



Clarity
Medical Group
清晰醫療集團

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

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1406





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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Hutchins Drive
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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

CORPORATE WEBSITE

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INVESTOR RELATIONS CONTACT

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STOCK CODE

1406

FINANCIAL HIGHLIGHT

COMPARISON OF KEY FINANCIAL INFORMATION AND FINANCIAL RATIOS

	Six months ended 30 September		
	2023 HK\$'000	2022 HK\$'000	Change
Revenue	101,610	107,691	(5.6%)
(Loss)/profit for the period	(20,019)	7,912	N/A
Net profit margin (%)	N/A	7.3%	N/A



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of private ophthalmic healthcare services in Hong Kong. The prolonged uncertainty in the local economic environment presents challenges to the Group's operating environment during the six months period ended 30 September 2023 ("**2023 Interim Period**").

Despite the significant challenges faced during the 2023 Interim Period, the Group maintains a confident long-term outlook for the industry. This confidence is based on several factors, including the aging population and the increased usage of electronic devices, both of which contribute to the sustained demand for private ophthalmic healthcare services in long term.

In view of these factors, the Group has taken proactive measures to drive its long term growth. During the 2023 Interim Period, the Group successfully opened and commenced operations of a new medical center located at The ONE, a premium shopping mall in Hong Kong, known as (the "**New Tsim Sha Tsui Centre**"). Spanning 13,674 square feet and equipped with the latest models of medical devices, the New Tsim Sha Tsui Centre offers a comprehensive range of ophthalmic consultation, examination, and treatment services. It provides the Group with enhanced resources and a conducive environment to focus on the development of new business segments, such as children's myopia control services.

As a result of the Group's expansion and the opening of the New Tsim Sha Tsui Centre, its operating expenses had inevitably increased during the 2023 Interim Period. An analysis of the fluctuation in operating expenses is discussed separately in the Management Discussion and Analysis section below.

While the Group acknowledges the unavoidable increase in operating expenses, it remains committed to maintaining financial discipline and optimizing its cost structure. By carefully managing expenses and implementing efficiency measures, the Group aims to ensure sustainable growth while delivering exceptional ophthalmic healthcare services to its patients.

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 2023, our revenue amounted to approximately HK\$101.6 million, representing a decrease of approximately HK\$6.1 million or 5.6% from approximately HK\$107.7 million for the six months ended 30 September 2022. The table below sets out (i) the breakdown of revenue by the types of treatments and services and their respective percentage of revenue; (ii) number of refractive treatment by types conducted; and (iii) average prices of the refractive treatment services during the six months ended 30 September 2023 and 2022 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				
	2023		2022		Change HK\$'000
	HK\$'000	% of revenue	HK\$'000	% of revenue	
Refractive Treatments	57,992	57.1%	71,096	66.0%	(13,104)
SMILE surgeries	30,987	30.5%	46,802	43.4%	(15,815)
LASIK surgeries	1,191	1.2%	1,923	1.8%	(732)
Multifocal IOL replacements	17,982	17.7%	18,911	17.6%	(929)
ICL implantations	7,832	7.7%	3,460	3.2%	4,372
Treatment for other eye problems	30,060	29.6%	27,855	25.9%	2,205
Standard cataract surgeries	14,723	14.5%	14,041	13.1%	682
Laser procedures	6,009	5.9%	6,355	5.9%	(346)
PPV surgeries	6,295	6.2%	5,199	4.8%	1,096
Other treatments/surgeries	3,033	3.0%	2,260	2.1%	773
Consultation and examination services	6,059	6.0%	5,218	4.8%	841
Sales of prescriptions and others	4,419	4.3%	3,522	3.3%	897
Children myopia prevention and control	3,080	3.0%	—	—	3,080
Revenue	101,610	100.0%	107,691	100.0%	(6,081)

(ii) Number of refractive treatment by types conducted

	For the six months ended 30 September			
	2023		2022	
	Number	%	Number	%
SMILE surgeries	1,404	71.5%	2,073	79.0%
LASIK surgeries	64	3.3%	97	3.7%
Multifocal IOL replacements	383	19.5%	413	15.7%
ICL implantations	111	5.7%	41	1.6%
Total	1,962	100.0%	2,624	100.0%

(iii) Average prices of the refractive treatment services

	For the six months ended 30 September	
	2023 HK\$	2022 HK\$
SMILE surgeries	22,100	22,600
LASIK surgeries	18,600	19,800
Multifocal IOL replacements	47,000	45,800
ICL implantations	70,600	84,400

REFRACTIVE TREATMENT

Refractive treatments were our largest source of revenue during the 2023 Interim Period, representing approximately 57.1% 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\$13.1 million or 18.4% from approximately HK\$71.1 million for the six months ended 30 September 2022 to approximately HK\$58.0 million for the six months ended 30 September 2023. The decrease in revenue was mainly due to economic downturn and increase in competition from other industry players.

