 2022 and 30 September 2022	5,000,000,000.00	50,000
<i>Issued and fully paid:</i>		
As at 1 April 2021	6,366.32	—
Capitalisation issue	374,993,633.68	3,750
Issuance of ordinary shares ( <i>Note</i> )	125,000,000.00	1,250
Issuance of shares upon exercise of share options	9,717,500.00	97
As at 31 March 2022 and 1 April 2022	509,717,500.00	5,097
Issuance of shares upon exercise of share options	12,057,500.00	121
As at 30 September 2022	521,775,000.00	5,218

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

## 16 SHARE-BASED PAYMENTS

The establishment of the Saintford Share Option Scheme was approved by shareholders of the Company 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 Limited ("Saintford"), a subsidiary of the Company. As a result of the reorganisation and for the purpose of the proposed listing of the Company, the Company adopted the Pre-IPO Share Option Scheme on 29 March 2019 on the same terms and conditions in replacement of the Saintford Share Option Scheme.

At the grant date, 750 options were granted to a total of 8 grantees. This represented 7.5% of the issued shares of Saintford. The options are subject to the following vesting schedule:

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

The assessed fair values at grant date of options granted for the share option scheme was HK\$3,980 per share. The fair values of the employee share option scheme were calculated using the binomial option pricing model and subject to a number of assumptions and with regard to the limitation of the model. The fair value of the employee share option scheme granted and the significant input to the model at grant date are summarised as below:

Fair value of the share options granted (HK\$)	2,985,000
Number of share options granted	750
Exercise price per share (HK\$)	42,612
Grant date	1 April 2018
Expiry date	1 April 2021
Risk-free rate	1.58%
Expected volatility	36.37%
Expected dividend yield	0%

Upon replacement of the Saintford Share Option Scheme by the Pre-IPO Share Option Scheme on 29 March 2019, the number of share options granted and the exercise price per share has been adjusted to 333.47 share options of the Company and HK\$95,490 per share to reflect the proportionate beneficial interest under the Saintford Share Option Scheme. The vesting conditions were not changed, and there was no significant incremental cost incur upon the modification.

Upon completion of the Rights Issue in February 2020, the number of share options granted and the exercise price per share has been adjusted to 477 share options of the Company and HK\$66,934 per share, respectively, to reflect the proportionate beneficial interest under the Pre-IPO Share Option Scheme. The vesting conditions were not changed, and there was no significant incremental cost incur upon the modification.

## 16 SHARE-BASED PAYMENTS (CONTINUED)

On 2 March 2020, a shareholder's resolution in relation to the modification of the expiry date of the share option scheme was approved by the shareholder. The Company extended the exercisable period by modifying the expiry date to 31 December 2022 and reduced the exercise price to HK\$33,506 per share. The assessed fair value at modification date of the share option was approximately HK\$4,308 per share. The incremental fair value of HK\$1,876,000 will be recognised as an expense over the period from the modification date to the end of the vesting period. The expense for the original option grant will continue to be recognised as if the terms had not been modified. The fair value of the modified options was determined using the same models and principles as described above, with the following model inputs:

Fair value of the share options granted (HK\$)	2,055,000
Number of share options granted	477
Exercise price per share (HK\$)	33,506
Grant date	1 April 2018
Expiry date	31 December 2022
Risk-free rate	0.89%
Expected volatility	48.00%
Expected dividend yield	10%

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

	Six months ended 30 September 2022		Year ended 31 March 2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 April	<b>HK\$0.57</b>	<b>18,407,500</b>	HK\$33,506	477
Effect of capitalisation issue during the period/year ( <i>Note</i> )		—		28,124,523
Exercised during the period/year	<b>HK\$0.57</b>	<b>(12,057,500)</b>	HK\$0.57	(9,717,500)
At 30 September 2022/ 31 March 2022	<b>HK\$0.57</b>	<b>6,350,000</b>	HK\$0.57	18,407,500
Vested and exercisable at 30 September 2022/ 31 March 2022	<b>HK\$0.57</b>	<b>6,350,000</b>	HK\$0.57	18,407,500

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

## 17 COMMITMENTS

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

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Contracted, but not provided for: Plant and equipment	20,807	—

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
<b>Financial assets at amortised cost</b>		
Trade receivables and deposits and other receivables	22,769	5,280
Cash and cash equivalents	233,634	241,270
	<b>256,403</b>	246,550
<b>Financial liabilities at amortised cost</b>		
Trade payables and accruals and other payables	12,136	10,932
Lease liabilities	37,406	20,175
	<b>49,542</b>	31,107

