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If you have sold or transferred all your shares in Top Eminent Healthcare Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Top Eminent Healthcare Group Limited
(卓著健康集團有限公司)*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6877)

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF TOP EMINENT II LIMITED
AND
(2) NOTICE OF THE EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Ignite Capital

A letter from the Board is set out on pages 9 to 69 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 70 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 71 to 91 of this circular.

A notice convening the EGM of the Company to be held at 10:30 a.m. on Monday, 30 March 2026 at Suite 5406, 54/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM (i.e. before 10:30 a.m. on Saturday, 28 March 2026) 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 should you so wish.

27 February 2026

* For identification purpose only

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares, representing 100% of the issued shares of the Target Company, by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement entered into between the Company and the Vendor on 26 February 2026 in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Co”	Beijing Tong Ren Tang International Information Technology Co., Ltd.* (北京同仁堂國際信息技術有限公司), a company established in the PRC with limited liability and a member of the Vendor Group
“Board”	the board of directors of the Company
“Business Day(s)”	a day (excluding Saturday and Sunday and/or any other day on which a licensed bank is not open) on which licensed banks in Hong Kong or the PRC are open for business
“BVI”	the British Virgin Islands
“Capitalisation”	has the meaning given to it in the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group” in this circular
“Capitalisation Shares”	10,100 shares of the Target Company to be issued and allotted to the Vendor pursuant to the Capitalisation prior to Completion, details of which are described in the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group” in this circular

DEFINITIONS

“Cayman Co”	Beijing Tong Ren Tang (Cayman) Limited, an exempted company incorporated in the Cayman Islands with limited liability, and the controlling shareholder of the Company
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Top Eminent Healthcare Group Limited (卓著健康集團有限公司)* (stock code: 6877), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the Acquisition Agreement
“Completion Date”	the date of the Completion, being the third Business Day on which all Conditions Precedent has been satisfied or if applicable, waived by the Company (whichever is earlier) or on such other date as may be agreed between the Company and the Vendor
“Conditions Precedent”	the conditions precedent to the Acquisition as stipulated in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration of HK\$100.3 million payable by the Company to the Vendor in respect of the Acquisition pursuant to the Acquisition Agreement
“Consolidated Affiliated Entities”	Qianhai Co and Yinchuan Co
“Contractual Arrangement”	the Structured Contracts entered into on 25 February 2026 among the WFOE, Qianhai Co, Yinchuan Co and the Registered Shareholders (as the case may be) in order for the WFOE to have effective control over 100% of the finance and operation of the Consolidated Affiliated Entities, and enjoy 100% of the economic interests and benefits generated by the Consolidated Affiliated Entities, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts” in this circular
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

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“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition)
“Enlarged Group”	the enlarged group comprising the Group and the Target Group upon Completion
“Equity Interests”	has the meaning given to it in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (ii) Exclusive Purchase Option Agreement” in this circular
“Equity Pledge Agreement”	the equity pledge agreement (股權質押協議) dated 25 February 2026 and entered into among the WFOE, the Registered Shareholders and Qianhai Co, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (iv) Equity Pledge Agreement” in this circular
“Exclusive Management Consultancy Services Agreement”	the exclusive management consultancy services agreement (獨家管理諮詢服務協議) dated 25 February 2026 and entered into among the WFOE, Qianhai Co and Yinchuan Co, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (i) Exclusive Management Consultancy Services Agreement” in this circular
“Exclusive Purchase Option Agreement”	the exclusive purchase option agreement (獨家購買權協議) dated 25 February 2026 and entered into among the WFOE, the Registered Shareholders, Qianhai Co and Yinchuan Co, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (ii) Exclusive Purchase Option Agreement” in this circular
“FITE Regulations”	has the meaning given to it in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this circular

DEFINITIONS

“Foreign Investment Law”	the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)
“Foreign Investors”	has the meaning given to it in the section headed “C. THE CONTRACTUAL ARRANGEMENT – III. RISKS AND LIMITATIONS IN RELATION TO THE CONTRACTUAL ARRANGEMENT” in this circular
“Group”	the Company and its subsidiaries
“Hangzhou Co”	Beijing Tong Ren Tang International (Hangzhou) Network Technology Co., Ltd.* (北京同仁堂國際(杭州)網絡技術有限公司), a company established in the PRC with limited liability and a member of the Vendor Group
“HK Co”	Beijing Tong Ren Tang (Hong Kong) Limited (北京同仁堂國際(香港)醫療健康有限公司), a company incorporated in Hong Kong with limited liability and a member of the Target Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Zhou Jiannan, Ms. Hu Zhaoxia and Mr. Lyu Aiping (being all independent non-executive Directors), which has been established for the purpose of advising the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Ignite Capital”	Ignite Capital (Asia Pacific) Limited (燃亮資本(亞太)有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholder(s)”	Shareholder(s) who are entitled to vote and not required to abstain from voting on the resolution in the EGM for approving the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition)

