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## **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)**

#### **DISCLOSEABLE TRANSACTIONS**

#### **ENTERING INTO THE NEW TENANCY AGREEMENTS IN RESPECT OF THE RENEWAL OF LEASES OF THE PREMISES FOR MEDICAL CENTRES**

##### **ENTERING INTO THE NEW TENANCY AGREEMENTS**

The Board announces that, on 26 October 2022, Saintford (an indirect wholly owned subsidiary of the Company), as the tenant, entered into the 7/F Tenancy Agreement and the 9/F Tenancy Agreement with the Landlord to renew the leases of the Premises for the operation of the existing medical centres located at Rooms 703–706 on 7th Floor of Wai Fung Plaza, Mongkok and all area on 9th Floor of Wai Fung Plaza, Mongkok, respectively.

The Original Tenancy Agreements for the Premises will expire on 31 December 2022. The term of each of the New Tenancy Agreements for the Premises is two years and seven months commencing from 1 January 2023 to 31 July 2025, both days inclusive, with a rental of HK\$163,422 (for the 7/F Premises) and HK\$250,656 (for the 9/F Premises) per calendar month respectively, exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16 “Leases”, the Group will recognise the value of the right-of-use assets in connection with the New Tenancy Agreements and these transactions will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate values of the right-of-use assets to be recognised by the Group under the New Tenancy Agreements are estimated to be approximately HK\$9.3 million (unaudited).

On 6 July 2022, a tenancy agreement was entered into between Saintford and the Landlord in respect of the lease of the premises for the operation of the medical centre located on 10th Floor of Wai Fung Plaza with a rental of HK\$250,572 per calendar month, exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges for a term of three years commencing from 1 August 2022 to 31 July 2025, both days inclusive. Pursuant to HKFRS 16 “Leases”, the aggregate values of the right-of-use assets to be recognised by the Group under the 10/F Tenancy Agreement are estimated to be approximately HK\$9.6 million (unaudited).

Each of the 10/F Tenancy Agreement and the New Tenancy Agreements does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. However, as the 10/F Tenancy Agreement and the New Tenancy Agreements have the same counterparty and are of similar transaction nature, and the transactions thereunder are carried out within 12 months prior to the date of this announcement, such transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate values of the right-of-use assets to be recognised under the New Tenancy Agreements, on an aggregate basis, are more than 5% but less than 25%, the New Tenancy Agreements are subject to the reporting and announcement requirements but are exempt from the Shareholders’ approval requirements pursuant to Chapter 14 of the Listing Rules.

## **ENTERING INTO THE NEW TENANCY AGREEMENTS**

The Board announces that, on 26 October 2022, Saintford (an indirect wholly owned subsidiary of the Company), as the tenant, entered into the 7/F Tenancy Agreement and the 9/F Tenancy Agreement with the Landlord to renew the leases of the Premises for the operation of the existing medical centres located at Rooms 703–706 on 7th Floor of Wai Fung Plaza, Mongkok and all area on 9th Floor of Wai Fung Plaza, Mongkok, respectively.

The Original Tenancy Agreements for the Premises will expire on 31 December 2022. The term of each of the New Tenancy Agreements for the Premises is two years and seven months commencing from 1 January 2023 to 31 July 2025, both days inclusive, with a rental of HK\$163,422 (for the 7/F Premises) and HK\$250,656 (for the 9/F Premises) per calendar month, respectively, exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges.

### **The New Tenancy Agreements**

Set out below is a summary of the principal terms of each of the New Tenancy Agreements:

#### ***The 7/F Tenancy Agreement***

<b>Date</b>	:	26 October 2022
<b>Parties</b>	:	(1) Saintford; and (2) the Landlord.  To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
<b>Premises</b>	:	Rooms 703–706 on 7th Floor of Wai Fung Plaza, Mongkok, with total gross floor area of approximate 3,891 sq.ft.
<b>Usage</b>	:	For the operation of the Group's existing medical centres
<b>Term</b>	:	Fixed term of two years and seven months commencing from 1 January 2023 to 31 July 2025 (both days inclusive)
<b>Rental</b>	:	HK\$163,422 per calendar month  The rental under the 7/F Tenancy Agreement was determined after arm's length negotiation between the Company and the Landlord taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Premises.
<b>Rent free period</b>	:	One month commencing from 1 January 2023 to 31 January 2023 (both days inclusive)
<b>Management Fee</b>	:	HK\$26,848 per calendar month
<b>Deposit</b>	:	HK\$591,660

### *The 9/F Tenancy Agreement*

<b>Date</b>	:	26 October 2022
<b>Parties</b>	:	(1) Saintford; and (2) the Landlord.  To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
<b>Premises</b>	:	all the area on 9th Floor of Wai Fung Plaza, Mongkok, with total gross floor area of approximate 5,968 sq.ft.
<b>Usage</b>	:	For the operation of the Group's existing medical centres
<b>Term</b>	:	Fixed term of two years and seven months commencing from 1 January 2023 to 31 July 2025 (both days inclusive)
<b>Rental</b>	:	HK\$250,656 per calendar month  The rental under the 9/F Tenancy Agreement was determined after arm's length negotiation between the Company and the Landlord taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Premises.
<b>Rent free period</b>	:	One month commencing from 1 January 2023 to 31 January 2023 (both days inclusive)
<b>Management Fee</b>	:	HK\$41,166 per calendar month
<b>Deposit</b>	:	HK\$911,316

The rental and other amounts payable by Saintford under the New Tenancy Agreements are expected to be funded through the internal resources of the Group.