## 19 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 six months ended 30 September 2022 and 2021:

Name of related party	Relationship with the Group
Mr. Tse Wai Ip (“ <b>Dr. Tse</b> ”)	One of the Company’s shareholders and an executive director of the Company
Starry Profit Limited	A company of medical practice controlled by Dr. Hui Yung Lam (“ <b>Dr. Hui</b> ”)
Metro Grace Limited	A company of medical practice controlled by Dr. Lau Yze Yan Teresa (“ <b>Dr. Lau</b> ”)
Star Lite Energy Management Limited	A company controlled by a non-executive director of the Company

### (a) Transactions with related parties

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

	Six months ended 30 September	
	2022 (Unaudited) HK\$’000	2021 (Unaudited) HK\$’000
IT consultancy service fee to Star Lite Energy Management Limited ( <i>Note i</i> )	—	(57)
Consultancy fee to Starry Profit Limited ( <i>Note ii</i> )	—	(1,200)
Consultancy fee to Metro Grace Limited ( <i>Note iii</i> )	(2,026)	(1,200)
Compensation fee from related parties ( <i>Note iv</i> )	2,400	—
Consultancy fee to Dr. Tse ( <i>Note v</i> )	(1,463)	—

Notes:

- (i) The IT consultancy service agreement with Star Lite Energy Management Limited has terminated in June 2021.
- (ii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Hui pursuant to the consultancy fee agreement entered into by Saintford and Dr. Hui.
- (iii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Lau pursuant to the consultancy fee agreement entered into by Saintford and Dr. Lau. On 31 August 2022, Dr. Lau ceased to be the chief operating officer of the Company and Dr. Lau together with Metro Grace Limited were not considered as related parties thereafter.
- (iv) The compensation fee represented the compensation fee received from the related parties based on mutually agreed terms.
- (v) The consultancy fee represented the remuneration payable to Dr. Tse as a medical practitioner.

**19 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Key management compensation**

	<b>Six months ended 30 September</b>	
	<b>2022 (Unaudited) HK\$'000</b>	<b>2021 (Unaudited) HK\$'000</b>
Short-term employee benefits	<b>2,736</b>	631
Staff retirement scheme contributions	<b>18</b>	18
<b>Total compensation paid to key management personnel</b>	<b>2,754</b>	649

**20 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:

	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 September 2022 (Unaudited) HK\$'000</b>	<b>31 March 2022 (Audited) HK\$'000</b>	<b>30 September 2022 (Unaudited) HK\$'000</b>	<b>31 March 2022 (Audited) HK\$'000</b>
<b>Financial assets</b>				
Deposits, non-current portion	<b>3,566</b>	2,144	<b>3,166</b>	1,964

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.

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

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



## 20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy

At the end of the reporting period, the Group had no financial assets or financial liabilities measured at fair value in the condensed 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 was classified as Level 2. During the period, 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 (31 March 2022: Nil).

## 21 EVENT AFTER REPORTING PERIOD

With reference to the circular of the Company dated 7 November 2022, and announcements of the Company dated 28 October 2022 and 23 November 2022, the Company adopted a share award plan (the “**Share Award Plan**”) pursuant to the extraordinary general meeting on 23 November 2022.

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 give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 23 November 2022, the Share Award Plan was approved by independent shareholders of the Company.

## 22 APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial information was approved and authorised for issue by the Board on 28 November 2022.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



## To the board of directors of Clarity Medical Group Holding Limited

(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 14 to 33, which comprises the condensed consolidated statement of financial position of Clarity Medical Group Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 September 2022 and the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

#### Ernst & Young

*Certified Public Accountants*

27/F, One Taikoo Place  
979 King’s Road  
Quarry Bay, Hong Kong

28 November 2022

## OTHER INFORMATION



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

As at 30 September 2022, the interests and short positions of our Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of Directors	Capacity/Nature of Interest	Number of Shares	Number of share options held (Note 1)	Approximately percentage of shareholding in our Company (%) (Note 2)
<b>Directors</b>				
Wu Ting Yuk Anthony	Beneficial owner	3,749,812	—	0.72%
Dr. Tse Wai Ip (Note 3)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	—	20.61%
	Beneficial owner	851,250	—	0.16%
Lo Tsz Hong	Beneficial owner	—	1,850,000	0.35%
Ng Roy	Interest of controlled corporation	—	4,500,000 (Note 4)	0.86%

*Notes:*

- The share options were granted pursuant to the Pre-IPO Share Option Scheme, details of which are set out in the paragraphs headed "Pre-IPO Share Option Scheme" of the "Other Information" section contained in this report.
- As at 30 September 2022, the number of issued ordinary shares of the Company (the "Shares") was 521,775,000, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- 107,505,880 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 share options were held by Star Lite (Greater China) Limited, which is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

Save as disclosed above, as of 30 September 2022, none of the Directors nor the chief executive of the Company had any interests or short position in any Shares and underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, otherwise notified to the Company and Stock Exchange pursuant to the Model Code. Nor any of the Directors and chief executive had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the reporting period ended 30 September 2022.

