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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 IN RELATION TO CHANGE OF AUDITOR**

Reference is made to the announcement of the Clarity Medical Group Holding Limited (the “**Company**”) dated 2 April 2026 in relation to the change of auditor (the “**Announcement**”) and the announcement dated 7 April 2026 in relation to the key findings of independent investigation on corporate governance allegations (“**Key Findings**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, EY has stated in its Resignation Letter that its resignation was made after considering a number of factors including its available internal resources in light of current workflows; the time and costs required to complete the audit, which, due to the outstanding audit and forensic matters arising from the ongoing Independent Investigations (“**Outstanding Issues**”), prevented it from assessing the scope, timing, and fees for the 2025 Audit.

While the Audit Committee is satisfied that all the underlying reasons leading to EY’s resignation have already been disclosed in the Announcement, the Board wishes to provide further information on the matters set out in the Announcement.

#### **Chronology of events leading to the change of auditor**

- In December 2025, EY indicated to the Company that due to the ongoing Independent Investigations, it could not provide an estimated timetable or fee to complete the 2025 Audit. Despite the Company’s efforts to engage in discussions and fully cooperate with EY in relation to the 2025 Audit, EY remained unable to provide a timetable and fee estimate, posing an indefinite risk to the resumption timeline and the Company’s budgeting. The Company then commenced the search for a new auditor.

- In early February 2026, the Company began discussions with EY on its resignation in order to facilitate the appointment of a new auditor. EY requested the Company to give it a notification letter which included the Company's proposal for EY to resign.
- On 27 March 2026, the Audit Committee, after considering (i) EY's inability to assess the 2025 Audit timetable and fees; (ii) the need for budget certainty and a reasonable work plan to fulfil the Company's financial reporting obligations; and (iii) Crowe's demonstrated resources, expertise, and availability to work alongside the New Independent Investigator I and Independent Investigator II to meet the audit milestones for achieving resumption in time, resolved to recommend Crowe to replace EY as the Company's auditor.
- On 29 March 2026, the Board resolved to appoint Crowe as auditor, subject to the completion of audit engagement acceptance procedures. The Company issued a notification letter to EY on 30 March 2026, followed by EY's Resignation Letter on 31 March 2026. The Company then published the Announcement on 2 April 2026.

In connection with the above, in December 2025, when the New Independent Investigator I had only been recently appointed and there was no definite timetable for the outcome of the Independent Investigation II, EY had already informed the Company that it was unable to provide any estimate of the time or fees required to complete the 2025 Audit. The Company therefore decided to commence the process of identifying a new auditor and accordingly, did not invite EY to attend the meetings with the New Independent Investigator I or the Independent Investigator II, and EY did not request to attend such meetings.

Given the tight resumption window of 18 months from 15 April 2025, being the date on which trading in the shares of the Company was suspended, the completion and publication of the 2025 Audit and the audit of the Company's consolidated financial statements for the year ended 31 March 2026 ("**2026 Audit**") is a resumption condition that needs to be fulfilled and for that, an auditor-recognised timetable is required. Therefore, it is reasonable and in the interest of the Company to timely engage an auditor capable of providing clear timetable and fee estimates for the 2025 Audit and 2026 Audit in order to facilitate the Company's resumption progress.

## **Appointment of Crowe**

### ***General factors***

The Audit Committee has carefully considered Crowe's experience, capabilities, resources allocation (with estimated number of hours by seniority of its audit team members), audit strategy, plan and procedures, as well as its independence, as set out in the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council on 16 December 2021 ("**Guide**"), before it resolved to recommend Crowe to replace EY as the Company's auditor.

Further, Crowe was able to provide the audit work scope (including additional procedures related to the Independent Investigations) as well as the timetable for the 2025 Audit, the 2026 Audit and the reviews of the two sets of interim results (such timetable being in line with the Company's resumption plan), based on its analysis and assessment of the Company's updates on the Independent Investigations. Therefore, the Company is of the view that changing auditor from EY to Crowe would resolve the audit planning and fee uncertainty arising from the Outstanding Issues.

