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)

INSIDE INFORMATION

SUPPLEMENTAL ANNOUNCEMENT ON KEY FINDINGS OF INDEPENDENT INVESTIGATION ON CORPORATE GOVERNANCE ALLEGATIONS AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Clarity Medical Group Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) 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 Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company in respect of key findings of FTI Investigation dated 7 April 2026 (the "**Announcement**"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide supplemental information in relation to the additional and alternative procedures performed by FTI Consulting after the date of the Announcement (collectively, the "**further procedures**").

FURTHER PROCEDURES PERFORMED FOR THE FTI INVESTIGATION

To supplement the procedures previously performed by FTI Consulting and to address certain limitations identified in the FTI Investigation, FTI Consulting has performed further procedures which include the following:

(i) Performed forensic technology procedures on custodians who were potentially involved in the Allegations or possessed contemporaneous knowledge of the relevant events, including the collection and review of data from Company-assigned computer devices and email accounts. FTI Consulting identified, preserved, collected, processed and independently reviewed electronic documents and communications to reconstruct the chronology of relevant events, internal discussions and transaction-related communications, and to cross-check and corroborate findings derived from documentary records and interviews.

(ii) obtained, reviewed and analysed further documents relevant to the Corporate Governance Allegations, including pleadings and supporting documents filed in the legal proceedings that relate to the Allegations.

(iii) where a primary source of evidence was incomplete, unavailable or could not be obtained through interview, whether due to non-cooperation by relevant persons or limitations in electronic data collection, alternative procedures were performed using other available venues, including contemporaneous books and records, forensically collected electronic data, public-domain and corporate registry records, court filings, legal proceeding documents, legal opinions, and accounts obtained from cooperating personnel. Those alternatives were then assessed, allegation by allegation, to determine whether they were sufficient to establish the material facts that would otherwise have been obtained from the missing source. The alternative sources were assessed for consistency and, where practicable, corroborated against contemporaneous records.

KEY FINDINGS OF THE FTI INVESTIGATION BASED ON PREVIOUS AND FURTHER PROCEDURES PERFORMED

Based on (a) the procedures previously performed as detailed in the FTI Investigation Report and summarised in the Announcement and (b) the further procedures performed as mentioned above, the key updated findings of the FTI Investigation on the relevant Allegations which are set out in an updated report dated 7 September 2026 and delivered by FTI Consulting (the "**Updated FTI Report**") are summarized as follows (the order of Allegations remains the same as in the Announcement for easy reference):

Corporate Governance Allegations (1)(a), (4)(c) and (4)(d)

<u>Alleged unauthorised corporate actions</u>

(1)(a) It was alleged that, in January 2023, Mr. Lo unilaterally executed the incorporation documents for Clarity Pharmacal without obtaining the prior approval of at least three-fourths of all the Directors as required by the Then Articles for the establishment of any subsidiary, and that such establishment was therefore conducted in breach of the Then Articles.

(4)(c) It was alleged that the bank information update form executed by Mr. Jiang and Mr. Hui and submitted in October 2024 to include Mr. Jiang and Mr. Chen as new signatories for Saintford's bank accounts had not been authorised by the Board.

(4)(d) It was alleged that, when Mr. Jiang was appointed as a director of Saintford in December 2024, Mr. Jiang and Mr. Hui had arranged for such appointment without first obtaining the prior approval of at least three-fourths of all the Directors as required by the Then Articles for the appointment of an additional person as a director of any member of the Group.

FTI Consulting further performed forensic technology procedures, identified and analysed relevant email archives, communication records and electronic records to ascertain the commercial rationale and chronology. Upon completion of the procedures performed as mentioned above, FTI did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that the above Corporate Governance Allegations were **not substantiated**.