During the 2023 Interim Period, the revenue generated from SMILE surgery decreased by approximately HK\$15.8 million, or 33.8%, from approximately HK\$46.8 million for the six months ended 30 September 2022 to approximately HK\$31.0 million for the six months ended 30 September 2023 as the number of SMILE surgery conducted decreased from 2,073 for the six months ended 30 September 2022 to 1,404 for the six months ended 30 September 2023. On the other hand, the revenue generated from multifocal IOL replacements and ICL implantations increased by approximately HK\$3.4 million, or 15.2%, from approximately HK\$22.4 million for the six months ended 30 September 2022 to approximately HK\$25.8 million for the six months ended 30 September 2023 was mainly due to the increase in the number of treatments conducted for ICL implantations to the same corresponding period in 2022.

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 2022 and 2023, revenue generated from treatments for other eye problems amounted to approximately HK\$27.9 million and HK\$30.1 million, representing approximately 25.9% and 29.6% of our revenue, respectively. Revenue generated from treatment for other eye problems increased by approximately HK\$2.2 million, or 7.9%, from approximately HK\$27.9 million for the six months ended 30 September 2022 to approximately HK\$30.1 million for the six months ended 30 September 2023. The increase in revenue generated from treatment of other eye problems was mainly due to the increase in revenue recorded for PPV surgery and other treatments/surgeries of approximately HK\$1.1 million and HK\$0.8 million, respectively, as compared to the six months ended 30 September 2022.

CONSULTATION AND EXAMINATION SERVICES

Consultation and examination services mainly include assessments of eye conditions, such as visual acuity, refraction, anterior segment examination, fundal examination and intraocular pressure measurement. Our revenue generated from consultation and examination services increased by approximately HK\$0.9 million or 17.3% from approximately HK\$5.2 million for the six months ended 30 September 2022 to approximately HK\$6.1 million for the six months ended 30 September 2023. The increase in revenue generated from consultation and examination services was mainly due to the increase in standard rate of consultation and examination services fees prescribed by the Group during the 2023 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 2022 and 2023, our revenue generated from sales of prescriptions and others was approximately HK\$3.5 million and HK\$4.4 million, representing approximately 3.3% and 4.3% of our revenue, respectively. The increase in revenue generated from sales of prescriptions and others was generally in line with our overall increase in consultation and examination services provided during the 2023 Interim Period.

CHILDREN MYOPIA PREVENTION AND CONTROL

Children myopia prevention and control aims to manage and slow down myopia progression in children. The services provided include comprehensive eye examinations to assess visual acuity, refractive error, and overall eye health. Based on the examination results, personalized consultations are offered to parents and children, including suggestions for managing myopia. During the 2023 Interim Period, the Group launched its children myopia prevention and control business at the New Tsim Sha Tsui Centre. The Group generated approximately HK\$1.7 million from children myopia consultation and examination services, as well as approximately HK\$1.4 million from sales of vision products aimed at managing myopia during the 2023 Interim Period. The launching of this new service aims to expand our revenue stream for the Group in the future.

OTHER INCOME

The Group recorded other income of approximately HK\$3.3 million for the six months ended 30 September 2023, compared to approximately HK\$2.8 million for the same period in 2022. This increase was primarily due to an increase in interest income from bank deposits, amounting to approximately HK\$2.3 million during the 2023 Interim Period compared to the corresponding period in 2022. However, this increase was offset by the absence of government subsidies of approximately HK\$2.1 million received for the six months period ended 30 September 2022, under the COVID-19 Anti-epidemic Fund's Employment Support Scheme.

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 2022 and 2023, the inventories used amounted to approximately HK\$19.4 million and HK\$19.1 million, representing approximately 18.0% and 18.8% of our revenue, respectively. The inventories used as a percentage of revenue have remained relatively stable. However, due to a decrease in the price charged for certain refractive treatments during the 2023 Interim Period, the inventories used as a percentage of revenue increased from 18.0% to 18.8% compared to the corresponding period in 2022.

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 2022 and 2023, consultancy fees amounted to approximately HK\$31.1 million and HK\$41.1 million, representing approximately 28.9% and 40.5% of our total revenue, respectively. The increase in the consultancy fee as a percentage of revenue, from 28.9% for the six months ended 30 September 2022 to 40.5% for the six months ended 30 September 2023, can be attributed mainly to the expansion of our medical practitioner team. The number of medical practitioners increased from 12 as of 30 September 2022, to 14 as of 30 September 2023. This increase in personnel was primarily driven by the Group's expansion plan and our growing focus on providing children myopia control services.

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 2022 and 2023, our employee benefit expenses amounted to approximately HK\$23.7 million and HK\$29.2 million, representing approximately 22.0% and 28.7% of our revenue, respectively. This expansion was mainly to support the commencement of operations at the New Tsim Sha Tsui Centre. As a result, the total number of employees increased from 111 as of 30 September 2022, to 135 as of 30 September 2023.

Additionally, on 4 July 2023, the Board approved the grant of a total of 9,367,500 awarded shares to 34 employees and 2 directors. As a result, a share-based compensation expense of approximately HK\$1.0 million was recognized during the period ended 30 September 2023.

