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)

KEY FINDINGS OF FORENSIC INVESTIGATION IN CONNECTION WITH IPO ALLEGATIONS

The board of directors of Clarity Medical Group Holding Limited (the "**Company**", which together with its subsidiaries are collectively referred to the "**Group**") refers to the announcements of the Company dated 13 May 2025, 30 May 2025, 25 June 2025, 30 June 2025, 3 July 2025, 14 July 2025, 14 October 2025, 11 November 2025, 12 November 2025, 14 January 2026, 5 March 2026 and 14 April 2026 ("**Announcements**"). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As part of the resumption guidance issued by the Stock Exchange as disclosed in the Company's announcements dated 30 May 2025 and 30 June 2025 ("**Resumption Guidance**"), Grant Thornton Advisory Services Limited ("**GT**") was engaged as the independent forensic adviser to the Separate Special Committee as disclosed in the Company's announcement dated 5 March 2026. In this regard, GT has issued an independent forensic investigation report ("**GT Investigation Report**"), the summary and key findings of which are set out below in this announcement.

BACKGROUND

The IPO allegations were allegations made in relation to the possible overstatement of profits in the prospectus of the Company dated 31 January 2022 ("**Prospectus**") and the failure to disclose in the Prospectus the purported re-routing of paid dividends amongst shareholders to certain past medical practitioners of the Group for remuneration purposes as disclosed in the Company's announcement dated 13 May 2025 ("**IPO Allegations**") in respect of which the Separate Special Committee was formed to investigate as stated in the Company's announcements dated 3 July 2025 and 14 October 2025. The membership of the Separate Special Committee was reconstituted and had changed as disclosed in the Company's announcement dated 12 November 2025 and 14 April 2026.

A. THE IPO ALLEGATIONS

In gist, the IPO Allegations alleged that the disclosure in the Prospectus was inaccurate and misleading, and the Group's profitability during the three financial years ended 31 March 2021 and the four months ended 31 July 2021 ("**Track Record Period**") were manipulated through the following arrangements:

1. **Adjustment of remuneration from variable to fixed monthly fees:** Dr. Tse Wai Yip ("**Dr. Tse**") (together with two senior management of the Group, namely Dr. Hui Yung Lam ("**Dr. Hui**") and Dr. Lau Tsz Yan Teresa ("**Dr. Lau**")) agreed with Saintford Limited ("**Saintford**", an indirect wholly-owned subsidiary of the Company) to change their remuneration structure from a fixed plus variable basis ("**variable basis**") to a fixed monthly fee each of either HK$100,000 or HK$200,000 per month.

2. **Undisclosed loans used to compensate shortfall in consultancy fees:** Dr. Tse channelled the Group's funds (which were obtained by undisclosed loans from the Group) to compensate Dr. Hui and Dr. Lau for any shortfall of income due to the adjustment of such basis of remuneration ("**Alleged Undisclosed Loans & Use**"). This resulted in the understatement of the consultancy fees recorded in the Company's consolidated financial statements ("**Alleged Understatement**").

3. **Dividend distribution and set-off against outstanding loans**: the then five shareholders of the Company (including Dr. Hui and Dr. Lau) directed that pre-IPO dividends declared in the aggregate amount of HK$148 million to be paid to Ultimate Bliss Limited (a company wholly-owned by Dr. Tse, "**UBL**"), which was set off against outstanding balances owed by Dr. Tse under the undisclosed loans ("**Dividend Distribution & Set-off**").

4. **Termination of consultancy agreements post-IPO**: as the above arrangement could not be replicated post listing, due to heightened regulatory requirements, the consultancy agreement of each of Dr. Hui and Dr. Lau was terminated in March 2022 and August 2022 (i.e. one month and six months after the IPO date of 18 February 2022) respectively ("**Termination of Consultancies**").

