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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)**

### PROFIT WARNING

This announcement is made by Clarity Medical Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2024 and other information currently available to the Company, the Company is expected to record a loss before tax in the range of approximately HK\$79.0 million to HK\$82.0 million for the year ended 31 March 2024 whereas the Company recorded a loss before tax of approximately HK\$2.9 million for the year ended 31 March 2023.

The anticipated increase in loss before tax, estimated to be approximately HK\$76.1 million to HK\$79.1 million for the year ended 31 March 2024, can be attributed primarily to the following factors:

#### 1) EXPECTED DECREASE IN REVENUE

The Company anticipates a decline in revenue of approximately HK\$23.0 million, which contributes to the overall increase in loss before tax. This decrease in revenue was mainly due to the local economic downturn and increased competition from other industry players.

## **2) EXPECTED IMPAIRMENT LOSS OF NON-FINANCIAL ASSETS**

The Company prepared a preliminary impairment assessment to determine the recoverable amount of non-financial assets of two medical centers, which are subject to review and changes. The Company anticipates an impairment loss of non-financial assets of two medical centers. One of the medical centers is dedicated to the prevention and control of children's myopia and has been operating at a loss since its establishment. The other center is approaching the expiration of its lease agreement, with no intention of renewal. Consequently, the Company expects to recognize an impairment loss of approximately HK\$18.0 million to HK\$19.0 million for property, plant and equipment, as well as an impairment loss of approximately HK\$10.0 million for right-of-use assets in the consolidated statement of comprehensive income for year ended 31 March 2024. In comparison, no impairment loss was recorded for year ended 31 March 2023.

## **3) EXPECTED INCREASE IN DEPRECIATION OF RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**

The Company anticipates an increase in depreciation of right-of-use assets and property, plant and equipment during the year ended 31 March 2024 of approximately HK\$12.0 million to HK\$13.0 million due to additional equipment and leased property as a result of the establishment of a new medical center in Tsim Sha Tsui in July 2023.

## **4) EXPECTED INCREASE IN CONSULTANCY FEE AND EMPLOYEE BENEFITS EXPENSES AND OTHER EXPENSES**

The Company anticipates an increase in consultancy fee, employee benefits expenses and other expenses during the year ended 31 March 2024 of approximately HK\$12.5 million to HK\$13.5 million primarily due to the establishment of a new medical center in Tsim Sha Tsui in July 2023 which requires additional manpower. As a result of the business expansion, administrative expenses are expected to be increased to support the operation.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2024. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group and the information currently available for the time being, which have not been audited nor reviewed by the Company's auditors and have not been confirmed by the audit committee of the Company and is subject to adjustments. The financial results of the Group for the year ended 31 March 2024 will be set out in the annual results announcement of the Company which is expected to be published by the end of June 2024.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 24 May 2024

*As at the date of this announcement, 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 and Mr. MA Wai Hung Vincent as independent non-executive Directors.*