DEPRECIATION OF RIGHT-OF-USE ASSETS

Depreciation expenses for right-of-use assets mainly comprise depreciation expenses for leased equipment and properties. For the six months ended 30 September 2022 and 2023, our depreciation expenses for right-of-use assets amounted to approximately HK\$7.3 million and HK\$10.9 million, representing approximately 6.8% and 10.7% of our revenue, respectively. We recorded an increase of depreciation of right-of-use assets mainly due to the additional leased properties in Mong Kok and Tsim Sha Tsui as a result of our expansion of medical centre network during the 2023 Interim Period as compared to the corresponding period in 2022.

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 2022 and 2023, other expenses were approximately HK\$15.8 million and HK\$20.6 million, representing approximately 14.7% and 20.3% of our revenue, respectively. The table below sets forth the breakdown of other expenses for the six months ended 30 September 2022 and 2023 respectively:

	For the six months ended	
	2023	2022
	HK\$'000	HK\$'000
Business development	8,870	3,490
Repair and maintenance	1,653	1,685
Professional fees	821	3,222
Bank charges	2,281	2,800
Other general and administrative expenses	6,991	4,619
Other expenses	20,616	15,816

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

For the six months ended 30 September 2022, and 2023, our business development expenses amounted to approximately HK\$3.5 million and HK\$8.9 million, respectively. The significant increase in business development expenses is primarily attributed to our promotion efforts focusing on the importance of children myopia control following the grand opening of the New Tsim Sha Tsui Centre. Additionally, expenses related to ICL implantation also contributed to the higher expenditure.

Bank charges are expenses related to credit card transfers. For the six months ended 30 September 2022 and 2023, our bank charges amounted to approximately HK\$2.8 million and HK\$2.3 million, respectively.

Other general and administrative expenses mainly includes, but not limited to, utilities charges, insurance payments, other telecommunication charges, travelling expenses and entertainment expenses. For the six months ended 30 September 2022 and 2023, our other general and administrative expenses amounted to approximately HK\$4.6 million and HK\$7.0 million, respectively. The increase in other general and administrative expenses during the 2023 Interim Period is primarily attributed to the expansion of the Group's business.

FINANCE COSTS

Finance costs mainly comprise interest expenses on lease liabilities. These costs increased by approximately HK\$0.8 million, or 200.0%, from approximately HK\$0.4 million for the six months ended 30 September 2022, to approximately HK\$1.2 million for the six months ended 30 September 2023. This increase was primarily due to higher interest expenses on lease liabilities resulting from the increase in rental fees for our leased properties in Mong Kok and Tsim Sha Tsui. This increase in rental fees was driven by the expansion of our medical space.

INCOME TAX CREDIT/(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 2022, our income tax expenses amounted to approximately HK\$2.3 million, and our effective tax rate was 22.5%. The effective tax rate for this period was higher than Hong Kong's statutory corporate tax rate primarily due to certain non-deductible expenses incurred by our Group.

On the other hand, the Group recorded a tax credit of approximately HK\$3.3 million for the six months ended 30 September 2023. This was the result of an estimated loss before income tax of approximately HK\$23.3 million during that period.

(LOSS)/PROFIT FOR THE PERIOD

As a result of the foregoing, the Group recorded a loss of approximately HK\$20.0 million for the six months period ended 30 September 2023. This is in contrast to a profit after tax of HK\$7.9 million for the corresponding period in 2022, resulting in a period-on-period decrease of HK\$27.9 million.

CAPITAL EXPENDITURE AND COMMITMENTS

For the six months ended 30 September 2022 and 2023, the Group incurred capital expenditures of approximately HK\$3.0 million and HK\$36.0 million, respectively, primarily due to the purchase of equipment and leasehold improvements for our medical centres.

As at 30 September 2023, capital expenditure contracted for but not yet recognised amounted to approximately HK\$1.3 million which mainly represents capital expenditure commitments for the establishment of the New Mong Kok Centre and New Tsim Sha Tsui Centre (31 March 2023: HK\$36.0 million).

GEARING RATIO

As at 30 September 2023, the gearing ratio, which is calculated as net debt divided by total capital, is not applicable due to net cash position (31 March 2023: not applicable).

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 September 2023 (31 March 2023: nil).

PLEDGE OF ASSETS

The Group had not pledged any assets as at 30 September 2023 (31 March 2023: nil).

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 2022 and 2023, our income and operating cash flows are substantially independent of changes in market foreign exchange rate. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis.

Cash Flow and Fair Value Interest Rate Risk

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

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

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 2023 and 30 September 2023, 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 2023 (six months ended 30 September 2022: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 135 employees (31 March 2023: 123). The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors (including the executive Directors), we take into account the experience of the Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual discretionary performance-related bonus.

EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 30 September 2023 and up to the date of this report.

OUTLOOK AND STRATEGIES

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

- We will continue to strengthen our market position in Hong Kong by maintaining our market-leading position in SMILE surgery and promoting ICL implantation; while exploring new opportunities for growth and expansion, like exploring tapping into children myopia prevention and control business.
- We plan to acquire equity interests in eye-related clinics, outpatient department or hospitals in the PRC to expand our presence into the PRC under our brand of “Clarity”.
- We plan to identify suitable collaboration partners for collaboration and expansion.
- We plan to acquire interests in ophthalmic-related businesses.