B. GT INVESTIGATION LED BY SEPARATE SPECIAL COMMITTEE

GT was appointed as forensic adviser in relation to the IPO Allegations as stated in the Company's announcement dated 5 March 2026 ("**GT Investigation**"). GT's objectives in the GT Investigation were (i) to review the remuneration arrangements of Dr. Hui and Dr. Lau, including the adjustment from a fixed-plus-variable remuneration structure to fixed monthly remuneration, and to assess how such arrangements were implemented during the Track Record Period; (ii) to trace the flow of funds related to the Alleged Undisclosed Loans & Use and the use of such funds; (iii) to verify the commercial reality and substance of the Dividend Distribution & Set-off; and (iv) to review the circumstances surrounding the termination of the consultancy agreements of Dr. Hui and Dr. Lau following the IPO and its relevance to the Alleged Understatement and the Group's profitability, in each case during the relevant period, being 1 April 2018 to 31 August 2022 ("**Relevant Period**"), taking into account the Track Record Period and extending to 31 August 2022, being the later of (a) the date on which Dr. Hui and (b) the date on which Dr. Lau, was last paid fixed monthly remuneration by the Group.

PROCEDURES PERFORMED AND LIMITATIONS

GT reported that it had performed procedures including (a) data analyses and document review; (b) interviews; (c) independent background checks; (d) seeking confirmations from relevant parties; (e) specific internal control assessments; and (f) computer forensics.

GT reported that in general the Company had not imposed any unreasonable restrictions on the GT Investigation. However, in view of the limitations of GT's independent investigation as explained below, coupled with the existence of objective factors beyond the control of the Group (including the inherent limitations of certain shareholder or historical directorship information might not be publicly accessible even through background searches), their findings are subject to limitations.

These limitations include GT's inability (i) to obtain certain accounting records of Tse, Lau & Hui Medical Practice ("**Partnership**", being the medical partnership of Dr. Tse, Dr. Lau and Dr. Hui which had entered into agreements with Saintford by which the Group provided the Partnership with the use of trade names, premises, facilities and management services in April 2015 and was dissolved on 2 May 2020) and the service companies of Dr. Lau and Dr. Hui, which were not controlled by the Company, certain accounting records of Clarity Medical Group Limited ("**CMGL**", the sole shareholder of Saintford prior to the Group's IPO reorganisation on 20 March 2019 and which single largest ultimate shareholder was Dr. Tse with an indirect interest of 42.89% through UBL) from April 2021 onwards and the Group's internal approval documents for consultancy fees from April 2019 onwards; (ii) to conduct interviews with or obtain questionnaires responses from all relevant doctors (Dr. Tse, Dr. Lau and Dr Hui), and certain former director and staff who might have knowledge of or may be connected with the IPO Allegations; (iii) to obtain confirmations from certain parties (including service companies of Dr. Hui and Dr. Lau) regarding consultancy payments; and (iv) to obtain certain computers for forensic procedures. To address or mitigate the above limitations, GT has implemented alternative procedures including computer forensic analysis, review of ancillary documents provided or obtained during the GT Investigation, review of the internal control review report prepared by the internal control expert engaged by the Group which covered the period from 1 January 2022 to 30 September 2024 and review of other available data sources (including e-mail mailboxes and relevant shared folders on the Company's server, and keyword based search results conducted across all forensic images obtained, documentary-based walkthrough using payroll records, and bank statements obtained independently from banks) in relation to the relevant procedures.

Further, as the GT Investigation was based on the voluntary cooperation of the Company and external parties, its findings are subject to a general limitation that GT were not able to verify some of the statements made by interviewees during the investigation, nor ensure that the results of investigation are free from error or omissions.

C. KEY FINDINGS OF THE GT INVESTIGATION

A summary of GT's key findings based on the procedures performed and subject to the limitations described in their report (and summarised above) is set out below.

1. In relation to the adjustment of remuneration from variable to fixed monthly fees and the Alleged Undisclosed Loans & Use:

(a) The remuneration of Dr. Lau and Dr. Hui was revised by the Group from a variable basis to a fixed monthly basis since and including the financial year ended 31 March 2017. throughout the Track Record Period and the reasons for such revision were disclosed in the Prospectus.

