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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)

(1) QUARTERLY UPDATE ON BUSINESS OPERATIONS AND RESUMPTION STATUS; AND (2) CONTINUED SUSPENSION OF TRADING

This announcement is made by Clarity Medical Group Holding Limited (the “**Company**”, which together with its subsidiaries are collectively referred to the “**Group**”) pursuant to Rules 13.09(2) (a) and 13.24A 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).

Reference is made to (i) the announcement of the Company dated 30 May 2025 in relation to the resumption guidance (the “**First Resumption Guidance**”); and (ii) the announcement of the Company dated 30 June 2025 in relation to the additional resumption guidance (together with the First Resumption Guidance, the “**Resumption Guidance**”), for the Company issued by the Stock Exchange. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Resumption Guidance.

Unless otherwise stated, all references to Rules and Chapters in this announcement are references to the rules and chapters of the Listing Rules.

Pursuant to Rule 13.24A, an update on the business operations of the Group and the current status of fulfilment of the Resumption Guidance is set out below.

BUSINESS OPERATIONS

The Group continues to provide high quality ophthalmic healthcare services for the year ended 31 March 2025 (“FY2025”) and for the three months ended 30 June 2025 (“FY2026 Q1”).

FY2025 – Condensed Consolidated Statement of Comprehensive Income

Unaudited management accounts for the year ended 31 March 2025

	For the year ended 31 March		
	2025	2024	
	HK\$'000	HK\$'000	Change
	(unaudited)	(audited)	
Revenue	181,639	190,933	(4.9%)
Operation losses (before depreciation of plant and equipment and impairments)	(16,066)	(33,932)	(52.7%)
Depreciation of plants, equipment	(10,646)	(15,891)	(33.0%)
Impairment losses on plant, equipment and right-of-use assets	(3,446)	(30,049)	(88.5%)
Loss for the year	(29,823)	(75,793)	(60.7%)
Total comprehensive loss	(29,932)	(75,792)	(60.5%)
Adjusted EBITDA ^(1&2)	(3,942)	(36,333)	(89.2%)

Notes:

- (1) Adjusted EBITDA is derived from EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) by excluding one-off impairment losses on plant and equipment and right-of-use assets, as well as non-recurring expenditures, mainly consisting of non-recurring professional fees, including legal and advisory fees related to the allegations and issues disclosed in the Resumption Guidance Announcement.
- (2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a “non-GAAP” financial measure.

FY2025 – Key Business Updates

The operating environment in FY2025 remained challenging with continued economic headwinds. However, the Group made notable progress through strategic initiatives across key business areas, reinforcing its market position while maintaining financial discipline.

1. The Group significantly improved its cash flow position in FY2025, reducing net outflows to HK\$8.8 million compared to HK\$66.1 million in the previous year. The Group recovered HK\$12.8 million from a loan previously extended to Dr. Lau Tze Yan and permanently closed the underperforming Tsim Sha Tsui medical center after evaluating various reactivation options, eliminating HK\$7 million in annual rental expenses. As of year-end FY2025, the Group held HK\$132.6 million in cash with no interest-bearing debt.
2. The Group maintained its technology leadership position in Hong Kong’s ophthalmology market. As the only officially certified EVO ICL Premium Centre and the highest-volume ICL surgical provider in Hong Kong, it performed approximately 1,000 ICL procedures (eyes) in FY2025, driving ICL revenue to 17.4% (FY2024: 11.4%). It continues to evaluate cutting-edge medical technologies and AI-driven healthcare solutions to strengthen its competitive edge and long-term positioning.

3. The Group further expanded its patient reach by deepening partnerships with insurance providers and their distribution networks. Collaboration with Medicare Group and other insurers drove a sharp increase in insurance-paid revenue, rising to 6.3% of total revenue, up from just 0.7% in FY2024. The Group is evaluating strategies to broaden its customer base beyond local residents to include new Hong Kong immigrants and Greater Bay Area residents.
4. In May 2024, the Group entered into a five-year exclusive partnership to establish a premium ophthalmology center at Shenzhen New Frontier United Family Hospital, demonstrating its ability to replicate Hong Kong's gold-standard eye care model in mainland China's high-end market. In November 2024, the Group formed a strategic alliance with Wenzhou Medical University's Eye Hospital (ranked #1 in China for ophthalmology technology output under STEM for multiple consecutive years) to enhance clinical expertise and support its expansion into mainland China.

The above-mentioned FY2025 financial information is based on unaudited management accounts of the Group, which have not been reviewed or audited by the Group's auditor (the "**Auditor**") and are therefore subject to potential adjustments and finalisation pending the completion of the audit of the FY2025 financial statement.

FY2026 Q1

In the past quarter (FY2026 Q1), Hong Kong's continued economic slowdown and low consumer confidence weighed on the healthcare sector. The ongoing allegations concerning its management, directors and the Company hindered the execution of key strategic initiatives and impaired business operations. Legal and advisory expenses related to the allegations and investigations have been substantial and are expected to continue, placing pressure on the Group's cash position.

The Group has been making efforts to stabilize and improve business performance, but overall results for the quarter were weaker than expected. Financial figures will be disclosed in subsequent updates.

The Company remains committed to bringing the investigation to a close in an efficient manner and stabilizing operations, so that management can refocus on advancing long-term strategic priorities.

Save as disclosed above, the business operations of the Group are continuing as usual in all material respect notwithstanding the trading in the shares of the Company has been suspended since 15 April 2025.