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s)
“Latest Practicable Date”	26 February 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 April 2026 or such later date as the Company and the Vendor may agree in writing
“Major Operating Entities”	HK Co and Yinchuan Co, being the key operating entities of the Target Group, details of which are described in the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition – Recent revenue volatility and business prospects of the Target Group”
“Mr. Ji”	Mr. Ji Guangfei* (姬廣飛先生), the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company
“Ms. Deng”	Ms. Deng Xiaofang* (鄧小芳女士)
“Ms. Wang”	Ms. Wang Li* (王麗女士)
“Negative List”	the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition)(外商投資准入特別管理措施(負面清單)(2024年版))
“Outstanding Balances”	has the meaning given to it in the section headed “ “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group”
“Party(ies)”	the parties to the Acquisition Agreement, being the Company (as purchaser) and the Vendor (as vendor)

DEFINITIONS

“Powers of Attorney on Shareholder Rights”	the powers of attorney on shareholder rights (股東權利委託協議) dated 25 February 2026 and granted by the Registered Shareholders and Qianhai Co in favour of the WFOE, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (iii) Powers of Attorney on Shareholder Rights” in this circular
“PRC”	the People’s Republic of China, which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Business”	has the meaning given to it in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this circular
“PRC Legal Adviser”	Jingtian & Gongcheng, the PRC legal adviser of the Company
“Qianhai Co”	Shenzhen Qianhai Beijing Tongrentang International E – commerce Co., Ltd.* (深圳前海北京同仁堂國際電子商務有限公司), a company established in the PRC with limited liability and a member of the Target Group (through the Contractual Arrangement)
“Reference Date”	31 August 2025
“Registered Shareholder(s)”	Ms. Deng and Ms. Wang
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	all issued shares in the Target Company held by the Vendor immediately prior to Completion (including the Capitalisation Shares)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

DEFINITIONS

“Spouse”	has the meaning given to it in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (v) Spouse Consent” in this circular
“Spouse Consent”	the spouse consent (配偶同意函) dated 25 February 2026 issued by the Spouse of Ms. Deng, details of which are described in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (v) Spouse Consent” in this circular
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	collectively, (i) the Exclusive Management Consultancy Services Agreement; (ii) the Exclusive Purchase Option Agreement; (iii) the Powers of Attorney on Shareholder Rights; (iv) the Equity Pledge Agreement; and (v) the Spouse Consent
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Top Eminent II Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company, its subsidiaries and the Consolidated Affiliated Entities
“TEIC”	Top Eminent Invest Co., Ltd., a company incorporated in the BVI with limited liability, and wholly owned by Mr. Ji
“Valuation”	the valuation conducted by the Valuer in connection with its business valuation of 100% equity interest in the Target Group
“Valuation Report”	the valuation report dated 27 February 2026 in respect of the Valuation of the Target Group issued by the Valuer, the full text of which is set out in Appendix V to this circular

DEFINITIONS

“Valuer”	BonVision International Appraisals Limited, an independent valuer
“Vendor”	Top Eminent I Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Cayman Co
“Vendor Group”	Cayman Co and its subsidiaries (including the Vendor) other than the Target Group
“WFOE”	Shenzhen Beijing Tongrentang International Network Technology Co., Ltd.* (深圳北京同仁堂國際網絡技術有限公司), a company established in the PRC with limited liability and a member of the Target Group
“Yinchuan Co”	Yinchuan Tongrentang International Internet Hospital Co., Ltd.* (銀川同仁堂國際互聯網醫院有限公司), a company established in the PRC with limited liability and a member of the Target Group (through the Contractual Arrangement)
“%”	per cent

* For identification purpose only

In this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.2193. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

LETTER FROM THE BOARD



**TOP EMINENT
HEALTHCARE**

Top Eminent Healthcare Group Limited
(卓著健康集團有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6877)

Executive Directors:

Mr. Ji Guangfei (*Chairman and
Chief Executive Officer*)
Ms. Li Jiang (*Deputy Chairman*)
Mr. Zhang Huanping

Non-executive Directors:

Mr. Li Jiong
Mr. Yuan Feng
Mr. Chung Cheuk Fan Marco

Independent Non-executive Directors:

