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If you have sold or transferred all your shares, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

PROPOSED ADOPTION OF SHARE AWARD PLAN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 4 to 9 of this circular.

A notice convening the EGM of Clarity Medical Group Holding Limited (the “Company”) to be held at 1st Floor, China Building, 29 Queen’s Road Central, Hong Kong on Wednesday, 23 November 2022, at 10:30 a.m. is set forth on pages 19 to 21 of this circular. Whether or not you are able to attend the said meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 21 November 2022 at 10:30 a.m.) or any adjournment thereof. **Completion and return of the accompanying form of proxy will not preclude you from subsequently attending and voting in person at EGM of the Company or any adjourned meeting should you so wish.**

PRECAUTIONARY MEASURES FOR THE EGM

Taking into account the recent developments of the COVID-19 pandemic, the Company will implement the following prevention and control measures at the EGM to safeguard the health and safety of the Shareholders attending the EGM:

1. Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue.
2. Every Shareholder or proxy is required to wear a surgical face mask throughout the meeting.
3. No refreshments and drinks will be served and no corporate gifts will be distributed.
4. Seat will be assigned at the EGM venue to ensure appropriate social distancing.

Attendees who do not comply with the precautionary measures referred to in (1) to (4) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

7 November 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“associates” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Award”	a provisional award of the Awarded Shares made in accordance with the Share Award Plan;
“Awarded Shares(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award;
“Board”	the board of Directors;
“Company”	Clarity Medical Group Holding Limited (清晰醫療集團控股有限公司), a company incorporated in the Cayman Islands with limited liability on 19 February 2019, and the Shares of which are listed on the Stock Exchange (stock code: 1406);
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at 1st Floor, China Building, 29 Queen’s Road Central, Hong Kong on Wednesday, 23 November 2022, at 10:30 a.m. or any adjournment thereof (as the case may be) to consider and approve, among other things, the adoption of the Share Award Plan;
“Eligible Participant(s)”	means, among others, any employee of the Group or any Service Provider;
“Excluded Participant(s)”	any person who is resident in a place where the grant of an Award and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party”	a third party independent from the Company and its connected persons (as defined under the Listing Rules);

DEFINITIONS

“Latest Practicable Date”	31 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules;
“PRC”	People’s Republic of China which, for the purpose of this circular excludes Hong Kong, Macau and Taiwan;
“Returned Share(s)”	such Awarded Share(s) which are not vested and/or are forfeited in accordance with the terms of the Share Award Plan, or such Share(s) being deemed to be Returned Share(s);
“Selected Participant(s)”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award;
“Service Provider(s)”	any medical practitioner or specialist in ophthalmology who work for the Group as an independent contractor, adviser or consultant (whether directly engaged by the Group or through his/her service company) on a continuing or recurring basis in his/her ordinary and usual course of business which are material to the long-term growth of the Group where the frequency of his/her service is akin to those of employees;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s), with nominal value of HK\$0.01 each, in the share capital of the Company;
“Shareholder(s)”	the registered holder(s) of the Share(s);
“Shares Pool”	the pool of Shares maintained by the Trustee from which the Award shall be made;
“Share Award Plan”	the proposed share award plan to be adopted by the Company at the EGM;

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 26 January 2022, a summary of the principal terms of which are set out in the section headed “Statutory and General Information — E. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 31 January 2022;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms thereof, as amended from time to time;
“Trust Fund”	the funds and properties to be held under the trust constituted by the Trust Deed and managed by the Trustee for the benefit of the Eligible Participants in accordance with the terms of the Share Award Plan and the Trust Deed;
“Trustee”	Tricor Trust (Hong Kong) Limited, the trustee appointed by the Company for the administration of the Share Award Plan, an independent third party of the Company; and
“%”	per cent.