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 2022 and 2023, our operations were generally financed from internally generated cash flows. The Directors believe that in the long term, our operations will be funded by internally generated cash flows and, if necessary, additional equity financing and bank borrowings. As at 30 September 2023, we had cash and cash equivalents (including time deposits) of HK\$160.8 million (31 March 2023: HK\$207.5 million), all of which were denominated in Hong Kong dollars.

During the six months ended 30 September 2022 and 2023, 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 2023, the gearing ratio is not applicable due to net cash position (31 March 2023: not applicable).

The current ratio (calculated as current assets over current liabilities) was 5.1 times as at 30 September 2023 compared with 5.8 times as at 31 March 2023.

As at 30 September 2023, the Group reported net current assets of HK\$153.9 million, as compared with HK\$193.5 million as at 31 March 2023.

During the six months ended 30 September 2023, the net cash flows used in operating activities amounted to HK\$7.6 million. This is a contrast to the net cash flows generated from operating activities of approximately HK\$17.7 million during the six months ended 30 September 2022. The shift from positive to negative operating cash flows was mainly attributed to the loss before income tax incurred during the six months ended 30 September 2023.

Net cash used in investing activities amounted to HK\$34.3 million during the six months ended 30 September 2023 as compared to HK\$205.4 million during the six months ended 30 September 2022. During the six months ended 30 September 2023, the net cash used in investing activities was mainly from (i) purchases of plant and equipment of approximately HK\$30.2 million; (ii) increase in time deposits of approximately HK\$7.2 million; and (iii) netted off cash received from interest generated from time deposits of approximately HK\$3.0 million.

During the six months ended 30 September 2023, net cash used in financing activities amounted to HK\$11.9 million as compared to net cash generated from financing activities of HK\$67,000 during the six months ended 30 September 2022. The cash used in financing activities for the six months ended 30 September 2023 was mainly from lease payments of approximately HK\$11.9 million.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

Except for investment in subsidiaries, there were no significant investments held by the Group during the 2023 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 2023

	Notes	Six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	3	101,610	107,691
Other income	4	3,253	2,755
Inventories used		(19,059)	(19,443)
Consultancy fee		(41,058)	(31,074)
Employee benefit expenses		(29,181)	(23,693)
Depreciation of plant and equipment		(6,162)	(2,526)
Depreciation of right-of-use assets		(10,871)	(7,263)
Other expenses	5	(20,616)	(15,816)
Operating (loss)/profit		(22,084)	10,631
Finance costs	6	(1,211)	(419)
(Loss)/profit before income tax		(23,295)	10,212
Income tax credit/(expense)	7	3,276	(2,300)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company		(20,019)	7,912
(Loss)/earnings per share attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic	9	(3.8)	1.5
— Diluted	9	(3.8)	1.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Non-current assets			
Plant and equipment	10	63,650	33,813
Right-of-use assets		33,562	44,433
Deferred tax assets		3,607	331
Deposits, prepayments and other receivables	12	4,318	15,020
Total non-current assets		105,137	93,597
Current assets			
Inventories		5,677	3,682
Trade receivables	11	1,929	1,960
Deposits, prepayments and other receivables	12	21,928	19,470
Tax recoverable		1,405	1,054
Cash and cash equivalents	13	160,825	207,496
Total current assets		191,764	233,662
Current liabilities			
Trade payables	14	4,616	7,166
Accruals and other payables		12,358	11,075
Lease liabilities		20,881	21,958
Total current liabilities		37,855	40,199
Net current assets		153,909	193,463
TOTAL ASSETS LESS CURRENT LIABILITIES		259,046	287,060
Non-current liabilities			
Provisions		2,075	2,475
Lease liabilities		15,719	25,301
Total non-current liabilities		17,794	27,776
Net assets		241,252	259,284

Condensed Consolidated Statement of Financial Position

	<i>Note</i>	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital	15	5,281	5,281
Share premium		306,388	306,388
Shares held under the Share Award Plan		(3,468)	(3,468)
Reserves		(66,949)	(48,917)
Total equity		241,252	259,284

The condensed consolidated financial information on pages 14 to 34 were approved by the Board of Directors on 28 November 2023 and were signed on its behalf by:

Mr. Hui Yung Chris
Director

Mr. Lo Tsz Hong
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Shares held under the Share Award Plan HK\$'000 (Note 17)	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the six months ended 30 September 2023 (unaudited)							
At 1 April 2023	5,281	306,388	(3,468)	(11,489)	—	(37,428)	259,284
Loss and total comprehensive loss for the period	—	—	—	—	—	(20,019)	(20,019)
Share-based payments (Note 17)	—	—	—	—	1,987	—	1,987
At 30 September 2023	5,281	306,388	(3,468)	(11,489)	1,987	(57,447)	241,252