Mr. Zhou Jiannan (*Lead INED*)
Ms. Hu Zhaoxia
Mr. Lyu Aiping

Registered Office:

Cricket Square,
Hutchins Drive, P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Suite 5406, 54/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

*Cayman Islands Principal Share Registrar
and Transfer Office*

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive, P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

*Hong Kong Branch Share Registrar
and Transfer Office*

Union Registrars Limited
Suites 3301-04, 33/F,
Two Chinachem Exchange Square,
338 King's Road, North Point,
Hong Kong

27 February 2026

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF TOP EMINENT II LIMITED
AND
(2) NOTICE OF THE EGM**

A. INTRODUCTION

Reference is made to the announcement of the Company dated 26 February 2026 in relation to, among other things, (i) the proposed Acquisition; and (ii) the Contractual Arrangement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the Acquisition; (ii) details of the Contractual Arrangement; (iii) a letter of recommendation from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (v) financial information of the Group; (vi) accountants' report on the Target Group; (vii) management discussion and analysis of the Target Group; (viii) Valuation Report of the Target Group; (ix) unaudited pro forma financial information of the Enlarged Group; (x) other information as required under the Listing Rules; and (xi) a notice of the EGM.

B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY

On 26 February 2026 (after trading hours), the Company (as purchaser) and the Vendor (as vendor) entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 100% of the issued shares of the Target Company, for the Consideration of HK\$100.3 million. Further details of the Acquisition are set out below.

Acquisition Agreement

Date:	26 February 2026 (after trading hours)
Parties:	(i) The Company (as purchaser); and (ii) Top Eminent I Limited (as vendor)
Subject Matter:	Subject to the terms and conditions of the Acquisition Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Sale Shares, representing 100% of the issued shares of the Target Company.
Consideration:	The total consideration for the sale and purchase of the Sale Shares is HK\$100.3 million.

LETTER FROM THE BOARD

Basis of

Consideration:

The Consideration was determined after arm's length negotiations between the Vendor and the Company on normal commercial terms, having taken into account, among other things, (a) the Valuation of the Target Group as at the Reference Date, being 31 August 2025 of HK\$118 million, as set out in the Valuation Report prepared by the Valuer, which was prepared using market-based approach by reference to the trading multiples of companies listed on stock exchanges with business comparable to that of the Target Group, details of which are set out in the sub-paragraph headed "Summary of the key features of the Valuation Report" below; (b) the financial performance of the Target Group for the three financial years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 (further details of the Target Group are set out in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group" in this circular); and (c) other factors set out in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition" in this circular.

Summary of the key features of the Valuation Report

(a) Purpose, scope and basis of Valuation

The Valuation Report was prepared exclusively for the Company to determine the market value of 100% equity interest in the Target Group as at 31 August 2025, being the Reference Date. The Valuation was conducted on a market value basis in accordance with the International Valuation Standards established by the International Valuation Standards Council in 2024, being the estimated amount at which the equity interest would be exchanged between a willing buyer and a willing seller in an arm's length transaction on the Reference Date.

(b) Valuation approaches considered and method adopted

The Valuer considered three commonly-used approaches, namely the income-based approach, the asset-based approach and the market-based approach.

LETTER FROM THE BOARD

- (i) The income-based approach was not adopted because the management of the Target Group was unable to provide a detailed financial forecast beyond one year together with a concrete business plan; using this approach would require numerous assumptions which could significantly influence the valuation outcome.
- (ii) The asset-based approach was not chosen because it would not capture the future earnings potential of the Target Group and therefore could not accurately reflect its market value.
- (iii) Having regard to the operations, financial information and nature of the Target Group, the Valuer adopted the market-based approach to determine the market value of the 100% equity interest of the Target Group.

(c) *Market-based approach: method and key inputs*

Under the market-based approach, the Valuer applied an enterprise value-to-sales (EV/S) multiple to the revenues of the two principal operating segments of the Target Group, namely (i) the internet-hospital segment and (ii) the nutritional supplement distribution service segment, and subsequently considers the capital structure of the Target Group by incorporating adjustments for cash, debt, net debt and other non-operating assets and liabilities. Other pricing multiples such as price-to-book and price-to-earnings were considered but not adopted, because the price-to-book multiple would not fully capture the future earnings potential of the Target Group, and the Target Group was only at breakeven for both operating segments calculated on a price-to-earnings basis at the time of Valuation.