(b) The Group maintained internal records (with restricted access to certain former personnel of the Group involved in day-to-day operations) that showed calculations of the remuneration of Dr. Lau and Dr. Hui based on both the fixed remuneration basis and the previous variable basis throughout the Track Record Period and approval by a certain former personnel of the Group of such calculations. The former personnel that made calculations and maintained records of remuneration of the two doctors on a variable basis represented that the calculations were prepared at Dr. Lau's request and did not represent payable under the consultancy agreements then in force.

However, GT was unable to verify the rationale for the preparation of those related internal records, due to incomplete documentation and unavailability of key personnel (see "Procedures Performed and Limitations" above).

(c) GT identified fund flows during the Track Record Period that can be summarised as follows:

Period	**Payments from the Group**	**Payments received by the service companies of Dr. Lau and Dr. Hui**
April 2018 – September 2019	The Group made payments to the Partnership that exceeded the total consultancy fees recognised by the Group and the excess amounts were recorded as "cash advance for Dr. Tse" and disclosed as "non-trade balances" in the Prospectus.	The Partnership made payments to the service companies of Dr. Lau and Dr. Hui between April 2018 to March 2019 in amounts largely consistent with remuneration on the variable basis, and to the service company of Dr. Lau between April 2019 to March 2021 in amounts equal to the fixed monthly remuneration and in amounts corresponding broadly to remuneration on the variable basis. There was also the "Current A/C-Dr Tse" balance and was a pooled account which also included payments made to Dr. Tse and other former personnel.

Period	**Payments from the Group**	**Payments received by the service companies of Dr. Lau and Dr. Hui**
October 2019 – April 2020	The Group made payments to the Partnership equal to the total consultancy fees payable to Dr. Lau and Dr. Hui recognised by the Group. The Group made payments to CMGL in varying amounts which were recorded as "amounts due from CMGL" and disclosed as "non-trade balances" in the Prospectus. These amounts are not the same as the aggregate amounts of remuneration that would have been payable to Dr. Lau and Dr. Hui had they continued to be paid on a variable basis less the remuneration paid on a fixed basis and GT has found no record of how these amounts were determined.	The Partnership made payments to the service companies of Dr. Lau and Dr. Hui in amounts equal to the fixed remuneration. CMGL made payments to the service companies of Dr. Lau and Dr. Hui in amounts largely consistent with remuneration on a variable basis less the amount of fixed remuneration.
May 2020 – July 2021	The Group paid fixed remuneration to the service companies of Dr. Lau and Dr. Hui. The Group made payments to CMGL in varying amounts which were recorded as "amounts due from CMGL" and disclosed as "non-trade balances" in the Prospectus. These amounts are not the same as the aggregate amounts of remuneration that would have been payable to Dr. Lau and Dr. Hui had they continued to be paid on a variable basis less the remuneration paid on a fixed basis and GT has found no record of how these amounts were determined.	CMGL made payments to the service companies of Dr. Lau and Dr. Hui in amounts largely consistent with remuneration on a variable basis less the amount of fixed remuneration up to March 2021. As disclosed above, GT was unable to obtain accounting records of CMGL from April 2021 onwards.

(d) GT reported that, based on interviews and documents reviewed (including the materials retrieved through computer forensics), certain former personnel of the Group involved in day-to-day operations may have understood that there may be personal arrangements between Dr. Tse, Dr. Lau and Dr. Hui pursuant to which any variable remuneration in excess of the fixed monthly remuneration of Dr. Lau and Dr. Hui would be personally settled by Dr. Tse ("**Possible Private Arrangements**"). GT considered that the existence of the Possible Private Arrangement as one possible explanation for payments but found no contemporaneous corroborating evidence apart from interviews of a former personnel.

(e) GT reported that the remuneration records of the Group reviewed reflected fixed monthly remuneration arrangements between the Group and Dr. Lau and Dr. Hui during the Track Record Period.

(f) GT noted that the Prospectus did not include disclosures of any additional payments made by the Partnership or CMGL to entities associated with Dr. Lau and Dr. Hui. However, GT reported that they have not identified any evidence indicating that (i) the Board at the time had approved or there was any formal or documented arrangement between the Group and Dr. Lau and/or Dr. Hui to compensate either or both of them for any shortfall of their remuneration; or (ii) the Board at the time (other than the then executive directors) was aware of the additional payments made by the Partnership or CMGL to entities associated with Dr. Lau and Dr. Hui). GT also concluded that the extent of the directors' knowledge of matters beyond the dividend-related documentation and resolutions could not be established.