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000	Shares held under the Share Award Plan HK\$'000 (Note 17)	Other reserves HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the six months ended							
30 September 2022							
(unaudited)							
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 CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash flows (used in)/from operating activities	(7,639)	17,707
Cash flows from investing activities		
Purchases of plant and equipment	(30,151)	(3,005)
Deposits paid for purchases of plant and equipment	—	(8,876)
Interest received	2,990	671
Increase in time deposits with original maturity of more than three months	(7,168)	(180,000)
Advance of a loan to a medical practitioner	—	(14,200)
Net cash flows used in investing activities	(34,329)	(205,410)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	—	6,873
Repayment of principal portion of lease liabilities	(10,660)	(6,387)
Repayment of interest portion of lease liabilities	(1,211)	(419)
Net cash flows (used in)/from financing activities	(11,871)	67
Net decrease in cash and cash equivalents	(53,839)	(187,636)
Cash and cash equivalents at beginning of period	104,496	241,270
Cash and cash equivalents at end of period	50,657	53,634
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	50,657	53,634
Non-pledged time deposits with original maturity of more than three months when acquired	110,168	180,000
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	160,825	233,634
Time deposits with original maturity of more than three months when acquired	(110,168)	(180,000)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	50,657	53,634

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 Companies Act of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

The 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.

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 2023 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 2023.

2.2 Changes in accounting policies and disclosures

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 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

2 ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 April 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 April 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. Subject to further assessment, the amendments are not expected to have any significant impact on the Group's financial information in the period of initial application.

2 ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the six months ended 30 September 2023 and 2022 is analysed by the chief operating decision-maker. For the purposes of resource allocation and performance assessment, the executive directors review the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no discrete operating segment financial information is available.

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

No information about major customers is presented as there is no single customer which individually contributed 10% or more of the total revenue for the six months ended 30 September 2023 and 2022.

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

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Ophthalmic service income	95,832	104,169
Sales of prescriptions	4,419	3,522
Sales of vision products	1,359	—
	101,610	107,691

4 OTHER INCOME

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Government subsidies (<i>Note</i>)	—	2,072
Interest income	2,990	671
Miscellaneous income	263	12
	3,253	2,755

Note: 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	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Business development	8,870	3,490
Repair and maintenance	1,653	1,685
Professional fees	821	3,222
Bank charges	2,281	2,800

6 FINANCE COSTS

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest expenses on lease liabilities	1,211	419

7 INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. In the corresponding period in 2022, Hong Kong profits tax had been provided at the rate of 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 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current — Hong Kong Charge for the period	—	1,983
Deferred	(3,276)	317
Total tax (credit)/charge for the period	(3,276)	2,300

8 DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

9 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

Basic

The calculation of basic loss per share (2022: earnings per share) is based on the loss attributable to owners of the Company of HK\$20,019,000 (2022: profits attributable to owners of the Company of HK\$7,912,000) and the weighted average number of ordinary shares in issue less shares held under the Share Award Plan of 525,025,000 (2022: weighted average number of ordinary shares of 520,502,992) shares in issue during the six months ended 30 September 2023 and 2022.

Diluted

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2023 as the Group had no potentially dilutive ordinary shares in issue.

The calculation of the diluted earnings per share amount for the six months ended 30 September 2022 is based on the profit for the period attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the 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.

9 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (CONTINUED)Six months ended
30 September
2022
(Unaudited)

Profit attributable to owners of the Company during the period (HK\$'000)	7,912
Weighted average number of ordinary shares in issue	520,502,992
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
Diluted earnings per share (expressed in HK cents per share)	1.5

10 PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired items of plant and equipment of HK\$35,997,000 (2022: HK\$3,005,000).

11 TRADE RECEIVABLES

As at 30 September 2023 and 31 March 2023, the carrying amounts of trade receivables approximated their fair values and are 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 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0-30 days	1,349	1,152
31-60 days	—	505
61-90 days	356	91
Over 90 days	224	212
	1,929	1,960

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 2023 and 31 March 2023, the Group has assessed that the expected loss allowance for trade receivables was immaterial. Thus no loss allowance provision for trade receivables was recognised during the six months ended 30 September 2023 and 2022.

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

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Rental and other deposits	7,070	8,644
Deposits paid for purchases of plant and equipment	1,912	7,758
Prepayments	1,523	1,120
Other receivables (<i>Note</i>)	15,741	16,968
	26,246	34,490
Less: non-current portion	(4,318)	(15,020)
Current portion	21,928	19,470

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 September 2023 and 31 March 2023, the loss allowance was assessed to be minimal.

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

- (i) A loan advanced to a medical practitioner of HK\$14,200,000 (31 March 2023: HK\$14,413,000) which is unsecured, bears interest at 3% per annum and repayable within 12 months.
- (ii) An amount due from a medical practitioner of HK\$1,500,000 (31 March 2023: HK\$2,200,000) which is unsecured, interest-free and repayable in a monthly instalment of HK\$100,000 per month.