LETTER FROM THE BOARD

(d) Selection of comparable companies and pricing multiples

The respective selection criteria for comparable companies, as set out below in the (i) internet-hospital segment; and (ii) nutritional supplement distribution service segment, were used to select listed companies with business nature and operations similar to those of the Target Group.

(i) Internet-hospital segment

For this segment, the comparable companies were selected mainly with reference to the following criteria:

- having listed in Hong Kong and the PRC;
- being primarily engaged in internet and cloud hospitals and online medical consultation services;
- being primarily engaged in telehealth, and telemedicine services through the online medical platform;
- having derived more than 50% of their revenue from the PRC;
- had sufficient operating history; and
- had publicly available financial information.

Based on these criteria, the Valuer selected Xikang Cloud Hospital Holdings Inc. (SEHK: 9686), Ping An Healthcare and Technology Company Limited (SEHK: 1833) and Longmaster Information & Technology Co., Ltd. (SZSE: 300288) as comparable companies. Their EV/S multiples as at the Reference Date were 1.19x, 6.33x and 14.34x respectively. The adopted EV/S multiple for the internet-hospital segment was the rounded average of these multiples, being 7.29x.

LETTER FROM THE BOARD

(ii) *Nutritional supplement distribution service segment*

For this segment, the comparable companies were selected mainly with reference to the following criteria:

- having listed in Hong Kong;
- being primarily engaged in nutritional supplement distribution services;
- having major operations in such distribution services and having derived more than 50% of revenue from the PRC and Hong Kong;
- not engaged in the manufacturing process of their business, nor primarily focused on cosmetic and beauty products;
- had sufficient operating history; and
- had publicly available financial information.

The comparable companies adopted were Numans Health Food Holdings Co., Ltd. (SEHK: 2530), Herbs Generation Group Holdings Limited (SEHK: 2593), Ausupreme International Holdings Limited (SEHK: 2031), and Tycoon Group Holdings Limited (SEHK: 3390). Their EV/S multiples as at the Reference Date were 0.62x, 0.51x, 0.83x and 0.75x respectively. The adopted EV/S multiple for nutritional supplement distribution service segment was the rounded average of these multiples, being 0.68x.

LETTER FROM THE BOARD

The Board considers that the comparable companies adopted for both the internet-hospital and nutritional supplement distribution service segments are fair and representative on the basis that (i) for the internet-hospital segment, the number of listed companies whose principal businesses are internet/cloud hospitals and online medical consultation services in the PRC is very limited, and the three selected comparable companies are among the few whose revenue mix is predominantly derived from such businesses, notwithstanding differences in scale and indebtedness; (ii) in view of the Target Group's location-specific consumption patterns and spending preferences for its products and services, the list of comparable companies is considered exhaustive. Please refer to pages V-9 to V-13 as set out in Appendix V to this circular for a detailed description of the selection criteria. The EV/S multiples of the selected listed peer group are considered most appropriate in reflecting the Target Group's financial position; and (iii) the use of EV/S multiples together with subsequent adjustments for net cash/debt, control premium and discount for lack of marketability, as set out in the Valuation Report, is intended to address structural differences between the Target Group and the selected listed peer group and, as advised by the Valuer, is consistent with commonly used valuation practices for private companies of a similar nature.

LETTER FROM THE BOARD

(e) Computation of the appraised value

The Valuer applied the adopted EV/S multiples to the annualised revenues of the two segments of the Target Group based on the financial performance of the first eight months of 2025, being HK\$9,734,352 for the internet-hospital segment and HK\$28,522,021 for the nutritional supplement distribution service segment. This resulted in indicative market values of approximately HK\$70.9 million and HK\$19.3 million (before adjustments) respectively and a combined market value of approximately HK\$90.3 million (before control premium and marketability discount).

The Valuer then:

- (i) applied a median control premium of 39.0% to the equity value of the Target Group for the first quarter of 2025 to reflect the higher marketability of a controlling interest, with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC.;
- (ii) adjusted for surplus cash of approximately HK\$15.0 million and lease liabilities of approximately HK\$0.6 million and other non-operating assets and liabilities; and
- (iii) applied a discount for lack of marketability of 15.6% with reference to the “Stout Restricted Stock Study” published by Stout Risius Ross, LLC, to reflect that the shares of each of the entities of the Target Group are not readily marketable compared with those of listed companies.