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)

Mr. Wu Ting Yuk Anthony (<i>Chairman of the Board</i>) [^]	<i>Registered office:</i>
Mr. Hui Yung Chris (<i>Chief Executive Officer</i>) [*]	Cricket Square
Professor Lau Wan Yee Joseph [#]	Hutchins Drive
Mr. Li Michael Hankin [#]	P.O. Box 2681
Mr. Lo Tsz Hong [*]	Grand Cayman KY1-1111
Mr. Ma Wai Hung Vincent [#]	Cayman Islands
Mr. Ng Roy [^]	
Dr. Tse Wai Ip [*]	<i>Head office and principal place of</i>
Ms. Zhao Wei [^]	<i>business in Hong Kong:</i>

Room 1302, 13/F
9 Queen's Road Central
Hong Kong

Notes

- [^] Refers to Non-executive Directors
- ^{*} Refers to Executive Directors
- [#] Refers to Independent non-executive Directors

7 November 2022

To the Shareholders:

Dear Sir or Madam,

PROPOSED ADOPTION OF SHARE AWARD PLAN AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2022 in relation to the proposed adoption of the Share Award Plan. The purpose of this circular is to provide you with, among other things, information regarding the proposed Share Award Plan, so as to enable you to make an informed decision on the resolutions at the EGM.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE SHARE AWARD PLAN

On 28 October 2022, the Board has resolved to propose the adoption of the Share Award Plan for the approval by the Shareholders. A summary of the principal terms of the Share Award Plan is set out in Appendix I to this circular.

The purposes of the Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

As at the Latest Practicable Date, the Company had a total of 521,775,000 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the date on which the adoption of the Share Award Plan is approved at the EGM, the aggregate maximum number of Shares (“**Scheme Mandate Limit**”) (i) which may be subscribed for and/or purchased by the Trustee for the purpose of the Share Award Plan; and (ii) which may be issued pursuant to any other share schemes of the Company, including the Share Option Scheme, will be 52,177,500 Shares, representing 10% of the total number of Shares in issue as at the date of EGM.

The aggregate maximum number of Shares (“**Service Provider Sub-limit**”) which may be subscribed for and/or purchased by the Trustee for the Awards to be awarded to all Service Providers pursuant to the Share Award Plan will be 26,088,750 Shares, representing 5% of the total number of Shares in issue as at the date of EGM.

The Directors have been seeking for opportunities to expand the business scale of the Group since the Company was listed on the Stock Exchange on 18 February 2022. Reference is made to the voluntary announcement of the Company dated 29 August 2022 in respect of the business update of the Group (the “**Announcement**”). As disclosed in the Announcement, the Group recently entered into a tenancy agreement with an Independent Third Party for a term of three years to expand the scale of its existing medical centre located at Wai Fung Plaza, Mong Kok (the “**New Mong Kok Centre**”). The New Mong Kok Centre has a gross floor area of approximately 5,966 sq.ft. which shall mainly focus on the provision of refractive treatment services and other treatment services. Furthermore, on 29 August 2022, the Group entered into another tenancy agreement with an Independent Third Party for a term of three years to establish a new medical centre in Tsim Sha Tsui for the provision of a full range of ophthalmic consultation and examination services and treatment services (the “**New Tsim Sha Tsui Centre**”). The New Tsim Sha Tsui Centre will be located at The ONE, a premium shopping mall in Hong Kong, and has a gross floor area of approximately 13,674 sq.ft.. The expansion of the New Mong Kok Centre together with the establishment of the New Tsim Sha Tsui Centre will increase the gross floor area of the medical centres of the Group from approximately 16,936 sq.ft. to approximately 36,576 sq.ft..

To cope with the Group’s expansion of its business scale, in determining the Service Provider Sub-limit, the Directors consider that it is important to ensure that the Share Award Plan is attractive and provide sufficient incentives to existing medical practitioners of the Group and can attract a sufficient number of qualified medical practitioners. The

LETTER FROM THE BOARD

Group's business operations highly rely on its ability to attract and retain adequate qualified, well-trained and highly-skilled ophthalmologists at the Group's medical centres as its patients look for quality ophthalmic services and stable doctor-patient relationship as discussed in the prospectus of the Company dated 31 January 2022. According to Frost & Sullivan, there were 317 qualified ophthalmologists in Hong Kong in 2021 and therefore the availability of qualified ophthalmologists is limited. Competitions for these specialists are intense. Hence, the Group's inability to attract sufficient number of qualified ophthalmologists for its medical centres could materially and adversely affect its business and financial condition, operating results and business prospects.