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

As at 30 September 2022, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' and Chief Executives' Interests and Short Position in Shares, Underlying Shares and Debentures of Our Company or Any Associated Company" above, the following persons (not being a Director or the Chief Executive Officer of the Company) have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximately percentage of shareholding in our Company (%) (Note 4)
<b>Long Position</b>			
Clear Lead Ventures Limited (Note 1)	Beneficial owner	165,775,126	31.77%
3W Partners Fund I L.P. (Note 1)	Interest of controlled corporation	165,775,126	31.77%
3W Partners GP Limited (Note 1)	Interest of controlled corporation	165,775,126	31.77%
Goh Lu Hong (Note 1)	Interest of controlled corporation	165,775,126	31.77%
Chan Hoi Hin William (Note 1)	Interest of controlled corporation	165,775,126	31.77%
Ultimate Bliss Limited (Note 2)	Beneficial owner	107,505,880	20.61%
Prime Sage International Limited (Note 2)	Interest of controlled corporation	107,505,880	20.61%
TMF (Cayman) Ltd. (Note 2)	Trustee	107,505,880	20.61%
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	20.61%
Dr. Tse Wai Ip (Note 2)	Beneficial owner	851,250	0.16%
WuXi AppTec (HongKong) Limited (Note 3)	Beneficial owner	78,125,196	14.97%
WuXi AppTec Co., Ltd. (Note 3)	Interest in controlled corporation	78,125,196	14.97%



*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 30 September 2022, the number of issued ordinary Shares of the Company was 521,775,000, 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.*

## 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 18 February 2022 (the "**Listing Date**") and no further options will be granted under the Pre-IPO Share Option Scheme after to the Listing Date.

As of the date of this report, a total of 28,125,000 Pre-IPO Share Options were granted to Directors, senior management and employees, representing approximately 5.40% of the issued share capital of our Company as of the date of this report. The exercise price for each of the Pre-IPO Share Options is HK\$0.57 per Share. As of the date of this report, an aggregate of 21,775,000 Shares (representing approximately 4.17% of the issued share capital of our Company as of the date of this report) have been exercised and an aggregate of 6,350,000 Shares (representing approximately 1.22% of the issued share capital of our Company as of the date of this report) remained outstanding.

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



Details of the movements in the number of outstanding Pre-IPO Share Options under the Pre-IPO Share Option Scheme during the six months ended 30 September 2022 are as follows:

Grantee Directors	Position	Held at 1 April 2022	Granted during the year	Number of Options			Held at 30 September 2022	Exercise Price HK\$	Exercise Period	Grant Date	Expiry Date
				Lapsed during the year	Cancelled during the year	Exercised during the period					
<b>Directors</b>											
Wong Tai Cheung Andrew <sup>(1)</sup>	Chief Executive Officer and Executive Director	11,557,500	—	—	—	(11,557,000)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Lo Tsz Hong	Executive Director	1,850,000	—	—	—	—	1,850,000	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Star Lite (Greater China) Limited <sup>(2)</sup>	Associated company of a Non-Executive Director	4,500,000	—	—	—	—	4,500,000	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
<b>Senior Management</b>											
Ho Kin	Financial Controller	500,000	—	—	—	(500,000)	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
<b>Other grantees</b>											
Chan Po Yu	Company Secretary	—	—	—	—	—	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Ting Yin Ting	Head of Customer Service	—	—	—	—	—	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Chan Ka Yan	Senior Manager of Business Development	—	—	—	—	—	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
Chan Fan	Human Resources Manager	—	—	—	—	—	—	0.57	(i) 50% of the Options shall be exercisable at any time on or after 1 June 2019; and (ii) 50% of the Options shall be exercisable at any time on or after 1 April 2020	1 April 2018	31 December 2022
		18,407,000				(12,057,500)	6,350,000				



*Notes:*

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

The weighted average closing prices of the Shares immediately before the dates on which the Pre-IPO Share Options were exercised during the period ended 30 September 2022 were (i) HK\$1.304 for 11,557,000 share options exercised by Mr. Wong Tai Cheung Andrew, and (ii) HK\$1.387 for 500,000 share options exercised by others.