LETTER FROM THE BOARD

The Board has reviewed the Valuation Report and is of the view that the adoption of the 39% control premium is fair and reasonable for the following reasons:

- the 39% control premium is derived by the Valuer from the median control premiums (of approximately 35% to 40%) observed in completed transactions as set out in the latest available FactSet Mergerstat LLC Control Premium Study. The Board considers it appropriate to adopt the median control premium from a widely used empirical study as a reference point for the value enhancement attributable to acquiring 100% control of the Target Group;
- the control premium reflects the additional value associated with acquiring full control of the Target Group, including the ability to direct its business strategy, integrate its operations with those of the Group and capture the expected synergies from combining its cross-border e-commerce platform and internet-hospital services with the Group's existing healthcare business. Such rights and synergy potential would not be available to a passive minority shareholder, and the Board considers it appropriate that the Valuation should reflect a control value rather than a minority interest value;
- according to the Valuer, having regard to empirical data on recent completed transactions in the healthcare, e-commerce and health-technology sectors, control premiums in the region of approximately 20% to 40% are commonly observed, and the adoption of a 39% control premium falls within this range and is, in the Board's view, broadly in line with market practice for acquisitions of a comparable nature; and

LETTER FROM THE BOARD

- although the Valuation incorporates a 39% control premium to uplift the minority-based trading multiples to a control basis, the Consideration of HK\$100.3 million still represents a discount of about 15% to the appraised equity value of approximately HK\$118 million. In the Board's view, this indicates that the Company is not paying the full control value implied by the Valuation, and the adoption of the 39% control premium in the Valuation does not, in itself, result in the Consideration being unfair or unreasonable.

(f) Key assumptions and information relied upon

In arriving at its opinion of value, the Valuer adopted, among others, the following key assumptions:

- (i) the unaudited consolidated financial statements of the Target Group as at 31 August 2025 reasonably represents its financial position as at the Reference Date;
- (ii) the annualised revenue of the Target Group for the eight months ended 31 August 2025 represents sustainable sales trends for both operating segments;
- (iii) the amount due by the Target Group to the then immediate holding company (being Cayman Co) of approximately HK\$64.1 million was considered by management to be capitalised, and amounts due to the Company and the Vendor Group of HK\$73.5 million were considered to be operating in nature and therefore not considered as non-operating liabilities in calculating the market value of the equity interest of the Target Group;
- (iv) there will be sufficient supply of technical staff in the industries in which the Target Group operates, and competent management, key personnel and technical staff will be retained to support its ongoing operations and developments; and

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- (v) there will be no major adverse changes in taxation, political, legal, economic or financial conditions (including interest rates and exchange rates) in the localities where the Target Group operates, and that all relevant business certificates/licences and legal approvals will be obtained and renewed as required for the Target Group to operate its business.

In deriving the market value of the Target Group, the Valuer relied on the management accounts and historical financial information of the Target Group, industry and macro-economic data, the financial information of the comparable companies and other information set out in the Valuation Report.

Based on the aforementioned investigation conducted and valuation method employed, the Valuer concluded that the market value of 100% equity interest in the Target Group as at the Reference Date was approximately HK\$118 million.

(g) *Valuer's identity and independence*

The Valuer is a firm of professional valuers which has confirmed in the Valuation Report that it has no present or prospective interest in the Company, the Target Group or their associates and is independent of the Company and its connected persons. The Valuation Report was signed by its chief executive officer, Ms. Kwan Nga Chung, a charterholder of chartered financial analyst who has over 15 years of relevant professional valuation experience.

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Outstanding Balances and their reflection in the appraised equity value

The Target Group recorded net liabilities of approximately HK\$128.6 million as at 31 August 2025, which primarily arrived from (i) amount due to immediate holding company of approximately HK\$64.1 million; and (ii) amounts due to the Company and the Vendor Group of approximately HK\$73.5 million (the “**Outstanding Balances**”). As set out in the Valuation Report, the market value of the Target Group under the market-based approach was derived by applying the adopted EV/S multiples to the annualised segment revenues and then adjusting for net cash or debt and other non-operating assets and liabilities, including the shareholders’ and related party loans. In particular, management of the Target Group advised the Valuer that the amount due to the immediate holding company of HK\$64.1 million was to be capitalised, and the amount due to the Company and the Vendor Group of HK\$73.5 million was considered to be operating in nature. The Valuer incorporated these positions into its net asset and liability adjustments when arriving at the equity value. Accordingly, the Outstanding Balances were fully reflected in the appraised equity value of the Target Group of approximately HK\$118 million as at the Reference Date.

The amount of approximately HK\$64.1 million due to the immediate holding company shall have been fully settled and capitalised by way of the issue of new shares (i.e. the Capitalisation Shares) in the Target Company to its immediate shareholder (which is wholly owned by Cayman Co). Accordingly, this balance will no longer remain outstanding upon Completion.

