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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)

SUPPLEMENTAL ANNOUNCEMENT ON (1) EARLIER VACATION OF OFFICE OF AN EXECUTIVE DIRECTOR AND (2) PROPOSED ORDINARY RESOLUTION FOR THE REMOVAL OF THE SAME EXECUTIVE DIRECTOR AT EXTRAORDINARY GENERAL MEETING

Reference is made to (1) the announcement published by the Company on 1 August 2025 (the “**Announcement**”) on the disqualification of Dr. Tse Wai Ip (“**Dr. Tse**”) and vacation of his office as an executive Director (the “**Vacation**”) and (2) the Company’s circular dated 3 September 2025 (the “**Circular**”) in relation to the Company’s extraordinary general meeting (the “**EGM**”) to be held on 23 September 2025 which includes a proposed resolution to remove Dr. Tse from his office as an executive Director (“**Removal**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Circular.

Dr. Tse has been opposing the Vacation and the proposed Removal. By making this announcement, the Board wishes to provide information on his oppositions and elaborate on the Vacation and the proposed Removal, for the Company’s shareholders to make an informed decision on the proposed Removal resolution at the EGM.

VACATION

Article 86(4)

Article 86 provides that the office of a Director shall be vacated if, among other things, the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors. The vacation criteria in Article 86(4) cover a Director’s own financial standing apart from a formal bankruptcy or a receiving order, in order to ensure that all Directors are fit and proper individuals with normal financial standing to manage the Company’s assets and operations and to protect the interests of its shareholders as a whole.

Financial claims and bankruptcy petitions made against Dr. Tse

Before the Board meeting held on 1 August 2025 (the “**Relevant Board Meeting**”), the following financial claims and bankruptcy petitions made against Dr. Tse were known to the Board (“**Financial Claims**”):

1. Dr. Tse owed a sum of HK\$1,750,000 (plus interest) to Saintford Limited (“**Saintford**”, a wholly-owned subsidiary of the Company), for which Saintford had taken a formal legal action against Dr. Tse by issuing a writ of summons under DCCJ 676/2025 at the District Court of Hong Kong, as announced by the Company on 12 February 2025. Dr. Tse had defaulted in payment since October 2023, and the Company and Saintford have sufficient grounds to require Dr. Tse to make the payment which, as at the date of this announcement, remains outstanding.
2. A Hong Kong government authority gave a formal notice (“**Formal Notice**”) to the Company in June 2025, stating that Dr. Tse owes HK\$309,623.33 to the authority and demanding the Company to withhold such outstanding sum from the amounts payable by the Company to Dr. Tse and pay the sum to the authority.
3. A bankruptcy petition was filed by Ap China Unicorn Fund SPC against Dr. Tse at the High Court of Hong Kong, as announced by the Company on 19 May 2025.
4. China Finance (Worldwide) Limited claimed a sum of HK\$3,000,000 (plus interest) owed by Dr. Tse and another person by taking a legal action under a writ of summons issued under HCA 299/2025 at the High Court of Hong Kong on 18 February 2025.
5. A bankruptcy petition was filed by Dr. Mok Chui Yuk (“**Dr. Mok**”) against Dr. Tse at the High Court of Hong Kong, as announced by the Company on 18 September 2024, which was later withdrawn as announced by the Company on 12 November 2024. However, the Company understands that Dr. Mok filed another bankruptcy petition against Dr. Tse on 21 July 2025 and the hearing is scheduled for 28 October 2025.
6. The Company has received a complaint from an investment fund which asserted that Ultimate Bliss Limited (“**UBL**”, an entity controlled by Dr. Tse) had failed to discharge its contractual obligations under certain repurchase agreements entered into between such fund and UBL as UBL failed to fully repurchase HK\$7.8 million of shares of the Company, failed to pay 3% monthly interest and failed to properly pledge 5.5 million shares as collateral.
7. Saintford earlier appointed WIT Limited (“**WIT**”, a medical consultancy service company controlled by Dr. Tse) to provide consultancy services through Dr. Tse as Managing Consultant. WIT had generated a much lower revenue than a level that justified the consultancy fees already paid by Saintford. WIT failed to refund the overpaid fees, and Saintford had taken a formal legal action against WIT at the High Court under HCA 198/2025, as announced by the Company on 12 February 2025. The Company and Saintford have sufficient grounds to require WIT to make the refund which, as at the date of this announcement, remains outstanding.