Crowe also demonstrated to the Audit Committee its extensive experience in handling resumption situations and its commitment to deploying an experienced team with sufficient resources to the Company.

### ***Fee levels***

The Audit Committee and the Board observed no material differences between EY's and Crowe's proposed audit approaches, scope of work, or resource allocation. Crowe's fee levels are not significantly lower than EY's audit fee for the audit of the Company's consolidated financial statements for the year ended 31 March 2024 and the review of the interim results of the Group for the six months ended 30 September 2024.

### ***Factors set out in section 2 of the Guide***

The Audit Committee has considered the factors set out in section 2 of the Guide as follows:

- (i) ***Governance and leadership***: Crowe's leadership profile, organisational structure, and quality management policies related to governance and leadership was presented to the Audit Committee. Crowe has also demonstrated that its system of quality management is designed, implemented, and operated to ensure reliable performance across engagements and to provide reasonable assurance that its quality objectives are achieved.

The Audit Committee is satisfied that Crowe is able to deliver high-quality audit, assurance, review and related engagements, and that its leadership, reporting lines, and well-defined delegation of authority, responsibility, and accountability help safeguard the public interest throughout its audit operations.

- (ii) *Compliance with relevant ethical requirements*: Crowe has confirmed that it is fully adhered to the Code of Ethics for Professional Accountants (“**Code**”), as issued by the Hong Kong Institute of Certified Public Accountants, including all requirements related to independence. Crowe has not proposed any non-audit services to the Company, and there are no financial or business relationships between Crowe and the Group. Furthermore, there are no other relationships (e.g. financial, employment, or family ties) between the members of the audit team (including their immediate family members) and the Group that could compromise Crowe’s independence in conducting the audit.

The Audit Committee is satisfied that Crowe maintains a framework to ensure compliance with the Code requirements including those concerning integrity, objectivity and independence.

- (iii) *Industry knowledge and technical competence*: The Audit Committee notes that Crowe, a registered PIE auditor, is widely recognised for its professionalism in providing audit and assurance services. The firm’s core team consists of skilled professionals with relevant industry expertise which enables it to deliver high-quality audit services. For the Company’s audit, the team members have relevant experience delivering audit services to listed groups across a broad range of industries, including listed groups that are in the medical/ pharmaceutical industries.

The Audit Committee is satisfied that the Crowe audit team possesses the depth of experience and industry expertise required to effectively address sector-specific challenges and fully satisfy the Company’s requirements for industry knowledge and technical proficiency in conducting the audit.

- (iv) *Engagement performance*: Crowe’s proposed overall audit strategy is as follows:

- Crowe adheres to the requirements of Hong Kong Standard on Quality Management (HKSQM) 1 and the Code.
- Crowe has committed to assigning sufficient human resources to the audit engagement. Led by the audit engagement partner and the audit engagement senior manager, together with a team of four members, the team will conduct a thorough understanding and rigorous risk assessment to identify any risk of material misstatement.
- Crowe will determine the scope of the audit and perform comprehensive audit procedures using performance materiality. Its audit team will design and execute testing procedures, including inspecting documents, observing processes, obtaining independent confirmations, and conducting analytical reviews to gather sufficient and appropriate evidence regarding the financial statements. This also covers audit procedures for opening balances. The audit fieldwork will focus on the highest-risk areas, such as potential management override of controls and revenue recognition from ophthalmic services. Throughout the process, the audit engagement partner will supervise all the audit works to ensure the collection of necessary evidence for forming the audit opinion. An independent engagement quality reviewer will participate from the planning stage to the completion stage, scrutinising findings before the issuance of the audit report, which will address key audit matters. Crowe will maintain ongoing communication with the Audit Committee throughout the engagement.