With reference to the audited consolidated financial statements of the Group for the year ended 31 March 2022, the total consultancy fee paid to the Group's medical practitioners was approximately HK\$63.0 million. The average consultancy fee paid to each medical practitioner for the year ended 31 March 2022 was approximately HK\$6.06 million based on the average number of medical practitioners of 10.4 during the year ended 31 March 2022. On the other hand, the total employee benefit expenses paid to all employees (including Directors) of the Group was approximately HK\$42.0 million for the year ended 31 March 2022. The average employee benefit expenses paid to each employee (including Directors) for the year ended 31 March 2022 was approximately HK\$378,000 based on the average number of employees of 111 during the year ended 31 March 2022.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Service Provider Sub-limit is appropriate and reasonable having taken into account the following:

- (i) the recent expansion plan and business needs of the Group;
- (ii) the Group's hiring practice and organisational structures;
- (iii) the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers;
- (iv) the nature of the private ophthalmic healthcare industry and the limited availability of qualified ophthalmologists in Hong Kong;
- (v) the role and extent of involvement of the Service Providers in the Group's business; and
- (vi) the remuneration packages of the Group's medical practitioners.

Further, the Directors are of the view that the Service Provider Sub-limit provides the Group with flexibility in providing equity incentives to reward and collaborate with its medical practitioners, who can provide valuable expertise and services to the Group, which is in line with the purpose of the Share Award Plan.

The remuneration committee of the Company considers that the Service Provider Sub-limit of 5%, which was determined by the Board having taken into account the factors as set out hereinabove, is appropriate and reasonable.

LETTER FROM THE BOARD

Pursuant to Chapter 17 of the Listing Rules, the Company may seek approval by its Shareholders at general meeting for refreshing the Scheme Mandate Limit or the Service Provider Sub-limit once every three years; however, the total number of Shares (i) which may be subscribed for and/or purchased by the Trustee for the purpose of the Share Award Plan; and (ii) which may be issued pursuant to any other share schemes of the Company under the limit as refreshed must not exceed 10% of the total number of Shares in issue as of the date of approval of the refreshed limit. Awards lapsed in accordance with the Share Award Plan will not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sub-limit.

None of the Directors is a trustee of the Share Award Plan nor has a direct or indirect interest in the Trustee.

An ordinary resolution will be proposed at the EGM to approve the proposed adoption of the Share Award Plan and to authorise the Directors to grant Awards thereunder and to allot and issue Shares pursuant to the Share Award Plan. To the best of the Directors' knowledge and information having made all reasonable enquiries, no Shareholder is materially interested in the Share Award Plan, and accordingly, no Shareholder shall be required to abstain from voting in respect of the abovementioned resolution.

The Company has adopted the Share Option Scheme pursuant to the written resolutions of the Shareholders passed on 26 January 2022 and as at the Latest Practicable Date, no share option had been granted pursuant to the Share Option Scheme. Notwithstanding that the 10% general limit in respect of the grant of options to subscribe for Shares under the Share Option Scheme had not been utilized by the Company, upon adoption of the Share Award Plan, any option grant to be made by the Company under the Share Option Scheme will be subject to the Scheme Mandate Limit.

The Company will apply to the Listing Committee for the approval of the listing and trading of any Shares that may be issued upon the grant of the Awards under the Share Award Plan.

SCHEME RULES FOR INSPECTION

A summary of the principal terms of the Share Award Plan is set out in Appendix I to this circular. The full terms of the Share Award Plan are published on websites of the Stock Exchange at www.hkexnews.hk and the Company at www.claritymedic.com for a period of not less than 14 days before the date of the EGM and will be made available for inspection at the EGM.

EGM

A notice convening the EGM is set out on pages 19 to 21 of this circular. At the EGM, an ordinary resolution will be proposed to the Shareholders at the EGM to consider and, if thought fit, to approve the adoption of the Share Award Plan.

LETTER FROM THE BOARD

The EGM will be held at 1st Floor, China Building, 29 Queen's Road Central, Hong Kong, on Wednesday, 23 November 2022, at 10:30 a.m..

PROXY ARRANGEMENT

A form of proxy for the EGM is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 21 November 2022 at 10:30 a.m.) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022 (both days inclusive), during which period no transfer of Shares will be effected in order to determine the entitlement to attend and vote at the EGM. All share transfers accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 November 2022 for such purpose.