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The remaining balance of approximately HK\$73.5 million represents amounts due to the Company and the Vendor Group which are operational in nature and arose principally from normal trading and financing arrangements within the Target Group. These balances are, and will continue to be, settled in accordance with the relevant agreements in the ordinary course of business of the Target Group. Please refer to section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group” below for further information on the treatment on each of the Outstanding Balances by the Target Company.

The Board notes that the Valuation Report is as at 31 August 2025, which is less than six months prior to the Latest Practicable Date. The Company has reviewed the unaudited management accounts of the Target Group for the period from 1 September 2025 to the Latest Practicable Date and, having made all reasonable enquiries, are not aware of any material changes in the Target Group’s business operations, financial position or prospects which would render the Valuation as at 31 August 2025 unrepresentative or misleading.

In addition, the key quantitative inputs to the Valuation (including the annualised revenues for the first eight months of 2025, the selection of comparable companies and the adopted EV/S multiples, control premium and marketability discount) continue to reflect the Target Group’s business mix and risk profile. On this basis, the Board considers that the Valuation Report remains fair and representative for the purpose of determining the Consideration.

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The Board's assessment of the fairness and reasonableness of the Consideration

The Board has carefully considered the basis of the Valuation and the determination of the Consideration and are of the view that the Consideration, based on the appraised equity value of the Target Group and the Valuation, is fair and reasonable and in the interests of the Company and the Shareholders as a whole, for the following reasons:

- (a) the Board notes that the Valuation Report prepared by the Valuer has adopted the market-based approach by reference to the trading EV/S multiples of listed companies with businesses comparable to each of the Target Group's two principal segments, namely the internet-hospital segment and the nutritional supplement distribution service segment, and that the appraised equity value of approximately HK\$118 million as at 31 August 2025 has fully taken into account (i) the Target Group's historical financial performance; (ii) the segmental revenue mix; and (iii) adjustments for net cash/debt and other non-operating assets and liabilities (including the Outstanding Balances);
- (b) having reviewed the Valuation Report, the Board considers that (i) the adoption of EV/S multiples (instead of P/E or P/B) is appropriate in light of the Target Group's earnings profile and capital structure; (ii) the selection and number of comparable companies for each segment, and the resulting EV/S multiples (including the range and averages) are reasonable; and (iii) the key quantitative adjustments, including the application of a 39.0% control premium with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat LLC. and a 15.6% discount for lack of marketability with reference to the Stout Restricted Stock Study, are consistent with commonly-used market benchmarks in valuing private companies of a similar nature;

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- (c) as discussed with the Valuer, the Target Group operates predominantly in the PRC, with its business activities being subject to regulatory, economic, and market environments in the PRC. Given the limited availability of closely matching Hong Kong-listed peers for this specific PRC-centric business model, the Valuer included suitable PRC-listed comparables (e.g., Longmaster Information & Technology Co., Ltd.) that meet the selection criteria as stated on the Valuation Report, being primary engagement in similar internet/cloud hospital or telemedicine services, substantial revenue from the PRC (>50%), sufficient operating history, and publicly available financial information. This ensures a representative and reliable comparable set under the market-based approach adopted;
- (d) as discussed with the Valuer, in standard valuation practice, comparables are selected primarily based on similarity in business operations, industry, geographic exposure, and principal risk profile which is not solely on listing venue. The PRC-listed comparables share the same underlying business and operating risks as the Target Group (healthcare sector in the PRC), and their EV/S multiples already reflect market perceptions of those shared risks, including PRC-specific factors. It is common and accepted in Hong Kong valuation reports to use comparables from different exchanges without location-specific adjustments when operational alignment is strong, as is the case of the Valuation of the Target Group. Accordingly, no standard practice or empirical basis requires such an adjustment in this context;

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- (e) the Board further notes that the Consideration of HK\$100.3 million represents a discount of approximately 15% to the appraised equity value of approximately HK\$118 million as at 31 August 2025 as set out in the Valuation Report, of which the appraised value already fully reflects (i) the Target Group's net liabilities position (including the amount of approximately HK\$64.1 million due to the immediate holding company and the amounts of approximately HK\$73.5 million due to the Company and the Vendor Group); and (ii) the above-mentioned control premium and discount for lack of marketability; and that, prior to Completion, the HK\$64.1 million shareholder loan due to the immediate holding company will be fully capitalised by way of issuance of new shares (i.e. the Capitalisation Shares) in the Target Company, and the remaining related party balances are operational in nature, unsecured, interest-free and not guaranteed by any member of the Group; and
- (f) in assessing whether the Consideration is fair and reasonable, the Board has also taken into account (i) the Target Group's historical financial performance and growth trajectory (including the turnaround to profit in 2024); (ii) the nature of the Target Group's revenue decline in 2025, including the impact of the repositioning of the internet-hospital business and the subsequent improvement in the revenue of the Major Operating Entities (being HK Co and Yinchuan Co) in the last quarter of 2025, which, according to the management of the Target Group, reflects, among other things, the initial contribution from Yinchuan Co's new medically guided product selection and procurement service in addition to its existing internet-hospital and health-management services; and (iii) the Target Group's business prospects, strategic fit and expected synergies with the Group as described in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition" in this circular.