13 CASH AND CASH EQUIVALENTS

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Cash and bank balances	50,657	23,490
Non-pledged time deposits with an original maturity of more than three months when acquired	110,168	103,000
Non-pledged time deposits with an original maturity of less than three months when acquired	—	81,006
Cash and cash equivalents	160,825	207,496

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 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0–30 days	2,928	1,745
31–60 days	1,032	3,539
61–90 days	209	1,230
Over 90 days	447	652
	4,616	7,166

As at 30 September 2023 and 31 March 2023, all trade payables of the Group were denominated in HK\$, and their fair values 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 2022, 31 March 2023, 1 April 2023 and 30 September 2023	5,000,000,000	50,000
<i>Issued and fully paid:</i>		
As at 1 April 2022	509,717,500	5,097
Issuance of shares upon exercise of share options	18,407,500	184
As at 31 March 2023, 1 April 2023 and 30 September 2023	528,125,000	5,281

16 SHARE OPTION SCHEME

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:

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

16 SHARE OPTION SCHEME (CONTINUED)

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

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

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

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

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

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

16 SHARE OPTION SCHEME (CONTINUED)

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

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

17 SHARE AWARD PLAN

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

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

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

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

17 SHARE AWARD PLAN (CONTINUED)

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

The Board resolved on 4 July 2023 to grant a total of 35,456,240 awarded shares to certain eligible participants under the Share Award Plan. Details of the grant are set out below:

Date of grant: 4 July 2023

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

	Grantees	Outstanding as at 1 April 2023	Number of awarded shares granted during the period	Outstanding as at 30 September 2023	Vesting period
Executive director, chief executive director	Mr. Hui Yung Chris <i>(Note)</i>	—	5,000,000	5,000,000	100% of the awarded shares will vest on the second anniversary of 4 July 2023.
Executive director	Mr. Lo Tsz Hong	—	141,250	141,250	25% of the awarded shares will vest on first and second anniversary since 4 July 2023 each, remaining 50% will vest on the third anniversary
Service Providers	Dr. Wong Kin Keung	—	5,217,748	5,217,748	25% of the awarded shares will vest on each anniversary since 4 July 2023 each
	Dr. Kwok Pui Wai	—	5,217,748	5,217,748	
	Dr. Lai Hiu Ping	—	5,217,748	5,217,748	
	Dr. Tang Kai Tat	—	5,217,748	5,217,748	
	Dr. Ho Chun Ho	—	5,217,748	5,217,748	
Other employee participants	34 individuals	—	4,226,250	4,226,250	25% of the awarded shares will vest on first and second anniversary since 4 July 2023 each, remaining 50% will vest on the third anniversary

Note: The proposed grant of awarded shares to Mr. Hui Yung Chris was approved in the Annual General Meeting held on 20 September 2023.

The trustee held 3,100,000 shares under the Share Award Plan as of 30 September 2023 and up to the date of this interim report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

No awarded shares were vested during the period ended 30 September 2023.

The fair value of the share awards was calculated based on the market price of the Group's shares at the respective grant dates. During the six months ended 30 September 2023, share-based payments of HK\$1,987,000 (2022: Nil) were recognised in the condensed consolidated statement of comprehensive income in relation to the share awards.

18 COMMITMENTS

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

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Contracted, but not provided for: Plant and equipment	1,272	35,974

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Financial assets at amortised cost		
Trade receivables	1,929	1,960
Financial assets included in deposits, prepayments and other receivables	22,811	25,612
Cash and cash equivalents	160,825	207,496
	185,565	235,068
Financial liabilities at amortised cost		
Trade payables	4,616	7,166
Financial liabilities included in accruals and other payables	11,043	9,847
Lease liabilities	36,600	47,259
	52,259	64,272

20 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 2023 and 2022:

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

20 RELATED PARTY TRANSACTIONS (CONTINUED)

(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	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Consultancy fee to Metro Grace Limited (<i>Note i</i>)	—	(2,026)
Compensation fee from related parties (<i>Note ii</i>)	—	2,400
Consultancy fee to WIT Limited (<i>Note iii</i>)	(1,488)	(1,463)
Employee benefit expense paid to a related party (<i>Note iv</i>)	(149)	—

Notes:

- (i) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Lau pursuant to the consultancy fee agreement. On 31 August 2022, Dr. Lau ceased to be the Chief Operating Officer of the Company and Dr. Lau was not considered as a related party thereafter.
- (ii) The compensation fee represented the compensation fee received/receivable from the related parties based on mutually agreed terms upon termination of the relevant agreements entered into between the related parties and the Group.
- (iii) The consultancy fee represented the remuneration payable to the company of medical practice controlled by Dr. Tse pursuant to the consultancy fee agreement dated 4 April 2022.
- (iv) The related party, who is a close family member of Dr. Tse, joined the Group on 4 September 2023.

(b) Key management compensation

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short-term employee benefits	2,739	2,736
Staff retirement scheme contributions	27	18
Share-based payments	498	—
Total compensation paid to key management personnel	3,264	2,754

21 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	As at		As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Financial assets				
Deposits, non-current portion	4,318	15,020	4,043	15,020

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

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

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.

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 2023: Nil).

22 APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial information was approved and authorised for issue by the Board on 28 November 2023.