Based on the above, GT concluded as follows:

i. The adjustment of remuneration of Dr. Lau and Dr. Hui from a variable basis to fixed monthly remuneration were substantiated from the accounting and payment records of the Group and identified disclosures in the Prospectus with respect to such adjustments. GT considered that the reason given for continued calculations of remuneration on variable basis as one possible explanation but found no contemporaneous corroborating evidence. Due to the incomplete documentation and unavailability of key personnel (see "Procedures Performed and Limitations" above), the commercial rationale for former personnel of the Group maintaining records and calculations of remuneration on a variable basis was unresolved.

ii. The allegation that there existed undisclosed loans from the Group to Dr. Tse was not substantiated. The relevant balances were identified in the accounting records and disclosed in the Prospectus (including the audited accountants' report in it).

iii. The allegation regarding fund flows between Dr. Tse, Dr. Hui and Dr. Lau is substantiated from the payments identified by GT to have been made by the Partnership or CMGL (both controlled by Dr. Tse) to service companies of Dr. Lau and Dr. Hui summarised above. Due to the incomplete documentation, unavailability of key personnel, the absence of accounting records of the Partnership and the service companies of Dr. Lau and Dr. Hui and the unavailability of CMGL accounting records after March 2021 (see "Procedures Performed and Limitations" above), GT has been unable to determine the complete movement and allocation of funds between or by those parties and the nature, purpose and commercial rationale of such arrangements and payments, which remain therefore unresolved.

iv. The allegation that there was an arrangement or obligation of the Group to compensate any alleged remuneration shortfall of Dr. Lau and Dr. Hui was not substantiated. The Group's remuneration records reviewed reflected fixed monthly remuneration arrangements. In relation to the fund flows described in (iii) above, the Group recorded its outflows in the accounting records as cash advances for Dr. Tse and fund transfers, while CMGL recorded its own relevant outflows in its accounting records as fees paid to the service companies of Dr. Lau and Dr. Hui, rather than as remuneration payable by the Group. The records reviewed did not contain any written agreement, board approval or other documented arrangement indicating that the Group was required to compensate Dr. Lau or Dr. Hui for any difference between remuneration calculated on a variable basis and the fixed monthly remuneration arrangements.

2. In relation to the Dividend Distribution & Set-off

GT reported that the dividend declaration by then directors and shareholders of the Company and subsequent distribution were supported by executed resolutions and accounting records and disclosed in the Prospectus. GT also reported that the re-direction of dividend declared to UBL, the assignments of receivables due from CMGL to UBL and set-off of those receivables against dividend payable were supported by contemporaneous transaction documents and resolutions and that following the implementation of those arrangements, balances due from CMGL and Dr. Tse to the Group were fully settled.

Based on the above, GT concluded that the Dividend Distribution and Set-off was substantiated as to the declaration and distribution of the dividend, transfer of dividend entitlements and subsequent assignment and set off arrangements. Please refer to 1 above, in relation to the allegation of "undisclosed loan". However, due to the unavailability of certain key personnel and the absence of sufficient contemporaneous explanations, GT was unable to determine the complete commercial rationale and decision making process underlying the dividend re-direction and set off arrangements.

