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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)

INSIDE INFORMATION

(1) LEGAL PROCEEDINGS AGAINST A DIRECTOR OF THE COMPANY

(2) RESUMPTION OF TRADING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Clarity Medical Group Holding Limited (the “**Company**”, which together with its subsidiaries are collectively referred to the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong).

On February 5, 2025, the Company’s indirect wholly-owned subsidiary, Saintford Limited (尚方有限公司) (“**Saintford**”), as plaintiff, issued (i) a writ of summons under HCA 0198/2025 against WIT Limited (trading name being “WIT Limited Dr. Tse Wai Ip and Associates Eye Centre (謝偉業眼科專科中心)”) controlled by Dr. Tse Wai Ip (謝偉業醫生) (“**Dr. Tse**”), an executive Director, and (ii) a writ of summons under DCCJ 0676/2025 against Dr. Tse (collectively, the “**Writs of Summons**”, and each a “**Writ of Summons**”).

WRIT ISSUED AGAINST WIT LIMITED

As alleged in the Writ of Summons issued against WIT Limited, Saintford and WIT Limited entered into a Consultancy Agreement dated April 4, 2022 (the “**WIT Consultancy Agreement**”), pursuant to which Saintford agreed to engage WIT Limited to provide (through WIT Limited’s managing consultant, Dr. Tse) medical consultancy services for a term of two years (unless three months’ prior written notice to terminate the WIT Consultancy Agreement is given by either party) from time to time at WIT Limited’s medical centers, commencing on April 4, 2022, for a fixed remuneration of HK\$248,000 per month (the “**Remuneration**”).

Pursuant to the WIT Consultancy Agreement, the parties thereto expressly agreed that in the event that WIT Limited, through Dr. Tse, its managing consultant, fails to generate an annual revenue for a total of HK\$3,000,000 (the “**Target Revenue**”) in any financial year ending March 31, the remuneration payable by Saintford to Dr. Tse for such financial year shall be reduced on a pro-rata basis.

During the two financial years of April 4, 2022 to March 31, 2023 (“**FY2022**”), and April 1, 2023 to March 31, 2024 (“**FY2023**”, together with FY2022, collectively, the “**Financial Years**”), while Saintford has paid a total sum of HK\$5,679,200 to WIT Limited as Remuneration according to the WIT Consultancy Agreement, WIT Limited has failed to reach the Target Revenue in each of the Financial Years. In fact, as alleged in the Writ of Summons issued against WIT Limited, while the Target Revenue of each of the Financial Years shall be HK\$3,000,000 per year, WIT Limited had only generated HK\$114,080 in revenue for FY2022 and HK\$61,800.30 in revenue for FY2023. Therefore, according to the WIT Consultancy Agreement, Saintford is entitled to recover from WIT Limited the Remuneration overpaid paid to WIT Limited (the “**Recoverable Remuneration**”). WIT Limited has failed and/or refused to repay the Recoverable Remuneration in full or at all as of the date of the issue of the Writ.

WRIT OF SUMMONS ISSUED AGAINST DR. TSE

As alleged in the Writ of Summons issued against Dr. Tse, on 31 August 2022, Saintford, Dr. Lau Tze Yan Teresa (劉芷欣醫生) (“**Dr. Lau**”) and Metro Grace Limited (欣城有限公司) entered into a cancellation agreement and mutually agree that, *inter alia*, Dr. Lau to pay Saintford a sum of HK\$2,400,000 being the early retirement fees (the “**Early Retirement Fees**”) under the deed of undertaking given by Dr. Lau on 26 January 2022. On 31 August 2022, Dr. Tse executed a guarantee and indemnity (the “**Guarantee and Indemnity**”) in favour of Dr. Lau regarding Dr. Lau’s Early Retirement Fees, and Dr. Tse unconditionally and irrevocably undertook, warranted and guaranteed to Dr. Lau a sum of HK\$2,400,000 by way of forty eight (48) equal monthly instalments of HK\$50,000 each. As of the date of the issue of the Writ, HK\$1,750,000 remained outstanding and unpaid (the “**Outstanding Guaranteed Payment**”) by Dr. Tse.

By a deed of assignment (the “**Deed of Assignment**”) dated January 14, 2025, Dr. Lau agreed to, *inter alia*, transfer and assign to Saintford, and Saintford agreed to, *inter alia*, take up from Dr. Lau, all of Dr. Lau’s rights, interests, benefits and title in and to the Outstanding Guaranteed Payment due and owing to Dr. Lau under the said Guarantee and Indemnity (together with all of Dr. Lau’s rights, interests and benefits in and under the said Guarantee and Indemnity, subject to the terms and conditions thereof). Therefore, Saintford is entitled to the payment of sums due to Dr. Lau from Dr. Tse under the terms of the Guarantee and Indemnity. Dr. Tse has failed and/or refused to pay to Saintford the Outstanding Guaranteed Payment in full or at all as of the date of the issue of the Writ.

The Board confirms that neither the functions of the Board nor the Company’s normal operations have been adversely affected by the legal proceedings taken by Saintford.

CONTESTATION ON THE WRITS OF SUMMONS

The Company was informed by Mr. Lo Tsz Hong (an executive Director and a director of Saintford) (“**Mr. Lo**”) that the purported actions taken by Saintford as set out in this announcement were conducted by other directors of Saintford without his involvement and participation.

As the above contestation may partly relate to the purported allegations against two directors of the Company as disclosed in the announcements of the Company dated 17 January 2025 and 20 January 2025, the Company will consider including the underlying complaints set out in Writs of Summons and the above contestation and their respective implications to the scope of investigations to be conducted by the special committee of the Company.

The Company will also continuously follow up on the progress of the legal proceedings and make further announcement(s) on the matters set out in this announcement to update the shareholders and potential investors of the Company as and when appropriate.

This announcement has been approved by all the Directors, save that (i) Dr. Tse did not approve this announcement on the basis of the shortness in the level of details of the disclosures of the purported unauthorised issuance of the Writs of Summons, the purported unauthorised appointment of certain directors of Saintford, and the purported potential non-compliance of the Deed of Assignment and the related underlying agreement with the articles of association of the Company and the connected transaction requirements under the Listing Rules as set out in the announcement; and (ii) Mr. Lo has abstained from voting in relation to the resolution to approve this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 1:00 p.m. on Friday, 7 February 2025. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 1:00 p.m. on Wednesday, 12 February 2025.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 February 2025

As at the date of this announcement, the Board comprises Mr. JIANG Bo, 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 and Ms. ZHAO Wei as non-executive Directors and Ms. CHENG Jessica and Mr. WANG Can as independent non-executive Directors.