VOTING BY WAY OF A POLL

According to Rule 13.39(4) of the Listing Rules and the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, poll voting for all proposed resolutions of the Company will be adopted with at the EGM.

The poll results will be published on the websites of the Stock Exchange and the Company after conclusion of the EGM.

RECOMMENDATION

The Board is of the view that the proposed adoption of the Share Award Plan can provide the Group with a flexible means of attracting, motivating, and retaining key employees and medical practitioners of the Group. It also represents a recognition of the management team and the key employees and medical practitioners to the growth of the Group and provides incentives for the long-term commitment of such management team and the key employees and medical practitioners, thereby fostering the sustainable development of the Group. More specifically, the Directors are of the view that despite that the Service Providers are not directly employed by the Group, they are nonetheless valuable human resources to the Group given that the Group provides ophthalmic

LETTER FROM THE BOARD

healthcare services to its patients through the Service Providers, who have established a stable and amicable working relationship with the Group, where the time and effort of the Service Providers devoted to our Group are akin to those of employees of the Group. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the Share Award Plan to include the Service Providers as Eligible Participants since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Awards to the Service Providers will align their interests with the Group's, incentivizing them to provide better services to the Group on a long-term basis and strengthen their loyalty to the Group.

The Directors (including the independent non-executive Directors) consider that the proposed adoption of the Share Award Plan is in the interest of the Company and its Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the resolution in respect of the adoption of the Share Award Plan to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinion expressed in this circular have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
Clarity Medical Group Holding Limited
WU Ting Yuk Anthony
Non-Executive Director and Chairman

The following is a summary of the principal terms of the Share Award Plan to be adopted by way of ordinary resolution at the EGM, save that this Appendix does not and is not intended to form part of the Share Award Plan, nor is deemed to form an interpretation affecting the rules of the Share Award Plan.

(A) PURPOSES OF THE SHARE AWARD PLAN

The purposes of the Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

(B) ELIGIBILITY

Under the rules constituting the Share Award Plan, the following classes of participants (excluding the Excluded Participants) are eligible for participation in the Share Award Plan:

- (i) any employee (whether full time or part time, including any director) of the Group (an “**Employee**”); and
- (ii) any Service Provider,

and, for the purposes of the Share Award Plan, the Award may be made to any company wholly owned by one or more of the above participants or any trust which the settlor is the above participant.

(C) ADMINISTRATION

The Share Award Plan shall be subject to the administration of the Board and the Trustee in accordance with the terms of the Share Award Plan and the Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed. Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board’s powers include, *inter alia*, the authority, in its discretion:

- (i) to select Eligible Participants to whom Awards may be granted under the Share Award Plan on the basis of the Board’s opinion as to his contribution and/or future contribution to the development and growth of the Group;
- (ii) to determine, subject to the requirements of the Listing Rules, when Awards may be granted;
- (iii) to determine the number of Awarded Shares to be provisionally awarded to any Selected Participant pursuant to any Award; and

- (iv) to determine, subject to the terms of the Share Award Plan and the requirements of the Listing Rules, the terms and conditions of any Award based in each case on such factors as the Board may determine. Such terms and conditions may include:
- the earliest vesting date (which shall be a date not less than 12 months from the date of acceptance of the Award by the relevant Selected Participant unless otherwise permitted under the Listing Rules) and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant; and
 - the performance targets, if any, that must be achieved (or duly altered or waived by the Board) before the Awarded Shares can be vested; and
 - other condition(s), if any, that must be attained or paid by the relevant Selected Participant (or duly altered or waived by the Board) before the Awarded Shares can be vested.

(D) SHARES POOL

In order to satisfy any Award to be granted under the Share Award Plan from time to time, the Trustee shall maintain a Shares Pool which shall comprise the following:

- (i) issued Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company's resources;
- (ii) issued Shares as may be subscribed by the Trustee by utilising the funds allocated by the Board out of the Company's resources, subject to (i) the grant of listing of and permission to deal in such Shares by the Stock Exchange, and (ii) compliance with the applicable requirements under the Listing Rules;
- (iii) issued Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise;
- (iv) issued Shares as may be irrevocably donated or transferred by any persons recommended by the Company to the Trustee; and
- (v) issued Shares which remain unvested and revert to the Trustee due to the lapse of the Award.