### **THE RIGHT-OF-USE ASSET**

The present values of the right-of-use assets to be recognised by the Group under the 7/F Tenancy Agreement and the 9/F Tenancy Agreement are estimated to be approximately HK\$3.1 million and HK\$6.2 million (unaudited), respectively in accordance with HKFRS 16 "Leases".

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENTS**

The Directors are of the view that the renewal of the leases of the Premises for the operation of the Group's existing medical centres under the New Tenancy Agreements is in line with the Group's business development and it will have a positive impact on the future development of the Group.

The Directors (including independent non-executive Directors) are of the view that New Tenancy Agreements were entered into in the ordinary and usual course of business of the Group, and that the terms of each of the New Tenancy Agreements are negotiated on arm's length basis and are on normal commercial terms, and the terms of each of the New Tenancy Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the New Tenancy Agreements or is required to abstain from voting on the resolution to approve the transactions contemplated under the New Tenancy Agreements.

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in provision of ophthalmic services in Hong Kong. Saintford is an indirect wholly-owned subsidiary of the Company.

The Landlord is incorporated in the Bahamas with limited liability, principally engaged in property investment. The ultimate beneficial owner of the Landlord is Mr. Julian Hui, a businessman based in Hong Kong.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16 "Leases", the Group will recognise the value of the right-of-use assets in connection with the New Tenancy Agreements and these transactions will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate values of the right-of-use assets to be recognised by the Group under the New Tenancy Agreements are estimated to be approximately HK\$9.3 million (unaudited).

On 6 July 2022, a tenancy agreement was entered into between Saintford and the Landlord in respect of the lease of the premises for the operation of the medical centre located on 10th Floor of Wai Fung Plaza with a rental of HK\$250,572 per calendar month, exclusive of management fee, rates, government rent, utilities charges and all other outgoing charges for a term of three years commencing from 1 August 2022 to 31 July 2025, both days inclusive. Pursuant to HKFRS 16 "Leases", the aggregate values of the right-of-use assets to be recognised by the Group under the 10/F Tenancy Agreement are estimated to be approximately HK\$9.6 million (unaudited).

Each of the 10/F Tenancy Agreement and the New Tenancy Agreements does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules. However, as the 10/F Tenancy Agreement and the New Tenancy Agreements have the same counterparty and are of similar transaction nature, and the transactions thereunder are carried out within 12 months prior to the date of this announcement, such transactions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate values of the right-of-use assets to be recognised under the New Tenancy Agreements, on an aggregate basis, are more than 5% but less than 25%, the New Tenancy Agreements are subject to the reporting and announcement requirements but are exempt from the Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“7/F Premises”	the premises located at Rooms 703–706 on 7th Floor of Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong
“7/F Tenancy Agreement”	the tenancy agreement dated 26 October 2022 entered into between Saintford and the Landlord in respect of renewal of the lease of the 7/F Premises
“9/F Premises”	the premises located at all the area on 9th Floor of Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong
“9/F Tenancy Agreement”	the tenancy agreement dated 26 October 2022 entered into between Saintford and the Landlord in respect of renewal of the lease of the 9/F Premises
“10/F Tenancy Agreement”	the tenancy agreement dated 6 July 2022 entered into between Saintford and the Landlord in respect of the lease of the premises located on 10th Floor of Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong
“Board”	the board of Directors
“Company”	Clarity Medical Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS 16 “Lease””	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Wai Fung Plaza Limited, a company incorporated under the laws of the Bahamas with limited liability
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“New Tenancy Agreements”	collectively, the 7/F Tenancy Agreement and the 9/F Tenancy Agreement
“Original Tenancy Agreements”	collectively, the tenancy agreements entered into between Saintford and the Landlord in respect of the leases of the Premises which are expiring on 31 December 2022
“Premises”	collectively, the 7/F Premises and the 9/F Premises
“Saintford”	Saintford Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.ft.”	square foot

“Stock Exchange”      The Stock Exchange of Hong Kong Limited

“%”                      per cent.

By order of the Board  
**CLARITY MEDICAL GROUP HOLDING LIMITED**  
**WU Ting Yuk Anthony**  
*Non-Executive Director and Chairman*

Hong Kong, 26 October 2022

*As at the date of this announcement, the Board comprises Mr. HUI Yung Chris, Dr. TSE Wai Ip and Mr. LO Tsz Hong as executive Directors, Mr. WU Ting Yuk Anthony as Chairman and non-executive Director, Mr. NG Roy and Ms. ZHAO Wei as non-executive Directors and Mr. LI Michael Hankin, Mr. MA Wai Hung Vincent and Professor LAU Wan Yee Joseph as independent non-executive Directors.*