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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) CERTAIN PURPORTED ALLEGATIONS AGAINST TWO DIRECTORS OF THE COMPANY**

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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 (the “**Stock Exchange**”) 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).

#### **THE PURPORTED ALLEGATIONS**

Two Directors (the “**Recipient Directors**”) have recently been approached by a Director anonymous to the members of the Board (other than the Recipient Directors) (the “**Anonymous Sources**”) with allegations against the Company’s executive team (the “**Executives**”), namely: Mr. Jiang Bo (the “**CEO**”), an executive Director and the chief executive officer of the Company since 9 September 2024, and Mr. Hui Yung Chris (the “**Co-CEO**”), an executive Director since 30 June 2022 (before then an independent non-executive Director) and the co-chief executive officer of the Company since 9 September 2024. Subsequently, one of the Recipient Directors (the “**Relevant Recipient Director**”) received certain materials from other anonymous sources on such allegations.

Therefore, the Company held a Board meeting on 30 December 2024 (the “**30 Dec Meeting**”), to allow the Relevant Recipient Director to present such allegations. During the 30 Dec Meeting, the Relevant Recipient Director orally summarised the purported allegations (the “**Purported Allegations**”) to the Board and opted not to disclose the anonymous sources. In the absence of the Executives, the Relevant Recipient Director disclosed certain underlying documentation to the Board. The Purported Allegations were summarised as follows:

In respect of the CEO, (1) the purported unauthorised attempt to replace the Company’s current bank signatories with the CEO and the general manager of the Company, which has not become effective, by both the CEO and the Co-CEO; (2) the purported unauthorised consultation agreements of the Company with an entity alleged to be related to the CEO, which may constitute connected transactions of the Company if such allegation were found to be true, and the purported transfer of interests and funds from the Company pursuant to such consultation agreements. As at the date of this announcement, a sum equivalent to approximately HK\$1.5 million has been paid by the Company under such consultation agreements, among which approximately HK\$0.4 million relates to consultancy agreements executed after the CEO took office; (3) the purported incomplete and misleading information in the Company’s reply letter to the Stock Exchange dated 26 November 2024 in relation to the CEO’s purported relationship with certain shareholder of the Company; and (4) the purported unauthorised director appointment of the CEO to a subsidiary of the Company with effect from 16 December 2024 without Board approval. Subject to the findings of the Special Committee (as defined below), the CEO will remain as a director of such subsidiary.

In respect of the Co-CEO, (1) the purported unauthorised attempt to replace the Company’s bank signatories with the CEO and the general manager of the Company, which has not become effective, by both the CEO and the Co-CEO; (2) the purported incomplete and misleading information in the Company’s reply letter to the Stock Exchange dated 26 November 2024 in relation to the CEO’s purported relationship with certain shareholder of the Company; and (3) the purported unauthorised director appointment of the CEO to a subsidiary of the Company with effect from 16 December 2024 without Board approval. Subject to the findings of the Special Committee (as defined below), the CEO will remain as a director of such subsidiary.

In response to the Purported Allegations, the Company was informed by the Executives that they contest all the Purported Allegations with references to a detailed written response to the Board, supporting written evidence and verbal elaborations, and challenged the motives behind the Purported Allegations. The Company was also informed by the Executives that (i) the Purported Allegations were a direct result of their diligent execution of their duties as the only two senior executive management of the Company acting in the best interest of the Company; (ii) they have carried out their duties in a manner consistent with the customary practice of the Company since its listing on the Stock Exchange; and (iii) any agreements of the Company with the

aforementioned alleged entity were properly authorised and in the ordinary course of business of the Company. The above responses of the Executives are collectively referred to as the “**Executives’ Views**”.

The Company was also informed by the CEO of his views that since his assumption of the role as the chief executive officer of the Company, the Executives have made decisions which may be unpopular to certain long-standing members of the Board. Such decisions include the Executives’ refusal of the request from a Director to provide assistance to that Director in certain court proceedings which may compromise the Company’s interests.