Corporate Governance Allegation (1)(b)

Alleged channelling of Group funds by Dr. Tse and/or Mr. Lo to Dr. Tse and/or his controlled entities

WIT and Proyan

Under the consultancy agreement entered into between Saintford and WIT (which was controlled by Dr. Tse) dated 4 April 2022, WIT would be paid certain amounts if Dr. Tse had generated the target revenue for Saintford. Eventually, Mr. Lo procured Saintford to pay the full contractual amount of HK$5,679,200 to WIT even though Dr. Tse generated only HK$175,363 against annual revenue targets of HK$3,000,000.

*On 20 April 2023, Dr. Tse executed a consultancy and promotion agreement with Proyan Consulting Limited (“**Proyan**”) for a total consideration of HK$900,000. While the Company’s records indicate that the full contract value was invoiced and paid (including a duplicate billing), the Company has been unable to identify any corresponding deliverables, such as performance reports or marketing materials. Furthermore, no other key relevant employees of the Company appear to have had involvement with Proyan or the engagement, and there is no evidence of services rendered. It is alleged that this transaction may have lacked commercial substance and functioned as a sham arrangement for the misappropriation of Group assets.*

FTI Consulting further performed forensic technology procedures, identified and analysed relevant email archives, shared-drive materials and other electronic records. Upon completion of the procedures performed as mentioned above, FTI did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that the allegations of financial misconducts related to WIT and Proyan were **substantiated**.

Renovation work

It was alleged that the contractor was awarded the renovation work due to undisclosed personal ties with Dr. Tse, and that the Board’s approval of the overrun cost was obtained on the basis of misleading information provided by Dr. Tse.

FTI Consulting maintained its original conclusion that the allegation against Dr. Tse in respect of the renovation costs was **not substantiated**.

Corporate Governance Allegation (2)

<u>Dr. Tse's alleged fiduciary breaches through undisclosed self-interested proposals</u>

It was alleged that Dr. Tse failed to discharge his fiduciary duties to act in the best interests of the Group by entering into pre-IPO or IPO-related agreements with certain purported shareholders, which involved undisclosed private share subscription, repurchase, price-protection, and guarantee-type arrangements of the Company's shares. FTI Consulting concluded that the available materials provide considerable support for the allegations, rendering them credible on the surface of the evidence gathered.

Notwithstanding the forensic technology procedures performed, which included review of Dr. Tse's custodian data collected (where available) through such procedures, FTI Consulting found that the actual existence, implementation and complete terms of any concert party, guarantee or voting arrangements, the full list of parties involved, and whether any such arrangements translated into sustained voting control **remained unresolved**.

Nonetheless, FTI Consulting maintained its conclusion that **no funds of the Company was used in such arrangements and no identifiable financial loss or direct harm to the Company was established definitively**.

Corporate Governance Allegation (3) and (4)(a)

<u>Alleged concealed relationship of Mr. Jiang and Mr. Wang with Innovative Vision</u>

Innovative Vision acquired 20.3% of the Company's shares and became a substantial shareholder of the Company in August 2024. Mr. Jiang was appointed as an executive Director and the CEO, and Mr. Wang was appointed as an independent non-executive Director, on 9 September 2024. It was alleged that Mr. Jiang and Mr. Wang were board representatives of Innovative Vision and that Mr. Jiang had provided the funds to Innovative Vision for its acquisition of the Company's shares. These relationships were allegedly concealed in the Company's published announcements and private submissions to the Stock Exchange.

FTI Consulting conducted an exhaustive review on all the affirmations and exhibit documents filed and served under 1627 Action and performed forensic technology procedures to identify associations between relevant parties. Upon completion of the procedures performed as mentioned above, FTI did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that this Allegation was **not substantiated**.

<u>Alleged unauthorised consultancy agreements with UOA</u>

The Company had entered into three consultation agreements with UOA with the first being executed by Mr. Hui on the Company's behalf and dated 19 August 2024 (i.e. before Mr. Jiang joined the Company) and the second agreement, extending UOA's work scope under the first agreement, being executed by Mr. Jiang on the Company's behalf and dated 9 September 2024. Mr. Jiang was a director of UOA since its incorporation and has resigned from all his positions from UOA on 15 August 2024. He was an indirect shareholder of UOA between 31 January 2023 and 8 June 2023.