3. In relation to the Termination of Consultancies

GT reported that, on 19 January 2023, Dr. Hui, his service company and Saintford entered into a cancellation agreement to terminate the consultancy agreement dated 2 May 2020 and the deed of undertaking dated 26 January 2022 by which Dr. Hui agreed that his fixed monthly remuneration arrangement would continue until 31 March 2028. Based on accounting and clinical records, GT found that remuneration payments to Dr. Hui's service company ceased after February 2022 and no patient consultation session by Dr. Hui were recorded from March 2022 to January 2023, while Dr. Hui refunded moneys to the Group for a period of 24 months pursuant to the cancellation agreement. There were also records indicating that Dr. Hui travelled to the United States for family reasons from February 2022 on special leave. GT also identified a consultancy agreement between Dr. Hui (through another company) with Saintford that bear the date of 20 January 2022 ("**Separate Consultancy**") which provided for a revised remuneration structure with effect from 1 February 2023, which was purported to be varied with the introduction of an annual bonus arrangement by supplemental agreement dated 22 November 2023. Records reviewed (including contemporaneous e-mail correspondence) and interviews indicate that this Separate Consultancy was first drafted and circulated in November 2022, and that execution-related discussion continued in February 2023 despite the date appearing on the face of the agreement and there was no contemporaneous documentation indicating that such consultancy agreement had been agreed to or documented prior to the IPO on 18 February 2022.

With respect to Dr. Lau, GT reported that Dr. Lau, her service company and Saintford entered into a cancellation agreement to cancel and terminate the consultancy agreement dated 2 May 2020 and deed of undertaking dated 26 January 2022 and Dr. Lau and Saintford entered into a collaboration agreement dated 1 September 2022 pursuant to which Dr. Lau was to provide services on a variable remuneration basis.

Based on the above, GT concluded that the Termination of Consultancies occurred, except that the alleged date of termination in respect of Dr. Hui in March 2022 reflected the practical cessation of services and payments rather than the formal contractual termination by cancellation agreement and new remuneration arrangements were subsequently entered into with the two doctors. However, due to incomplete documentation and the unavailability of certain key personnel, GT was unable to determine the commercial rationale and decision making process in relation to the termination, and the subsequent remuneration arrangements involving Dr. Hui and Dr. Lau (i.e. GT was unable to determine the reasons for those changes), including who proposed, negotiated and approved the arrangements and the basis upon which those decisions were made. Accordingly, the allegation that the Termination of Consultancies was due to heightened regulatory requirements remains unresolved.

4. In relation to the Alleged Understatement

GT noted that the Prospectus disclosed an illustration of the impact of additional remuneration that would have been received by Dr. Lau, Dr. Hui and Dr. Tse (who left the Group in October 2019 due to health reasons as disclosed in the Prospectus) based on revenue derived from their services times a benchmark of 30% (based on an industry range of 20% to 40%) minus actual compensation received by them during the Track Record Period and the impact on the Group's profitability. The section headed "Business – Our Medical Practitioners and Frontline Staff – Remuneration of Dr. Lau, Dr. Hui and Dr. Tse" in the Prospectus contained a disclosure as follows: "*Should each of Dr. Lau, Dr. Hui and Dr. Tse be entitled to the Additional Remuneration during the Track Record Period and taking into account the tax impact brought by the payment of the Additional Remuneration and expenses incurred in connection with the Listing, our Group would have recorded a net profit in the amount of HK$32.0 million, HK$19.8 million, HK$27.9 million and HK$7.7 million for the three years ended 31 March 2021 and the four months ended 31 July 2021, respectively. Accordingly, our Group's ability to meet the minimum profit requirement under Rule 8.05(1)(a) of the Listing Rules would not be affected.*"

For illustration purposes only, assuming that the difference between the variable remuneration calculated and recorded by a former personnel of the Group and the fixed monthly remuneration were fully expensed and subject to Hong Kong profits tax at the prevailing rate of 16.5% and after adjusting for activities outside of ordinary business and other unusual items, the adjusted profits of the Group for the Track Record Period are set out below:

HK$'000	**FY2018/19**	**FY2019/20**	**FY2020/21**	**For the four months ended 31 July 2021**	**Total Track Record Period**
Profit and total comprehensive income for the year/period *Note*	30,039	26,387	35,769	5,149	**97,344**
Less: Additional Remuneration	(17,502)	(17,247)	(18,378)	(7,279)	**(60,406)**
Add: Tax effect at the prevailing rate of 16.5% on the Additional Remuneration	2,888	2,846	3,032	1,201	**9,967**
Add: Adjustment for activities outside ordinary business and other unusual items *Note*	16,524	4,799	3,678	7,062	**32,063**
Adjusted net profit (per GT findings assuming the Additional Remuneration were remuneration expenses of the Group)	**31,949**	**16,785**	**24,101**	**6,133**	**78,968**