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price (subject to the maximum price as may be from time to time prescribed by the Board), or off the market. In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

(E) AWARD OF SHARES

The Board shall, subject to and in accordance with the rules of the Share Award Plan, be entitled to, at any time during the continuation of the Share Award Plan, make an Award out of the Shares Pool to any of the Eligible Participants such number of Shares as it shall determine pursuant to the Share Award Plan. In assessing the eligibility of any Service Provider and whether such Service Provider provides services on a continuing or recurring basis in the Group's ordinary and usual course of business, the Board will consider all relevant factors as appropriate, including, among others:

- (i) the types of surgeries and treatments the Eligible Participant had performed for the patients of the Group in the past 12 months;
- (ii) the industry experience of the Eligible Participant;
- (iii) the period of engagement of the Eligible Participant, including whether the Eligible Participant had entered into a consultancy agreement with the Group in the past 12 months with a term of no less than 2 years; and
- (iv) the Eligible Participant's contribution and/or future contribution to the development and growth of the Group.

The Board may at its absolute discretion determine, subject to the terms of the Share Award Plan and the requirements of the Listing Rules, the terms and conditions of any Award to be granted to the Selected Participants where appropriate, which may include the performance targets that must be achieved before the Awarded Shares can be vested. Such performance targets may include: (i) aggregate amount of revenue generated by the particular Selected Participant for the financial year; and/or (ii) compound annual growth rate on audited consolidated revenue of the Group as compared to the immediately preceding financial year. For the avoidance of doubt, the Share Award Plan itself does not specify any performance targets and hence save as determined by the Board in its sole discretion and provided in the notice of the relevant Award, there is no performance target which must be achieved by the Selected Participants before any of the Awarded Shares can be vested.

An Award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within 5 business days after receipt of such notice from the Board notify the Company in writing that he would decline to accept such Award. No amount is required to be payable by the Selected Participant on acceptance of the Award.

The Board shall notify the Trustee in writing upon the making of an Award under the Share Award Plan by giving the Trustee an award notice.

No Award may be made by the Board during the periods as prescribed under the paragraph headed “Black-out Period” below.

(F) VOTING RIGHTS OF THE SHARES IN THE SHARES POOL

The Trustee shall not exercise the voting rights in respect of the Shares held under trust constituted by the Trust Deed. The Selected Participants shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants.

(G) EQUITY ISSUE

During the period after an Award has been made and before the Shares are vested in the Selected Participant, if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be paid by the Shareholders, the Trustee may, at its discretion and after consulting the view of the Board, either sell or take steps to exercise any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the Shares Pool. On the other hand, if the Company offers to the Shareholders new Shares or other securities for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid, the Trustee may, at its discretion and after consulting the view of the Board, either decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer.

(H) VESTING OF THE AWARDED SHARES

The Board may from time to time, at its discretion, determine the earliest vesting date (which shall be a date not less than 12 months from the date of acceptance of the Award by the relevant Selected Participant unless otherwise permitted under the Listing Rules) and other subsequent date(s), if any, subject to and upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant.

At any time prior to a vesting date, unless the Board otherwise determines, in respect of a Selected Participant who:

- (i) died, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or

- (ii) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date; or
- (iii) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Group), all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his earlier retirement date.

(I) BLACK-OUT PERIOD

For so long as the Shares are listed on the Stock Exchange:

- (i) an Award or, as the case may be, any instruction of the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company's knowledge until such inside information has been published in accordance with the Listing Rules and the SFO; and
- (ii) the Board may not make any Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company and up to and including the date of publication of the relevant financial results, no Award may be made and no instruction may be given by the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool.

(J) LAPSE OF AWARD

In the event that the Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group, then any Award made to such Selected Participant, to the extent not already vested, shall forthwith lapse and be cancelled.