It was alleged that the Company's execution of the first two agreements with UOA had not received prior authorisation of the Board.

FTI Consulting had regard to the positions pleaded by Dr. Tse under the 1627 Action including the associated exhibits and performed forensic technology procedures, reconciled payment records against deliverables and related communication records, identified and reviewed email correspondence between related parties regarding the delivery and progress reporting. Upon completion of the procedures performed as mentioned above, FTI did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that this Allegation was **not substantiated**.

Corporate Governance Allegation (4)(b)

Alleged unauthorised employment of Mr. Chen without valid working visa

It was alleged that Mr. Jiang and Mr. Hui instructed and/or directed the employment of Mr. Chen as general manager of Saintford when Mr. Chen was not holding a valid Hong Kong working visa.

FTI Consulting performed forensic technology procedures to identify and review electronic records relating to Mr. Chen's employment. Upon completion of the procedures performed as mentioned above, FTI Consulting has maintained its original conclusion that this Allegation was **not substantiated**.

Corporate Governance Allegation (4)(e)

Alleged unauthorised Settlement Agreement and Assignment

It was alleged that on or around 17 December 2024, Mr. Jiang and Mr. Hui failed to obtain the prior authorisation of the Board in entering into the Settlement Agreement with Dr. Lau concerning a loan due from Dr. Lau to the Group. This settlement included an Assignment, whereby Dr. Lau assigned to Saintford a HK$1.75 million guarantee previously provided by Dr. Tse. It is further alleged that these actions failed to adhere to the Company's internal control procedures given that the Assignment might not be on normal commercial terms and would constitute a non-exempt connected transaction under Chapter 14A of the Listing Rules.

FTI Consulting had regard to the positions pleaded by Dr. Tse under the 1627 Action including the associated exhibits and performed forensic technology procedures to identify and review email communications detailing negotiation of the agreements and relevant approval protocols. Upon completion of the procedures performed as mentioned above, FTI Consulting did not identify any additional material observations that would affect its findings in the FTI Investigation Report and therefore maintained its original conclusion that this Allegation was **not substantiated**.

Corporate Governance Allegation (5)

Alleged approach by Hong Kong law enforcement agencies

It was alleged that Mr. Jiang had been approached for investigation and/or enquiries by the Hong Kong Police Force and the Hong Kong Immigration Department.

FTI Consulting had regard to the pleadings filed by Dr. Tse under the 1627 Action including the associated exhibits and further performed forensic technology procedures and targeted review on email correspondence and documentary evidence on contacts from the relevant law enforcement agencies. Upon completion of the procedures performed as mentioned above, FTI Consulting did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that this Allegation was **not substantiated**.

Corporate Governance Allegations (6), (7) and (8)

<u>Alleged fiduciary duty and investigative conduct breaches by certain current and former Directors</u>

It was alleged that Mr. Wu, Ms. Zhao and Mr. Wang have failed to discharge their fiduciary duties in handling the allegations against Mr. Jiang and Mr. Hui; that Mr. Jiang and Mr. Hui have intentionally delayed the investigation of the Special Committee and/or manipulated the investigation by the Special Committee with the assistance of Mr. Wu, Ms. Zhao and Mr. Wang; and that Mr. Wu, Ms. Zhao, Mr. Wang, Mr. Jiang and Mr. Hui have breached the Company's whistleblowing policy and the Corporate Governance Code by imposing unwarranted disciplinary actions against certain whistleblowers within the Company.

FTI Consulting had regard to the pleadings filed by Dr. Tse and Ms. Cheng under the 1627 Action including the associated exhibits and further performed forensic technology procedures to review documentary evidence including meeting records, Board communications and relevant external correspondence. Upon completion of the procedures performed as mentioned above, FTI Consulting did not identify any additional material observations that would affect its findings in the FTI Investigation Report and maintained its original conclusion that these Allegations were **not substantiated**.