Note: Source being the Prospectus and management information

Based on estimations by GT for illustration purposes only, assuming that Dr. Hui and Dr. Lau had received both fixed and variable remuneration based on the available internal records of the Group, the aggregate adjusted net profit for the Track Record Period under this illustrative scenario would have been approximately HK$79.0 million, i.e. approximately HK$8.5 million or less than 10% lower than the aggregate adjusted net profit of approximately HK$87.5 million illustrated in the Prospectus.

On the basis of this illustration , the adjusted net profit would have been HK$24.1 million for FY2020/21 and HK$48.7 million in aggregate for FY2018/19 and FY2019/20 (being HK$31.9 million and HK$16.8 million, respectively). Accordingly, the Group would nevertheless have adequate profits to meet the minimum profit requirement under the then Rule 8.05(1)(a) of the Listing Rule applicable to the Company's then listing, which required profit attributable to shareholders of at least HK$20 million for the most recent financial year and an aggregate of at least HK$30 million for the two preceding financial years.

5. In relation to the Prospectus disclosures regarding the IPO Allegations

GT performed targeted keyword searches of the Prospectus using terms relevant to the IPO Allegations, and compared those disclosures in the relevant sections of the Prospectus against their findings and records obtained during their investigation.

GT reported that there was no disclosure of (1) additional payments made by the Partnership or CMGL to entities associated with Dr. Lau and Dr. Hui; (2) the transfer of dividend entitlements to UBL; and (3) the assignment of receivables due from CMGL to UBL. The transfer of dividend entitlements to UBL and the assignment of receivables due from CMGL to UBL formed part of the arrangements through which the balances due from CMGL and Dr. Tse were ultimately settled as mentioned in section C2 above.

Due to the limitations of GT's investigation carried out, the accuracy and completeness of certain Prospectus disclosures remained unresolved, including disclosures relating to (i) the rationale for the remuneration adjustments from variable remuneration to fixed remuneration; (ii) the fixed remuneration representing the total amount of compensation for all services provided by Dr. Lau and Dr. Hui; and (iii) the nature of the amounts due from CMGL and Dr. Tse. Accordingly, GT was unable to conclude whether the Prospectus contained any material misstatement or omission.

Subject to the observations above, GT noted that Prospectus disclosures reviewed were generally consistent with their findings and records reviewed.

6. In relation to internal controls in relation to the IPO Allegations

GT identified certain internal control weaknesses in relation to the IPO Allegations namely, the lack of approval and supporting documents for the loans and cash advances made to Dr. Tse and CMGL and incomplete payroll supporting documents for payments to medical practitioners. These internal control issues have been referred to and addressed by the independent internal control consultant appointed by the Board (the "**IC Adviser**") to undertake the independent internal control review required under the Resumption Guidance as disclosed in the Company's announcement dated 30 June 2025.

D. THE VIEWS OF THE SEPARATE SPECIAL COMMITTEE

The Separate Special Committee has reviewed the scope of work, methodology, evidential sources, limitations as set out in the GT Investigation Report. It has independently evaluated the appropriateness of the above having regard to the nature, gravity and implications of the IPO Allegations. The Separate Special Committee held regular progress update meetings with its legal advisers and GT prior to the issuance of the GT Investigation Report and engaged in multiple rounds of discussions with GT to understand and evaluate the evidential basis for its conclusions, the limitations encountered and the alternative procedures undertaken. It independently assessed, IPO Allegation by IPO Allegation, whether the procedures performed were reasonably capable of ascertaining the relevant facts, the persons involved, the root causes and the impact. The Separate Special Committee is satisfied that GT's methodology was evidence-led, involving multiple sources of evidence rather than reliance on a single account or information source. The Separate Special Committee is satisfied that the investigation was properly conducted and was adequate to ascertain the relevant facts, the persons involved, the root causes and the impact of each IPO Allegation, save in respect of those matters expressly identified as unresolved in the GT Investigation Report.