### Share Option Scheme

The Company adopted the Share Option Scheme pursuant to the written resolutions of our Shareholders passed on 26 January 2022 and adopted by the resolutions of the Board meeting passed on 26 January 2022.

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

#### 1. Purpose of the Share Option Scheme

- (a) The Share Option Scheme is a share incentive scheme and is established to provide incentives and rewards to Eligible Participants (as defined below) for their contribution, and to align the corporate objectives and interests between the Group and its key talents.
- (b) For the purpose of the Share Option Scheme, "Eligible Participant" means any person who satisfies the eligibility criteria in paragraph 2 below.

#### 2. Who may join and basis for determining eligibility

- (a) Our Board may at its discretion grant options to any director, employee, adviser, consultant and business partner of our Group.
- (b) In determining the basis of offering options to an Eligible Participant, our Board shall take into account, without limitations, the employee grade, years of service, overall performance of such Eligible Participant, and/or such factors as our Board may at its discretion consider appropriate, for the purpose of management.
- (c) Each grant of options to a connected person (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of our Company, or any of his associates (as defined in the Listing Rules), must comply and be approved in accordance with the applicable requirements of the Listing Rules.

#### 3. Grant of options

On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time during the operation of the Share Option Scheme, at its sole and absolute discretion, to make an offer of options to any Eligible Participant by letter in such form as our Board may from time to time determine. An offer of options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board (or a person designated by the Board) for such period (not exceeding thirty (30) calendar days from, and inclusive of, the grant date) as



the Board may determine and notify to the grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An offer of options not accepted within this period shall lapse. A non-refundable remittance of HK\$1.00 is payable by the grantee to our Company upon acceptance of the offer of options which shall not be deemed to be a part payment of the subscription price. An offer may not be accepted unless the grantee remains an Eligible Participant on acceptance.

#### **4. Subscription price**

The subscription price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to a grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a Business Day (as defined in the Listing Rules), (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the date of grant of the relevant options; and (iii) the nominal value of a Share on the date of grant.

#### **5. Maximum number of Shares**

- (a) The total number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the total number of Share in issue as of the Listing Date (such 10% limit representing 50,000,000 Shares), unless our Company obtains the approval of our Shareholders in general meeting to refresh the 10% limit. Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the 10% limit.
- (b) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme shall not exceed 30% of the total number of Share in issue from time to time.
- (c) No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding options granted under the Share Option Scheme) in the twelve-month period up to and including the date of such new grant exceeding 1% in aggregate of the total number of Share in issue as of the date of such new grant. Any grant of further options granted under the Share Option Scheme above this limit shall be subject to the requirements provided under the Listing Rules.

#### **6. Time of exercise of option**

- (a) Subject to any restriction contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable exercise period, which is not more than ten (10) years from the date of grant of option.
- (b) There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.



## 7. Rights are personal to grantee

An option granted under the Share Option Scheme shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favor of any third party over or in relation to any option granted under the Share Option Scheme.

## 8. Rights on death/ceasing employment

- (a) In the event of transfer of the grantee's employment or engagement within our Company and/or our subsidiaries according to the relevant internal rules, the rights and obligations in relation to the options granted to such grantee shall remain the same.
- (b) If the grantee retires, the vesting schedule of the options granted to him shall continue to apply.
- (c) If the grantee is on leave without pay accumulated for more than one hundred and eighty-three (183) calendar days in any calendar year after the date of grant of option, the vesting periods for all unvested options granted to him shall be respectively extended for twelve (12) months. If any such extension will result in the vesting period of any unvested options to cross beyond the date of the 7th anniversary of the date of grant of option, such extension shall be deemed to be made up to the Business Day immediately prior to the date of the 7th anniversary of the date of grant of option.
- (d) In the event of death of a grantee (provided that none of the events under certain provisions of the Share Option Scheme arises before his death) all unvested options shall vest on the date of his death or the date of grant of option, whichever is later, and the legal personal representative(s) of such grantee may exercise all options granted to the deceased within twelve (12) months thereafter. Any vested options not exercised within the aforementioned period shall be automatically forfeited.
- (e) If a grantee who is an employee, director, consultant or adviser of our Group ceases to be employed or engaged by our Group on the ground of disability resulting from an occupational accident, all unvested options shall vest on the date of grant of option or the termination date of the employment or engagement of such grantee, whichever is later. The grantee shall exercise all options granted to him within twelve (12) months thereafter. Any vested options not exercised within the aforementioned period shall be automatically forfeited.
- (f) Notwithstanding any provision to the contrary under sub-paragraphs (a) to (e) above, if a grantee breaches the employment or engagement contract or other contracts with our Company and/or our subsidiaries, the Board may forfeit any unvested option at its sole and absolute discretion. The grantee may exercise any vested options which he is entitled to exercise within thirty (30) calendar days of the notice of the Board of such decision, or such longer period as the Board may determine. Any vested options not exercised within the aforementioned period shall be automatically forfeited.