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 34, 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 2023 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 2023

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 2023, the interests and short positions of our Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of Directors	Capacity/Nature of Interest	Number of Shares	Number of shares awarded (Note 1)	Approximately percentage of shareholding in our Company (%) (Note 2)
Directors				
Dr. Tse Wai Ip (Note 3)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	—	20.36%
	Beneficial owner	947,500	—	0.18%
Wu Ting Yuk Anthony	Beneficial owner	3,749,812	—	0.71%
Hui Yung Chris	Beneficial owner	—	5,000,000	0.94%
Lo Tsz Hong	Beneficial owner	1,850,000	141,250	0.38%
Ng Roy	Interest of controlled corporation	4,500,000 (Note 4)	—	0.85%

Notes:

- The awarded shares were granted pursuant to the Share Award Plan, details of which are set out in the paragraphs headed "The Share Award Plan" of the "Other Information" section contained in this report.
- As at 30 September 2023, the number of issued ordinary shares of the Company (the "Shares") was 528,125,000, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- 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 Shares were held by Star Lite (Greater China) Limited, which is wholly owned by Ms. Lam Yow Torng, Ivy, the spouse of Mr. Ng Roy, our non-executive Director.

Save as disclosed above, as of 30 September 2023, none of the Directors nor the chief executive of the Company had any interests or short position in any Shares and underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, otherwise notified to the Company and Stock Exchange pursuant to the Model Code. Nor any of the Directors and chief executive had any interest in, or had been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO) or had exercised any such right during the reporting period ended 30 September 2023.

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

As at 30 September 2023, 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)
Long Position			
Clear Lead Ventures Limited (Note 1)	Beneficial owner	165,775,126	31.39%
3W Partners Fund I L.P. (Note 1)	Interest of controlled corporation	165,775,126	31.39%
3W Partners GP Limited (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Goh Lu Hong (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Chan Hoi Hin William (Note 1)	Interest of controlled corporation	165,775,126	31.39%
Ultimate Bliss Limited (Note 2)	Interest of controlled corporation	107,505,880	20.36%
Prime Sage International Limited (Note 2)	Interest of controlled corporation	107,505,880	20.36%
TMF (Cayman) Ltd. (Note 2)	Trustee	107,505,880	20.36%
Dr. Tse Wai Ip (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	107,505,880	20.36%
	Beneficial owner	947,500	0.18%
WuXi AppTec (HongKong) Limited (Note 3)	Beneficial owner	78,125,196	14.79%
WuXi AppTec Co., Ltd. (Note 3)	Interest of controlled corporation	78,125,196	14.79%
Cheng Chi Heng	Beneficial owner	12,450,000	2.36%
	Person having a security interest in Shares	50,937,500	9.64%

Notes:

- 1) Clear Lead Ventures Limited is wholly owned by 3W Partners Fund I L.P.; and 3W Partners Fund I L.P. is managed by 3W Partners GP Limited as its general partner and is ultimately controlled by Mr. Goh Lu Hong and Mr. Chan Hoi Hin William, who indirectly hold majority of the equity interests of 3W Partners GP Limited.
 - 2) Ultimate Bliss Limited is wholly owned by Prime Sage International Limited which is in turn wholly owned by TMF (Cayman) Ltd. under the Awareness Trust. The Awareness Trust is a discretionary trust established by Dr. Tse Wai Ip (as the settlor and protector), the discretionary beneficiaries of which include Dr. Tse Wai Ip and his family members.
 - 3) WuXi AppTec (HongKong) Limited is wholly owned by 無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd.*. WuXi AppTec Co., Ltd. is a joint stock limited company established in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 2359).
 - 4) As at 30 September 2023, the number of issued ordinary Shares of the Company was 528,125,000, which has been used for the calculation of the approximately percentage of shareholding in our Company.
- * *The English translation of entity and Company name in Chinese or another language which are marked with “*” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only. If there is any inconsistency between the Chinese names of entities or enterprises and their English translations, the Chinese names shall prevail.*

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.

In accordance with the Pre-IPO Share Options Scheme, eight eligible participants have been granted Pre-IPO Share Options to subscribe for an aggregate of 28,125,000 Shares, representing approximately 5.3% of the issued share capital of our Company as of the date of this report. The grantees comprise two Directors, an associated company of a Director, one senior management member, and four employees. The exercise price for each of the Pre-IPO Share Options is HK\$0.57 per Share. All the Pre-IPO Share Options have been fully vested on or before 31 March 2020.

As of the date of 31 March 2023 and as of the date of this report, all the Pre-IPO Share Options have been exercised, and none of them remain outstanding.

Share Option Scheme

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

The Board has resolved on 27 June 2023 to terminate the Share Option Scheme with immediate effect for better allocation of the Company's resources in view of the followings: (i) the Company has adopted a new share scheme (i.e. the Share Award Plan) effective from 23 November 2022, which can recognize and reward the contributions of eligible participants and provide enough incentives for their long-term commitment thereby fostering the sustainable development of the Company; and (ii) no share options have been granted and further unexercised under the Share Option Scheme.