Chronology of key events leading to the Relevant Board Meeting

The key events relating to the Vacation are as follows:

1. On 12 May 2025, it was raised at the Board meeting (which was attended by Dr. Tse) as to whether Article 86(4) was applicable to Dr. Tse's office as a Director.
2. On 24 June 2025, the company secretary of the Company reminded the Board that the investigation of Dr. Tse in view of Article 86(4) remained outstanding at that time.
3. On 9 July 2025, Dr. Tse was requested to declare to the Board, in respect of some of the Financial Claims set out above, whether he had suspended any payment to such creditors or any other creditor.
4. On 11 July 2025, Dr. Tse replied that he was seeking legal advice and would reply by 16 July 2025.
5. On 16 July 2025, Dr. Tse gave an email reply to all other Directors that, as advised by his Cayman legal counsel, he was under no specific duty to give any declaration to the Board regarding the relevant Financial Claims and the assertions made in email of 9 July 2025, even if true, did not fall within the ambit of Article 86(4) or any of the other trigger events described in Article 86.
6. Shortly after such email reply, Dr. Tse sent another email to all other Directors that his Cayman counsel advised that the proper course was to convene a shareholders meeting to vote on the matter if the Board had proper grounds.
7. On 28 July 2025, the Company received from its own Cayman legal counsel advice ("**Legal Advice**") in respect of Dr. Tse's duty to provide information to the Board and the applicability of Article 86(4). The Legal Advice differed significantly from the advice Dr. Tse claimed to have received from his Cayman legal counsel. The Legal Advice states that, in the absence of any rebutting evidence, Dr. Tse's defaults in some of the Financial Claims would constitute a suspension of payment by Dr. Tse under Article 86(4) and would provide reasonable grounds to conclude that Dr. Tse is disqualified from acting as a director under Article 86(4) due to having suspended payment.
8. On 29 July 2025, a notice, with the Legal Advice and the materials suggesting that Dr. Tse had suspended payments or might have failed to settle outstanding payments (collectively, the "**Board Meeting Notice**") was sent by email to all Directors including Dr. Tse, for a meeting of the Board to be convened on 1 August 2025 (i.e. the Relevant Board Meeting) to consider whether Dr. Tse's office as a Director should be vacated.
9. On 31 July 2025 morning, Dr. Tse said that the Board Meeting Notice was sent to his previous email address ("**Relevant Email Address**") which he no longer used, and he obtained the Board Meeting Notice from another Director on 31 July 2025. On that morning, the Board Meeting Notice was sent again to another email address which Dr. Tse said he was using and also to other Directors.
10. On 1 August 2025, the Relevant Board Meeting was held.

Relevant Board Meeting held on 1 August 2025

At the Relevant Board Meeting, Dr. Tse resisted the Vacation and repeatedly (a) stated that he would need more time to respond to the Vacation agenda, (b) questioned the urgency for the Board to make the Vacation decision and (c) stated that all the relevant Financial Claims against him were under dispute and therefore the claimants should not be taken as his creditors. However, he did not provide any documents or reasonable information to explain that all such Financial Claims made against him were invalid.

Despite Dr. Tse's admission of his stance in his email of 16 July 2025 that he was under no specific duty to give any declaration to the Board regarding the relevant Financial Claims, he did not further explain why he would need more time to address the Board.

Dr. Tse was given the opportunity to seek advice from his Hong Kong legal adviser throughout the whole Relevant Board Meeting.

At the Relevant Board Meeting, the Board had considered numerous factors including (a) the fact that the applicability of Article 86(4) was raised at a Board meeting held on 12 May 2025, and raised again on 24 June 2025 and 9 July 2025; (b) Dr. Tse's replies given on 16 July 2025; (c) Dr. Tse's requests and statements made at the Relevant Board Meeting; (d) Dr. Tse not providing evidence that he obtained the Board Meeting Notice from another Director on 31 July 2025, while he had recently replied to other Directors via the Relevant Email Address; (e) the Legal Advice; (f) the frequency and seriousness of the Financial Claims; (g) Saintford's stance that it considered itself as a creditor of Dr. Tse; and (h) the advice given by the Company's Hong Kong legal counsel at the meeting that Dr. Tse's disputing the Financial Claims does not necessarily or immediately negate the claimants as being his creditors, and that the Board should consider the totality of factors in deciding on the Vacation resolution.

The voting result on the Vacation agenda was disclosed in the Company's announcement of 1 August 2025. Ms. Cheng Jessica and Mr. Lo Tze Hong (a former Director) voted against the Vacation resolution, as they considered Dr. Tse should be given more time to respond. All the other Directors except Dr. Tse (including Mr. Wang's alternate Director) voted for the resolution.