## 9. Effects of alterations to capital

In the event of any alteration in the capital structure of our Company while an option granted under the Share Option Scheme remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (a) the number of Shares (without fractional entitlements) subject to the options so far as unexercised; and/or
- (b) the subscription price; and/or
- (c) the maximum number of Shares for which further option may be granted under the Share Option Scheme.

Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the options and/or the subscription price shall be conditional on the auditors or the independent financial adviser appointed by our Company confirming by the issue of certificate to the Board that the alteration is in their opinion fair and reasonable, is made on the basis that the proportion of the issued share capital of our Company to which a grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration shall be made to the effect which would be to enable any Share to be issued at less than its nominal value (where applicable) or which would result in the aggregate amount payable on the exercise of any options in full being increased.

## 10. Period of the Share Option Scheme

Options may be granted to Eligible Participants under the Share Option Scheme during the period of ten (10) years commencing on the adoption date of the Share Option Scheme.

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

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022.

## CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards.

In the opinion of the Board, during the six months ended 30 September 2022 and up to the date of this interim report, the Company has complied with all applicable code provisions as set forth in the in the Corporate Governance Code (the “CG code”) contained in Appendix 14 to the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct in respect of the securities dealing by the Directors. Following specific enquiry of all Directors, each of the Directors confirmed that they have complied with the Model Code throughout the 2022 Interim Period.



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2022 Interim Period.

## **CHANGES IN INFORMATION OF AND OTHER INFORMATION ON DIRECTORS AND 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 since the publication date of the 2022 Annual Report of the Company is set out below:

Mr. WU Ting Yuk Anthony, our Chairman and non-executive Director, has retired 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) with effect from 23 June 2022.

Mr. WU Ting Yuk Anthony has appointed as an independent non-executive director of the manager of Hui Xian Real Estate Investment Trust (匯賢產業信託), a Hong Kong collective investment scheme authorised under section 104 of the SFO (stock code:87001) with effect from 2 November 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2022 Annual Report of the Company.

## **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 which is also set out below.

During the 2022 Interim Period, net proceeds in the amount of approximately HK\$3.9 million were used for the establishment of the New Tsim Sha Tsui Centre. The details of the establishment of the New Tsim Sha Tsui Centre are set out in the section headed "Management Discussion and Analysis".



The following table sets out the breakdown of the use of proceeds from the IPO:

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus (Note) (HK\$ million)	Allocated net proceeds from IPO (HK\$ million)	Net proceeds utilized during the six months ended 30 September 2022 (HK\$ million)	Estimated time for utilising the remaining allocated net proceeds	Remaining amount (HK\$ million)
Establishing two new medical centres in Hong Kong for the provision of ophthalmic services	44.8%	110.0	81.5	3.9	Second half of 2022-2023	77.6
Acquiring majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area	30.5%	75.0	55.5	—	12-24 months after the Listing	55.5
Setting up an eye-related clinic for the provision of ophthalmic medical services in the PRC with suitable collaboration partners	14.7%	36.0	26.7	—	12-24 months after the Listing	26.7
Working capital and other general corporate purposes	10.0%	24.6	18.2	—	N/A	18.2
<b>Total</b>	<b>100%</b>	<b>245.6</b>	<b>181.9</b>	<b>3.9</b>		<b>178.0</b>

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

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. Li Michael Hankin (Chairman of the audit committee), Mr. Ma Wai Hung Vincent and Professor Lau Wan Yee Joseph.

The audit committee of the Board has reviewed with the management the accounting principles as well as practices adopted by the Group and discussed risk management and internal control as well as financial reporting matters including the review of the unaudited condensed consolidated interim financial information for the 2022 Interim Period and this report with the Directors. The Group's condensed consolidated interim financial statements have not been audited, but the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.