RESUMPTION GUIDANCE

The latest Resumption Guidance for the Company as at the date of this announcement is as follows:

- (i) conduct an independent forensic investigation into the Allegations and related matters (including but not limited to any other allegations and/or accusations received by the Board from time to time which are connected to or arise from the Allegations), assess the impact on the Company's business operations and financial position, announce the findings and take appropriate remedial actions ("**Allegations Investigation and Remedial Guidance**");
- (ii) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any person with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence ("**Integrity Guidance**");

- (iii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules (“**Internal Control Guidance**”);
- (iv) re-comply with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules (“**Corporate Governance Guidance**”);
- (v) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position (“**Disclosure Guidance**”);
- (vi) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Financial Reporting Guidance**”); and
- (vii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Rule 13.24 Guidance**”).

RESUMPTION STATUS

The current status of fulfilment of the Resumption Guidance as at the date of this announcement is summarised below:

Allegations Investigation and Remedial Guidance

As disclosed in the announcement of the Company dated 13 May 2025, the Company held a Board meeting on 18 February 2025 and resolved that Ms. Cheng Jessica and Mr. Wang Can will both remain as members of the Special Committee. The Board also announced that on 26 March 2025, the Special Committee appointed PricewaterhouseCoopers Consulting Hong Kong Limited to act as the forensic adviser to the Special Committee. As at the date of this announcement, the Company is still in the process of conducting forensic investigations into the above matters.

Further announcement(s) will be made by the Company as to the findings of the forensic investigation results and the appropriate remedial actions taken.

As disclosed in the announcement of the Company dated 3 July 2025, the Company has established the Separate Special Committee, which comprises of Mr. Lee Kam Hung Lawrence, BBS, JP (“**Mr. Lee**”), Ms. Cheng Jessica, Mr. Wang Can (“**Mr. Wang**”) and Ms. Ci Ying (“**Ms. Ci**”). Mr. Lee will be acting as the chairman and as an external independent legal expert of the Separate Special Committee. As at the date of this announcement, the Company is still in the process of determining the terms of reference of the Separate Special Committee and appointing a suitable independent forensic investigator to conduct independent forensic investigation into the above matters.

Further announcement(s) will be made by the Company as to the appointment of an independent forensic investigator, findings of the forensic investigation results and the appropriate remedial actions taken.

Integrity Guidance

The Company will gather and provide the Stock Exchange with all required details and justifications to demonstrate compliance with the Integrity Guidance.

Internal Control Guidance

As at the date of this announcement, the Company is still in the process of appointing a suitable independent internal control adviser to conduct the independent internal control review.

Further announcement(s) will be made by the Company as to any significant findings of the internal control review including, where necessary, any recommendation of reinforcement or remedial actions and their implementation status in due course.

Corporate Governance Guidance

As disclosed in the announcement of the Company dated 25 June 2025, the Company has (i) appointed Ms. Ci as an independent non-executive Director and a member of the nomination committee of the Company (the “**Nomination Committee**”) with effect from 25 June 2025; and (ii) re-designated Mr. Wang, an independent non-executive Director, chairman of the Remuneration Committee of the Company (the “**Remuneration Committee**”) and member of each of the audit committee of the Company (the “**Audit Committee**”) and the Nomination Committee, from member to chairman of the Audit Committee with effect from 25 March 2025.

Following the appointment of Ms. Ci and the re-designation of Mr. Wang, the Company has re-complied with Rules 3.10(1), 3.10(2), 3.10A, 3.21 (which requires the Audit Committee be chaired by an independent non-executive Director) and 3.27A of the Listing Rules, as required by the Resumption Guidance.

Despite the above appointment and re-designation, (i) the Company has not yet complied with Rules 3.21 and 3.25 of the Listing Rules in respect of the composition of the Audit Committee and the Remuneration Committee respectively, and (ii) both the Audit Committee and Remuneration Committee still do not meet the minimum membership requirements set out in their respective terms of reference.

The Company will continue to identify suitable candidates to fill up the vacancy to each of the Audit Committee and Remuneration Committee. Further announcement(s) will be made in this regard as and when appropriate in accordance with the requirements of the Listing Rules.

Disclosure Guidance

The Company has complied with and will continue to comply with the Disclosure Guidance promptly as needed.

Financial Reporting Guidance

As disclosed in the announcement of the Company dated 25 June 2025 in relation to the delay in publication of audited annual results for FY2025 (the “**FY2025 Audited Annual Results**”) and despatch of annual report for FY2025 (the “**FY2025 Annual Report**”), the Company is still in the process of addressing the Allegations which are considered by the Auditor as relevant to the FY2025 Audited Annual Results. The Auditor also considers that there are material uncertainties on the impacts to the Company’s financial information before such Allegations have been sufficiently investigated into. As such, there will be a delay in publication of the FY2025 Audited Annual Results and a possible delay in the despatch of the FY2025 Annual Report.

The Board has assessed that the delay in announcing the FY2025 Audited Annual Results and in despatching the FY2025 Annual Report would not have any material adverse effect to the Group's business and operation, which are continuing normally.

The Board is of the view that the expected date of the publication of the FY2025 Audited Annual Results and the FY2025 Annual Report will need to be further determined with the Auditor. The Company will publish further announcement to inform its shareholders and potential investors of the developments relating to the publication of the FY2025 Audited Annual Results and the FY2025 Annual Report as and when appropriate.

Rule 13.24 Guidance

The Group has all along been in compliance with Rule 13.24, in particular, given the Group's substantive business operations, as well as proactive cost-saving initiatives in reducing operating expenses without compromising the quality of its services.

The Company will gather and provide the Stock Exchange with all required details and justifications to demonstrate compliance with the Rule 13.24.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 15 April 2025 and will remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company, and if they are in any doubt about their position, they should consult their independent professional adviser(s).

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

Hong Kong, 14 July 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. CHENG Jessica, Mr. WANG Can and Ms. CI Ying as independent non-executive Directors.