Events subsequent to the Relevant Board Meeting

After the Relevant Board Meeting, the Company received a complaint letter from Dr. Tse's legal advisers alleging that (a) the Company had misconstrued and misapplied Article 86(4) and the Board had erroneously vacated and disqualified Dr. Tse. Article 86(4) refers to a Director's insolvency situation such as bankruptcy and receiving order from a court, instead of disputes of payments; (b) the incidents referred by the Company were only claims made against Dr. Tse that were in dispute, not yet due or had been resolved; (c) the Vacation breached Dr. Tse's employment contract entered into with the Company on 30 June 2022 ("**Employment Contract**"); and (d) the Board denied Dr. Tse's request for additional time to respond and a fair chance for him to present evidence. Dr. Tse demanded the Board to revoke the Vacation resolution and reinstate his office.

The Company, via its Hong Kong legal adviser, replied that (a) the Company rejects the demand for reinstatement of Dr. Tse's office; (b) the Company maintains its view that the Vacation was valid pursuant to Article 86(4); (c) there have been numerous proceedings commenced against Dr. Tse and companies controlled by him in Hong Kong; (d) among other things, the Formal Notice and Saintford's claims clearly demonstrated that Dr. Tse had suspended payments; (e) the Company noted other financial claims made against Dr. Tse from a litigation search against him; (f) Dr. Tse's Cayman legal adviser disclosed that Dr. Tse had compromised with Dr. Mok in return for the withdrawal of the bankruptcy petition and that settlement could bring Dr. Tse within a disqualification ground in Article 86(4), being the compounding of debts with creditors; (g) Dr. Tse was apprised of the Board's consideration of applying Article 86(4) to remove him through a series of formal communications from 12 May 2025 and (h) the Relevant Board Meeting was conducted in a proper manner.

As Dr. Tse's directorship with the Company ended by the Vacation, to formally terminate Dr. Tse's Employment Contract and confirm the Company's intention to make the termination payment to discharge the Company's obligations as an employer in relation to the Employment Contract and the Employment Ordinance (Cap. 57 of the laws of Hong Kong), the Company had given a notice of termination of the Employment Contract and made a termination payment which had been received by Dr. Tse. Thus, notwithstanding the Vacation, Dr. Tse was duly compensated for the termination of the Employment Contract, and the Company is not in breach of the Employment Contract and/or the Employment Ordinance.

PROPOSED REMOVAL OF DR. TSE TO BE CONSIDERED AT THE EGM

As Dr. Tse disputed the Vacation resolution made at the Relevant Board Meeting, the Board recommends (except Ms. Cheng Jessica who opposed to the recommendation) the passing of an ordinary resolution under Article 83(5) of the Articles to remove Dr. Tse from his office as an executive Director, in order to ensure clarity, certainty, and finality for the Company and its shareholders, and to avoid the costs and uncertainties of having to resolve the dispute with Dr. Tse.

Dr. Tse wrote to the Company on 12 September 2025 that he objected to the proposed Removal. He believed that (a) the Board recommended the Removal because he was leading a campaign to complain against and investigate the majority Directors, (b) the recommended Removal was an attempt to stifle his efforts to protect the Company's interests and constituted the majority Directors' violation of duties, laws and regulations, (c) one substantial shareholder of the Company was acting in concert with certain Directors to conduct infractions against the Company and (d) the proposed Removal contradicts the Vacation and the Removal resolution is defective as it is used to rectify the Vacation.

The Company would like to point out that:

1. Under Article 83(5) of the Articles, shareholders may by ordinary resolution remove a Director notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director;
2. Most of the allegations made by Dr. Tse are being investigated by a Special Committee with the assistance of independent professional advisers. Please refer to the Company's announcements dated 13 May 2025 and 30 May 2025 respectively. The Company will refrain from responding to those allegations when investigations are ongoing;

3. As disclosed in the Circular, the Removal resolution was proposed without prejudice to the Board's position that Dr. Tse's office had already been validly vacated under Article 86(4) at the Relevant Board Meeting and the Removal resolution is not to rectify the Vacation;
4. Since 12 May 2025 when Article 86(4) was first brought up until the date of this announcement, Dr. Tse has not provided any substantive evidence to refute the validity of the Financial Claims; and
5. Dr. Tse indicated on 16 July 2025 that his Cayman counsel had advised the proper course was to convene a shareholders meeting to vote on whether he should be removed as a Director if the Board had proper grounds.

Nothing in this announcement shall be construed as any waiver of privilege and/or rights by the Company or any of the Directors.

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

Hong Kong, 16 September 2025

As at the date of this announcement, the Board comprises Mr. JIANG Bo and Mr. HUI Yung Chris as executive Directors, Mr. WU Ting Yuk Anthony as Chairman and non-executive Director, Mr. CHEN Jiarong as non-executive Director, and Ms. CHENG Jessica, Mr. WANG Can and Ms. CI Ying as independent non-executive Directors.