OPINIONS OF THE SPECIAL COMMITTEE AND THE BOARD ON THE FTI INVESTIGATION

The Special Committee:

(a) has critically reviewed in detail the Updated FTI Report (which also includes details and relevance of the further procedures), including its scope, methodology, evidential sources, limitations, relevance of the procedures to the findings and the findings set out therein. It has engaged in discussions with FTI Consulting to understand and evaluate the contents of the Updated FTI Report;

(b) has considered FTI Consulting's methodology (including the further procedures) and is satisfied that such procedures were reasonably and appropriately designed, and was proportionate to ascertain the chronology, persons involved, commercial rationale (or lack thereof) and root cause(s) underlying the Allegations;

(c) noted that certain former employees and directors of the Group did not cooperate, and therefore FTI Consulting conducted robust further procedures (as summarised above) to address such issues;

(d) noted in particular that FTI Consulting has implemented forensic technology procedures to ensure authenticity, reliability and completeness of the electronic materials obtained from the Company, and assessed whether FTI Consulting's further procedures were capable of substituting for the missing primary sources. It is satisfied that FTI Consulting has obtained independent corroboration from at least one alternative source rather than relying on single, uncorroborated account, and therefore did not undermine the reliability or adequacy of the findings; and

(e) is satisfied that FTI Consulting has performed its procedures independently and did not place reliance on the preliminary findings by PwC Consulting except for reference only; and FTI's Consulting procedures extended beyond the scope and procedure of PwC Consulting's preliminary work.

Taking into account the above, and subject to the various limitations which FTI Consulting encountered, and upon consideration of the further procedures conducted by FTI Consulting in addressing or mitigating those limitations, and of legal advice from its legal advisers, the Special Committee is of the view that (i) the FTI Investigation was properly conducted and adequate for its purpose, and (ii) that the identified limitations, conflicting evidence and unresolved matters have been appropriately identified, tested and disclosed.

The Board has reviewed the Updated FTI Report, and has taken into account that the Special Committee has followed proper procedures in investigating the Corporate Governance Allegations, obtained appropriate legal advice and duly considered the scope, methodology, evidential sources, limitations and the findings of the FTI Investigation. On such basis, the Board accepts the Updated FTI Report.

IMPLICATIONS ON THE OPERATION AND FINANCIAL POSITION OF THE GROUP

As mentioned in the Announcement, the Company has taken significant steps to enhance the Group's internal control framework and to strengthen its corporate governance, improvements include the establishment of new policies, the formalisation of guidelines and the procedures to enhance governance, management and approval processes, the clear ascertainment of services and products required, the careful selection and evaluation of vendors, the conduct of contract negotiations, the proper authorisation of agreements, and the ongoing monitoring of deliverables and payments. By instituting these measures, the Company has established sufficient safeguards to ensure accountability, operational efficiency, reduce risks and reinforce confidence in its corporate governance and procurement processes. The Company's internal control adviser has also performed follow-up review and confirmed that the Company has in place and will continue to monitor, implement and enforce these internal control mechanisms. Further details of the internal control review will be published in a separate announcement of the Company.

Based on procedures performed and the findings from FTI Consulting, and with the remedial actions taken by the Group up to the date of this announcement, the Board believes that the integrity, competence, and/or character of the Group's current management and/or persons with significant influence over the Company's current management and operations do not pose any risk to investors and will not undermine market confidence.

Pursuant to the Board's assessment and taking into account the Updated FTI Report, the Board considers that the Group's operation and business remain normal.

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 advisor(s).

CLARITY MEDICAL GROUP HOLDING LIMITED
JIANG Bo
Executive Director and Chief Executive Officer

Hong Kong, 11 September 2026

As at the date of this announcement, the Board comprises Mr. JIANG Bo as executive Director, Mr. CHEN Jiarong, Professor WANG Qinmei and Mr. SUN Peng as non-executive Directors, and Mr. WANG Can, Ms. CI Ying, Dr. CHEN Poujian and Mr. XU Anliang as independent non-executive Directors.