- Crowe has provided time budgets and estimated hours for the engagement, confirming their commitment to deploying an experienced team.
  - Crowe has also provided a timetable for each audit phase which is set out in the section “*Proposed audit plan and timetable*” below.
  - The Audit Committee has reviewed Crowe’s audit strategy, approach, plan, resources allocation, work scope, procedures and time planning, and is confident that Crowe possesses sufficient staff resources and capacity to deliver a high-quality audit, taking into account the Group’s business scale and the number of group entities.
- (v) *Communication and interaction with the Audit Committee*: Crowe has outlined that its audit objectives are designed to:
- deliver audit services with a strong emphasis on quality, risk management, integrity, objectivity, and independence;
  - identify opportunities to further enhance and streamline the audit plan, leveraging their extensive industry expertise; and
  - maintain open and frequent communication with both the management and those charged with governance.

Its communication approach encompasses updates on the timing of key milestones, the scope of the audit engagement, as well as discussion of key issues and significant audit areas.

The Audit Committee is satisfied that the planned communication framework addresses essential audit milestones and risk areas, allows the committee to be kept informed through the whole audit process, and is appropriately aligned with the Company’s resumption plan.

- (vi) *Monitoring process*: Crowe has confirmed its compliance with the requirements of HKSQM 1 and 2 in conducting annual monitoring activities. This monitoring process includes an evaluation of the quality management system, review of the quality management manual, annual quality risk assessment, and assessment of compliance with relevant standards such as HKSQM 1 and 2.

To the best knowledge of the Audit Committee, and based on the information provided by Crowe, the Audit Committee is not aware of any behaviour or activities from Crowe that will threaten the integrity, objectivity and independence or adversely affect its quality of audit.

## ***Crowe's proposed audit plan and timetable***

Crowe's proposed audit plan and timetable are as follows:

### (1) Audit planning phase

Timing: Mid to end of April 2026

Objectives: To establish audit strategy, update risk assessment, and determine the scope, timing and extent of audit procedures

Detailed procedures include (i) engagement and governance communications; (ii) update understanding of the Group; (iii) risk assessment and materiality; (iv) internal control evaluation; (v) audit strategy and scoping; (vi) preliminary analytical review; and (vii) planning deliverables.

### (2) Audit execution phase

Timing: End of April to June 2026

Objectives: To perform audit procedures on opening balances, current-year transactions, and account balances in accordance with HKFRSs

Detailed procedures include (i) assessment of opening balances (first-year audit considerations); (ii) control testing (if reliance planned); (iii) substantive procedures – revenue and receivables; (iv) substantive procedures – purchases, expenses, and payables; (v) substantive procedures – inventory and cost of sales; (vi) other key audit areas; (vii) fraud and journal entry testing; (viii) IT general controls (if applicable); and (ix) ongoing communication.

### (3) Audit Completion and Reporting Phase

Timing: Late June to July 2026

Objectives: To finalise audit conclusions, complete reporting deliverables, and communicate results to stakeholders

Detailed procedures include (i) audit completion procedures; (ii) review and quality control; (iii) final communications; and (iv) reporting deliverables.

## ***Crowe's completion of audit engagement acceptance procedures***

Crowe has confirmed that it has completed its audit engagement acceptance procedures. The Company has executed Crowe's audit engagement letters on 24 April 2026.

### ***Audit Committee's views***

Members of the Audit Committee had participated in the selection process for the new auditor, conducted interviews and considered audit proposals before resolving to appoint Crowe as the new auditor.

The Audit Committee considers that Crowe's proposed audit procedures, when taken together with the overall audit strategy, defined objectives and allocation of resources, are appropriate and suitable for the audits of the Group's financial statements, and that these elements collectively provide a sound framework to address the Company's audit requirements and ensure the reliability and integrity of the audit process. The Audit Committee is satisfied that Crowe is independent, competent and capable to perform the high quality audit and review work which meets the requirements of the Company. The Audit Committee is of the view that the appointment of Crowe as the auditor of the Company would be in the interests of the Company and the Shareholders as a whole.

### **General**

All other information contained in the Announcement remains unchanged and continues to be valid for all purposes, apart from Crowe's completion of audit engagement acceptance procedures as disclosed above. This announcement is a supplement to and should be read in conjunction with the Announcement.

The Company has been providing Crowe with the same information previously furnished to EY, and the additional information requested by Crowe, in connection with its audit and review work.

### **CONTINUE 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 May 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.*