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Share Award Plan, automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall become Returned Shares:

- (i) the Selected Participant ceases to be an Employee (other than for reason as provided in the paragraph headed "Vesting of the Awarded Shares" above); or

- (ii) the subsidiary by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant as provided in the paragraph headed “Vesting of the Awarded Shares” above, was employed immediately prior to his death or retirement, ceases to be a subsidiary of the Company (or of a member of the Group); or
- (iii) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than a Selected Participant who is an Employee) that (i) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group on the other part as the Board may in its absolute discretion determine; or (ii) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or by any other reasons whatsoever; or
- (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (v) a Selected Participant is found to be an Excluded Participant; or
- (vi) subject to the terms of the Share Award Plan, a Selected Participant fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Share Award Plan within the stipulated period.

(K) MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SHARE AWARD PLAN

(i) Scheme Mandate Limit and Service Provider Sub-limit

The total number of Shares which (i) may be subscribed for and/or purchased by the Trustee in respect of all Awards to be granted under the Share Award Plan; and (ii) may be issued under any other share schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the adoption of the Share Award Plan. On the basis of 521,775,000 Shares in issue as at the Latest Practicable Date this would be 52,177,500 Shares, assuming there is no change in the issued share capital of the Company prior to the adoption of the Share Award Plan. The total number of Shares which may be subscribed for and/or purchased by the Trustee in respect of all Awards to be granted to all Service Providers under the Share Award Plan must not in aggregate exceed 5% of the Shares as at the date of the adoption of the Share Award Plan. On the basis of 521,775,000 Shares in issue as at the Latest Practicable Date this would be 26,088,750 Shares, assuming there is no change in the issued share capital of the Company prior to the adoption of the Share Award Plan. Awards and options

lapsed in accordance with the terms of the Share Award Plan or any other share schemes will not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sub-limit.

(ii) Refreshing of Scheme Mandate Limit

The Company may by ordinary resolution of the Shareholders refresh the Scheme Mandate Limit or the Service Provider Sub-limit once every three years. However, the total number of Shares (i) which may be subscribed for and/or purchased by the Trustee for the purpose of the Share Award Plan; and (ii) which may be issued in pursuant to any other share schemes of the Company under the limit as refreshed must not exceed 10% of the total number of Shares in issue as of the date of approval of the refreshed limit.

(iii) Limit for each Selected Participant

The total number of Shares, in a 12-month period up to and including the date of award, which may be subject to an Award or Awards to a Selected Participant together with any Shares to be issued under any options granted to such Selected Participant under any share schemes of the Company shall not (i) in aggregate exceed 1% of the total number of issued Shares as at the date of the EGM; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules (the “**Individual Limit**”).

(iv) Refreshing of Individual Limit

Where applicable under the Listing Rules, the Company may grant Awards beyond the Individual Limit to a Selected Participant at any time if:

- (a) the Company has first sent a circular to Shareholders containing the identity of the Selected Participant in question, the number and terms of the Awards to be granted (and Awards previously granted to such Selected Participant in the aforesaid 12-month period), the purpose of granting the Awards to such Selected Participant and an explanation as to how the terms of the Awards serve such purpose;
- (b) the number and terms of the Awards to be granted to such Selected Participant has been fixed before Shareholders’ approval; and
- (c) separate Shareholders’ approval has been obtained in general meeting with the proposed Selected Participant and his close associates (or his associates if the Selected Participant is a connected person) abstaining from voting.

(L) RIGHTS ATTACHING TO THE AWARDS AND THE AWARDED SHARES

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant and the Board shall notify the Trustee in writing accordingly.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms of the Share Award Plan.

The Awarded Shares shall be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date when such Awarded Shares are vested in the Selected Participant and accordingly will entitle the holders to all voting rights and to participate in all dividends or other distributions paid or made on or after such vesting date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the vesting date.

(M) ALTERATION OF THE SHARE AWARD PLAN

The Share Award Plan may be altered by the prior sanction of a Board resolution, provided that no such alteration (i) is material in nature; (ii) relates to any matters set out under Rule 17.03 of the Listing Rules; or (iii) relates to the authority of the Board to alter the Share Award Plan, where in any of such cases such alternation must be approved by the Shareholders in general meeting. The amended terms of the Share Award Plan must comply with all applicable laws, rules and regulations (including without limitation the Listing Rules).