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Having considered the factors above in aggregate, the Board is of the view that the Valuation Report provides a reasonable basis for assessing the value of the Target Group, and that the Consideration, which has been determined with reference thereto and represents a discount to the appraised equity value, is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

- Manner of payment of the Consideration:** Subject to all Conditions Precedent having been fulfilled (or waived by the Company, if applicable), the Company shall pay the Consideration in cash by way of bank transfer to the Vendor or a payee designated by the Vendor upon Completion.
- Conditions Precedent:** Completion shall be conditional upon the fulfilment (or waiver by the Company, if applicable) of the following Conditions Precedent:
- (a) the Company has completed and has been satisfied with the results of its legal and financial due diligence review of the Target Group;
 - (b) the Company has obtained the approval of its Independent Shareholders at a general meeting in compliance with the Listing Rules for the approval of the Acquisition Agreement and the transactions contemplated thereunder;
 - (c) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated thereunder have been obtained;
 - (d) all necessary approvals, consents, filings, or exemptions (if applicable) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Acquisition Agreement, the Contractual Arrangement and the transactions contemplated thereunder have been obtained;
 - (e) the Vendor has provided the Company with a PRC legal opinion in the form and substance satisfactory to the Company;

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- (f) no notices, letters or orders have been served, issued or made by any governmental authority or statutory or regulatory body declaring that the Structured Contracts or the Contractual Arrangement is illegal, invalid or not in compliance with any applicable PRC laws, regulation or policy or any other applicable laws;
- (g) the licences, permissions and qualifications of the Target Group (if applicable) shall not have been revoked or withdrawn at any time prior to Completion;
- (h) there has not been, at any time between the date of the Acquisition Agreement and up to the Completion Date, occurrence of any material adverse changes in the business, operational and financial position of the Target Group;
- (i) the Vendor's representations and warranties set out in the Acquisition Agreement shall be true, accurate and not misleading as at the date of the Acquisition Agreement and remain to be true, accurate and not misleading up to the Completion Date; and
- (j) the Vendor has performed and complied with all commitments, obligations, and undertakings contained in the Acquisition Agreement that are required to be performed or complied with by the Vendor on or before the Completion Date.

The Company shall have the right to waive the Conditions Precedent above in writing (save for the Conditions Precedent mentioned in paragraphs (b), (c), (d), (f) and (g), which cannot be waived).

If any of the Conditions Precedent have not been satisfied on or before the Long Stop Date (or on such later date as may be agreed between the Company and the Vendor in writing), the Acquisition Agreement shall be deemed terminated, upon which neither Party shall be obliged to perform any outstanding obligations under the Acquisition Agreement, save in respect of any accrued rights or liabilities arising from any antecedent breaches or violations of the terms of the Acquisition Agreement prior to termination.

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As at the Latest Practicable Date, the Conditions Precedent mentioned in paragraphs (a) and (e) have been satisfied.

Completion:

Completion is subject to the fulfilment (or, where applicable, waiver by the Company) of all Conditions Precedent, and shall take place on the third Business Day after the date on which such Conditions Precedent are fulfilled (or waived), or on such other date as may be agreed between the Company and the Vendor.

If either Party fails to fulfil its respective obligations in relation to Completion, the non-defaulting Party, without prejudice to its rights, may:

- (a) postpone the Completion Date by fourteen (14) days;
- (b) proceed with completing the transaction, to the extent practicable and without prejudice to the rights of the non-defaulting Party; or
- (c) terminate the Acquisition Agreement, provided that such termination shall not affect any other rights or remedies available to the non-defaulting Party in respect of the defaulting Party's breach. The non-defaulting Party shall be entitled to claim from the defaulting Party all reasonable costs and expenses incurred or paid in connection with the negotiation, preparation, and execution of the Acquisition Agreement.