THE SHARE AWARD PLAN

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

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

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

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

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

- (i) the types of surgeries and treatments the Eligible Participant had performed for the patients of the Group in the past 12 months;
- (ii) the industry experience of the Eligible Participant;
- (iii) the period of engagement of the Eligible Participant, including whether the Eligible Participant had entered into a consultancy agreement with the Group in the past 12 months with a term of no less than 2 years; and
- (iv) the Eligible Participant's contribution and/or future contribution to the development and growth of the Group.

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

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

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

The Board resolved on 4 July 2023 to grant a total of 35,456,240 awarded Shares, all of which have remained unvested as at the date of this report, to certain eligible participants under the Share Award Plan. Details of the grant are set out below:

Date of grant: 4 July 2023

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

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

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

Grantees	Number of the awarded Shares					
	Outstanding as at 1 April 2023	Granted during the reporting period	Vested during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Outstanding as at 30 September 2023
Directors						
Mr. Hui (executive Director, chief executive Director)	—	5,000,000	—	—	—	5,000,000
Mr. Lo Tsz Hong (executive Director)	—	141,250	—	—	—	141,250
Service Providers						
Dr. Wong Kin Keung	—	5,217,748	—	—	—	5,217,748
Dr. Kwok Pui Wai	—	5,217,748	—	—	—	5,217,748
Dr. Lai Hiu Ping	—	5,217,748	—	—	—	5,217,748
Dr. Tang Kai Tat	—	5,217,748	—	—	—	5,217,748
Dr. Ho Chun Ho	—	5,217,748	—	—	—	5,217,748
Other Employee Participants						
34 individuals	—	4,226,250	—	—	—	4,226,250
Total	—	35,456,240	—	—	—	35,456,240

Note: Please refer to notes 2 and 17 to the Interim Condensed Consolidated Financial Information for the accounting standard and policy adopted; and the fair value of awarded Shares at the date of grant, respectively.

- Vesting period:
- (i) Mr. Hui
 - 100% of the awarded Shares will vest on the second anniversary of 4 July 2023.
 - (ii) Service Providers
 - (a) 25% of the awarded Shares will either vest on the first anniversary of 4 July 2023 or vest in three equal instalments on an annual basis commencing on the first anniversary of 4 July 2023;

- (b) 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the second anniversary of 4 July 2023;
 - (c) 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the third anniversary of 4 July 2023; and
 - (d) the remaining 25% of the awarded Shares will vest in three equal instalments on an annual basis commencing on the fourth anniversary of 4 July 2023.
- (iii) Mr. Lo Tsz Hong and other Employee Participants
- (a) 25% of the awarded Shares will vest on the first anniversary of 4 July 2023;
 - (b) 25% of the awarded Shares will vest on the second anniversary of 4 July 2023; and
 - (c) the remaining 50% of the awarded Shares will vest on the third anniversary of 4 July 2023.

Performance targets: save for the part of the awards granted to the Service Providers which impose performance targets associated with the aggregate amount of revenue generated by such Service Providers for each financial year, there are no performance targets attached to the awards granted to other grantees (including Mr. Hui and Mr. Lo).

The number of awarded Shares available for grant under the scheme mandate of the Share Award Plan at the beginning and the end of the 2023 Interim Period was 52,177,500 and 16,721,260, respectively. The number of awarded Shares available for grant under the service provider sublimit of the Share Award Plan at the beginning and the end of the 2023 Interim Period is 26,088,750 and 10, respectively.

The number of Shares that may be issued in respect of awarded Shares granted under the Share Award Plan during the 2023 Interim Period divided by the weighted average number of Shares in issue for the period is approximately 6.1%.

Save as disclosed above, the Company had not issued for cash any equity securities (including securities convertible into equity securities) for the 2023 Interim Period and no other proceeds have been brought forward from any issue of securities for cash as at 30 September 2023.

The trustee held 3,100,000 Shares under the Share Award Plan as of 30 September 2023 and up to the date of this report, representing approximately 0.6% of the total issued share capital of the Company on the same dates respectively.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

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 2023 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 2023 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 2023 Interim Period.

CHANGES IN INFORMATION OF AND OTHER INFORMATION ON DIRECTORS AND CHIEF EXECUTIVES

There is no 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 and up to the date of this interim report.

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 IPO 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 2023 Interim Period, net proceeds in the amount of approximately HK\$34.2 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 <i>(Note)</i> (HK\$ million)	Allocated net proceeds from IPO (HK\$ million)	Net proceeds utilized during the year ended 31 March 2023 (HK\$ million)	Net proceeds utilized during the six months ended 30 September 2023 (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	8.9	34.2	Second half of 2022–2023	38.4
Acquiring majority and/or minority equity interests in one to two eye-related clinics, outpatient department or hospitals in selected cities in the Greater Bay Area	30.5%	75.0	55.5	—	—	12–24 months after the Listing	55.5
Setting up an eye-related clinic for the provision of ophthalmic medical services in the PRC with suitable collaboration partners	14.7%	36.0	26.7	—	—	12–24 months after the Listing	26.7
Working capital and other general corporate purposes	10.0%	24.6	18.2	—	—	N/A	18.2
Total	100%	245.6	181.9	8.9	34.2		138.8

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 2023 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.