The Separate Special Committee also notes that all relevant personnel (including all members of the predecessor board of directors of the Company at the relevant time of the IPO, the relevant doctors involved (namely Dr. Tse, Dr. Hui and Dr. Lau) and other relevant personnel of the Company involved) had resigned and/or departed from the Group as at the date of this announcement. Neither Dr. Lau nor Dr. Hui is currently engaged by the Group or involved in its business, operations or management as at the date of this announcement. The Group confirms that both doctors will not be involved in the Group's business or operations going forward, whether under a consultancy arrangement, as a guest or visiting doctor, or in any other capacity. Accordingly, nothing was brought to the attention of the Separate Special Committee which would suggest that any current Directors or senior management of the Company engaged in any fraudulent or dishonest acts with regard to the relevant matters under the GT Investigation that might pose a risk to Shareholders and potential investors of the Company and/or damage market confidence.

The Separate Special Committee notes that GT identified, and the Separate Special Committee concurred, certain internal control weaknesses of the Group in relation to the IPO Allegations, namely (i) the lack of approval and supporting documents for the loans and cash advances made to Dr. Tse and CMGL; and (ii) incomplete payroll supporting documents for the payments made to the medical practitioners. The Separate Special Committee therefore is of the view that it is essential for the Company to proactively take such remedial actions as may be necessary or appropriate to safeguard the interests of the Company and its shareholders in a timely manner, including but not limited to engaging an internal control adviser to conduct an independent internal control review on the Group and to assist the Company in implementing and improving the internal control systems and procedures of the Group as far as reasonably practicable to ensure that the Company has in place adequate internal controls and procedures to meet its obligations under the applicable laws and regulations and the Listing Rules and to prevent recurrence of events similar to the relevant matters under the GT Investigation.

E. THE VIEWS OF THE BOARD

Having considered the investigation results referred to above, discussing with the Separate Special Committee and reviewed the GT Investigation Report, including the limitations of GT's findings and alternative procedures implemented to address or mitigate such limitations, the Board concurs with the Separate Special Committee that the contents of and the findings in the GT Investigation Report are reasonable and acceptable. Based on the above, the Board is of the view as follows in the context of the IPO Allegations:

In relation to the adjustment of remuneration from variable to fixed monthly fees, Alleged Undisclosed Loans & Use, Dividend Distribution & Set off, Termination of Consultancies and Alleged Understatement

(a) the Prospectus disclosed the adjustment of remuneration of Dr. Hui and Dr. Lau, the amounts due to Dr. Tse and/or CMGL which were set off through the Dividend Distribution & Set-off that is consistent with the findings of GT and the potential financial impact to the Group (based on the stated assumptions) during the Track Record Period had the doctors been remunerated on a variable basis that is in line with the then industry benchmarks;

(b) the Prospectus did not disclose the Possible Private Arrangement (had they existed) and while the Group had internal records (accessible by certain former personnel of the Group involved in day-to-day operations) that showed continued calculation of remuneration on both fixed and variable basis for Dr. Lau and Dr. Hui, GT was not able to ascertain the purpose of such calculations and did not have sufficient evidence that payments by the Group to the Partnership or CMGL that were recorded as "amounts due from Dr. Tse" or "amounts due from CMGL" were for the purposes of compensating shortfalls of remuneration to Dr. Lau and/or Dr. Hui calculated on the variable basis compared to remuneration on a fixed monthly basis;

(c) had such payments been for the purposes of compensating shortfalls of remuneration pursuant to the Possible Private Arrangements (which is not proven), it appears that (based on GT's estimation for illustration purposes only) the Group would nevertheless have met the listing profit track record requirements applicable at that time during the Track Record Period. Accordingly GT's findings do not support the allegation that the Group's profitability has been manipulated for the purpose of achieving a false listing;

(d) GT found that the allegation that the Group had an arrangement or obligation to compensate any alleged remuneration shortfall of Dr. Lau and Dr. Hui was not substantiated and was unable to independently verify the existence of the Possible Private Arrangement. The Prospectus disclosures reviewed by GT were generally consistent with the records reviewed, subject to their observations referred to in section C5 above. In view of this, the Board has no reasonable basis to conclude that the Prospectus contained any material misstatement or omission;