The Recipient Directors also informed the Company that, according to the Anonymous Sources, some/all of the Purported Allegations have been reported to the Police and the Stock Exchange by one of the Anonymous Sources. As at the date of this announcement, the Company has not received any notification from the Police regarding any of the Purported Allegations, although enquiries have been made by the Stock Exchange.

### **ESTABLISHMENT OF THE SPECIAL COMMITTEE**

Having considered the Purported Allegations, the Board, including the Executives, resolved at the 30 Dec Meeting to establish a special investigation committee (the “**Special Committee**”), initially comprising two independent non-executive Directors, namely: Ms. Cheng Jessica (as chairman) and Mr. Wang Can, for the purpose of, among other things, investigating the Purported Allegations and reporting their findings and conclusions on the Purported Allegations to the Board. The Special Committee may also appoint professional advisers to assist in its investigation as it deems fit and necessary. In the belief of ensuring transparency and an impartial review of the Purported Allegations, the Executives voted in favour of the resolutions on the establishment of the Special Committee at the 30 Dec Meeting. At the Board meeting held on 8 January 2025 (the “**8 Jan Meeting**”), the CEO challenged the need for the establishment and the scope of the mandate of the Special Committee to no avail.

For the avoidance of doubt, pending the Special Committee’s findings regarding the Purported Allegations, the Board has yet to form any view on whether any of the Purported Allegations and/or the Executives’ Views are true, are accurate and has substance.

The Executives informed the Company that they are supportive of providing the Special Committee with further materials and documentation to facilitate its investigation.

## THE TEMPORARY SUSPENSION RESOLUTIONS AND THE SUBSEQUENT CANCELLATION RESOLUTIONS

At the 30 Dec Meeting, in response to the Purported Allegations, the Board resolved by a majority vote to temporarily suspend the administrative and executive duties of each of the Executives (the “**Temporary Suspension Resolutions**”). The Executives were neither aware of nor present at the discussions leading to and voting on the Temporary Suspension Resolutions.

After the 30 Dec Meeting, the Board received challenges from the Executives in respect of the validity of the Temporary Suspension Resolutions, mainly on the basis that (1) the relevant resolutions were not listed in the agenda for the 30 Dec Meeting; (2) no documentary evidence were provided to the Executives to underpin the Purported Allegations; and (3) the Executives did not participate in the deliberation of and voting on the Temporary Suspension Resolutions.

In view of the above and after consulting with its legal advisor as to Cayman Islands law, the Company convened another Board meeting on 8 January 2025 (i.e., the 8 Jan Meeting) to address any potential concerns regarding the validity of the Temporary Suspension Resolutions. At the 8 Jan Meeting, the Board heard the responses of the Executives to the Purported Allegations and considered their evidence shared with the Board. Having considered the above, the Board resolved by a majority vote not to proceed with temporarily suspending the administrative and executive duties of each of the Executives (the “**Cancellation Resolutions**”), such that the Temporary Suspension Resolutions were cancelled and the Executives resumed such duties with immediate effect. The Executives abstained from voting on the Cancellation Resolutions.

The Company has received four written requests from the CEO’s legal representatives for a copy of the non-redacted minutes and recording of the 30 Dec Meeting and/or evidence supporting the Purported Allegations. As at the date of this announcement, the Executives have not been provided with such documents and recording despite repeat requests made by the CEO’s legal representatives. Such documents and recording of the 30 Dec Meeting and the evidence supporting the Purported Allegations shall be provided to the Executives by the Special Committee as they deem necessary.

The Company will continue to enforce and review its existing internal control systems to protect the interests of the Company.

The Company will keep its shareholders (the “**Shareholders**”) and its potential investors (the “**Potential Investors**”) informed of any further material development in connection with the above by way of announcement(s) as and when required in accordance with the applicable requirements under the Listing Rules.

This announcement has been approved by all the Directors, save that the Executives disagree with the non-disclosure of the identities of the Recipient Directors and the shortness in the level of details of the disclosure of the events and procedures leading up to all the relevant resolutions in this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on Monday, 6 January 2025. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Monday, 20 January 2025.

**The Shareholders and the Potential Investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 17 January 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.*