Any change to the terms of Awards granted must be approved by the Board, the remuneration committee of the Company, the independent non-executive directors of the Company and/or the shareholders of the Company (as the case may be) if the initial Awards was approved by the Board, the remuneration committee of the Company, the independent non-executive directors of the Company and/or the shareholders of the Company (as the case may be).

**(N) DURATION OF THE SHARE AWARD PLAN AND TERMINATION OF THE
SHARE AWARD PLAN**

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the date of the adoption of the Share Award Plan but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

If, at the date of the termination of the Share Award Plan, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received as contribution made by the Group, then the Trustee shall, within 21 business days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Subject to the decision of the Board and the paragraph headed “Vesting of the Awarded Shares” above, all the Awarded Shares shall become vested on the Selected Participant on such date of termination upon termination of the Share Award Plan.

(O) EFFECTS OF REORGANISATION OF CAPITAL STRUCTURE

If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, the maximum number of Shares that may be issued by the Company, subscribed for and/or purchased by the Trustee pursuant to the Share Award Plan and all other share schemes of the Company under the unutilised Scheme Mandate Limit or the Service Provider Sub-limit shall be adjusted accordingly, with reference to the total number of issued Shares at the date immediately before and after such event and rounded to the nearest whole Share, such that the Selected Participants will be entitled to the same proportion of the Company’s equity capital as to which such Selected Participants previously entitled to.



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Clarity Medical Group Holding Limited (the “**Company**”) will be held at 1st Floor, China Building, 29 Queen’s Road Central, Hong Kong on Wednesday, 23 November 2022 at 10:30 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company, and unless otherwise defined herein, the terms herein shall have the same meanings as defined in the circular of the Company dated on the same day as this notice (the “**Circular**”):

To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued pursuant to the grant of any awards under the share award plan proposed to be adopted by the Company, the principal terms of which are set out in the printed document marked “A” now produced to the meeting and for the purpose of identification signed by the Chairman hereof (the “**Share Award Plan**”), the Share Award Plan be and is hereby approved and adopted to be the share award plan of the Company; and that the Directors be and is hereby authorised to grant awards thereunder and to allot and issue shares pursuant to the Share Award Plan and take all such steps as may be necessary or desirable to implement the Share Award Plan;
- (b) the total number of Shares which may be awarded by the Company for the purpose of the Share Award Plan and the Share Option Scheme shall not exceed 10% of the total number of issued Shares as at the date of the passing of this resolution, and the approval in paragraph (a) above shall be limited accordingly; and

NOTICE OF EGM

- (c) the total number of Shares which may be awarded to all Service Providers pursuant to the Share Award Plan shall not exceed 5% of the total number of issued Shares as at the date of the passing of this resolution, and the approval in paragraph (a) above shall be limited accordingly.”

By Order of the Board
Clarity Medical Group Holding Limited
WU Ting Yuk Anthony
Non-Executive Director and Chairman

Hong Kong, 7 November 2022

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint another person as his or her or its proxy to attend and vote instead of him or her or it. A member may appoint a proxy in respect of only part of his or her or its holding of Shares. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 21 November 2022 at 10:30 a.m.) or any adjournment thereof.
4. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Share any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
6. The register of members of the Company will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022 (both days inclusive), during which period no transfer of Shares will be effected in order to determine the entitlement to attend and vote at the EGM. All share transfers accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 November 2022 for such purpose.

NOTICE OF EGM

7. Taking into account the recent developments of the COVID-19 pandemic, the Company will implement the following prevention and control measures at the EGM to safeguard the health and safety of the Shareholders attending the EGM:
1. Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue.
 2. Every Shareholder or proxy is required to wear a surgical face mask throughout the meeting.
 3. No refreshments and drinks will be served and no corporate gifts will be distributed.
 4. Seat will be assigned at the EGM venue to ensure appropriate social distancing.

Attendees who do not comply with the precautionary measures referred to in (1) to (4) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

8. As at the date of this notice, the Board comprises 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, Mr. NG Roy and Ms. ZHAO Wei as non-executive Directors and Mr. LI Michael Hankin, Mr. MA Wai Hung Vincent and Professor LAU Wan Yee Joseph as independent non-executive Directors.