(e) the findings of the GT Investigation in relation to the IPO Allegations **do not** indicate any material adverse impact on the Group's business operations and financial position. In assessing such impact, the Board placed particular emphasis on FY2022/23, being the financial year in which the relevant fixed-fee arrangements ceased and eight months after the end of the Relevant Period, and therefore the most relevant year for assessing any immediate or continuing impact. Such view is supported by the following:

(i) the Possible Private Arrangements (had they existed) did not involve any additional payment obligations, further financial liabilities or ongoing financial exposure on the part of the Group to Dr. Lau and/or Dr. Hui and neither of them have asserted any entitlement to remuneration on a variable basis from the Group in respect of the Relevant Period;

(ii) as at the end of FY2022/23, the Group's business operations remained broadly stable with all relevant operating licences remaining valid and as reflected by the number of medical practitioners increasing from 11 as at the latest practicable date disclosed in the Prospectus to 13 as at the end of FY2022/23, and the number of other staff increased from 111 to 136. The Group also expanded its medical centre in Mong Kok and established (but had not yet commenced operation of) a new medical centre in Tsim Sha Tsui in FY2022/23;

(iii) the Group continued to generate a broadly similar level of revenue in FY2022/23, with revenue amounting to approximately HK$213.8 million, representing a slight decrease of approximately 5.1% as compared with approximately HK$225.2 million in FY2021/22. In addition, the Board also noted that doctors other than Dr. Lau and Dr. Hui had contributed a substantial majority of the Group's revenue during the Track Record Period which continued to increase in FY2022/23 after the fixed remuneration arrangement with Dr. Lau and Dr. Hui had ceased;

(iv) the net loss of approximately HK$3.2 million reported in FY2022/23 compared with the net profit for the year of approximately HK$13.5 million for FY2021/22 was mainly attributable to an increase in operating expenses (excluding consultancy fees) of approximately HK$21.7 million associated with the Group's expansion and development of its medical centre network;

(v) the Group has established clinical systems and controls in place to support its operations, and changes in key personnel are generally anticipated as part of normal business operations. While the change of arrangement with any medical practitioners may have caused some short-term disruption, the Group has taken steps to maintain operational continuity, including through its standardised clinical procedures, continuity arrangements, and the engagement of other qualified medical practitioners; and

In relation to integrity, competence and/or character of the Group's management and/or person with substantial influence of the Group's management and operations

(f) none of the current Directors or the Group's management or substantial shareholders (as defined in the Listing Rules) of the Company, based on the findings of GT Investigation, were involved in the IPO Allegations, the Possible Private Arrangements (had they existed) or the calculations of fixed and variable remuneration of Dr. Lau and/or Dr. Hui nor were any of them aware of the existence of the Possible Private Arrangement (had they existed) at the relevant time. On this basis, there should be no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or person with substantial influence of the Group's management and operations, which may pose a risk to investors and damage market confidence.

F. INTERNAL CONTROL

Notwithstanding that all of the parties whom GT identified to have varying degrees of involvement, or knowledge of, the preparation, approval, administration, accounting treatment, payment processing or subsequent discussions relating to the arrangements examined under GT Investigation in connection with the IPO Allegations are no longer employees or consultants of the Group, the Company has addressed the internal control weaknesses identified by GT together with any additional findings by the IC Adviser it has engaged to conduct the internal control review required under the Resumption Guidance. The IC Adviser has completed the internal control review, identified certain internal control deficiencies of the Group, and provided recommendations to improve. The Group's management has responded to and implemented appropriate measures in accordance with the IC Adviser's recommendations. Following subsequent review by the IC Adviser, all recommended remedial measures have been adopted and implemented by the Group. Further details of the internal control review will be published in a separate announcement of the Company.

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
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, Mr. WANG Can, Ms. CI Ying, Dr. CHEN Poujian and Mr. XU Anliang as independent non-executive Directors.