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Financial Impacts of the Acquisition

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company. The Target Company, HK Co and the WFOE will be consolidated in the Group as subsidiaries, and the financial information of the Target Company, HK Co and the WFOE will be consolidated into the Group's consolidated financial statements. In relation to consolidation of the financial results of the Consolidated Affiliated Entities, please refer to the section headed "C. THE CONTRACTUAL ARRANGEMENT – IV. CONSOLIDATION OF THE FINANCIAL RESULTS OF THE CONSOLIDATED AFFILIATED ENTITIES" in this circular.

Assets and liabilities

Based on the interim report of the Group for the six months ended 30 June 2025, as at 30 June 2025, the Group had total assets, total liabilities and net assets of approximately HK\$266.2 million, HK\$18.0 million and HK\$248.2 million, respectively.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, if the Acquisition had been completed on 30 June 2025, the total assets and total liabilities of the Enlarged Group would have increased to approximately HK\$343.8 million and HK\$98.1 million, respectively, and the net assets of the Enlarged Group would have decreased to approximately HK\$245.7 million.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 30 June 2025 was prepared based on (i) the Group's unaudited condensed consolidated statement of assets and liabilities as at 30 June 2025; (ii) the Target Group's audited combined statement of assets and liabilities as at 31 August 2025; and (iii) the pro forma adjustments described in the notes to the unaudited pro forma statement of assets and liabilities. Further details of the unaudited pro forma financial information of the Enlarged Group immediately following completion of the Acquisition are set out in Appendix IV to this circular.

Earnings

As set out in Appendix II to this circular, for the eight months ended 31 August 2025, the audited combined revenue and profit after tax of the Target Group were approximately HK\$26.0 million and HK\$0.3 million, respectively. As the financial results of the Target Group had been combined with those of the Group after Completion, the earnings of the Group had been affected by the performance of the Target Group from Completion. The Acquisition is expected to contribute towards broadening the revenue and earnings base for the Enlarged Group in the future.

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Further details of the financial effect of the Acquisition together with the bases in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix IV to this circular.

Information on the Parties

The Vendor

The Vendor, namely Top Eminent I Limited, is a company incorporated in the BVI with limited liability. The Vendor is an investment holding company. To the best of the Board's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor is an indirect wholly-owned subsidiary of Cayman Co, which is held as to approximately 59.40% by TEIC. Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company, is the ultimate beneficial owner of 100% of the issued shares of TEIC and is also the sole director of the Vendor. Accordingly, the Vendor is an associate of Mr. Ji and hence a connected person of the Company.

The Company and the Group

The Company is an investment holding company whose Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the healthcare business.

Information on the Target Group

The Target Group is principally engaged in cross-border e-commerce operations, providing online retail, marketing and logistics support services for branded products, including proprietary Chinese medicines, dietary supplements and nutritional supplement products (hereinafter referred to as "**health and wellness products**"), in Hong Kong and the PRC. It also operates internet-based healthcare services and internet hospital in the PRC through the Contractual Arrangement, providing online medical consultation and related value-added health management services.

The Target Company is a company incorporated in the BVI with limited liability on 20 March 2015 and is an investment holding company.

HK Co is a company incorporated in Hong Kong with limited liability on 2 April 2015 and a wholly-owned subsidiary of the Target Company. HK Co is principally engaged in cross-border e-commerce, focusing on online sales and distribution of health and wellness products in Hong Kong and the PRC.

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The WFOE is a company established in the PRC with limited liability on 28 August 2015 and a wholly-owned subsidiary of HK Co. The WFOE is the onshore entity that enters into and performs the Contractual Arrangement with the Consolidated Affiliated Entities, details of which are set out in the section headed “C. THE CONTRACTUAL ARRANGEMENT” in this circular.

Consolidated Affiliated Entities

Qianhai Co is a company established in the PRC with limited liability on 9 March 2015. It holds 100% equity interest in Yinchuan Co. As at the Latest Practicable Date, Ms. Deng and Ms. Wang each hold approximately 99.9% and 0.1% equity interests in Qianhai Co, respectively.

Yinchuan Co is a company established in the PRC with limited liability on 28 August 2018 and is a wholly-owned subsidiary of Qianhai Co. It is principally engaged in the operation of internet-based healthcare service platforms, including internet hospital services, online medical consultation and related value-added health management services.

Please refer to the section headed “C. THE CONTRACTUAL ARRANGEMENT – Structure of the Target Group and structure of the Contractual Arrangement” in this circular for details of the Target Group’s shareholding and corporate structure.

Financial Information of the Target Group

The combined financial information of the Target Group for the three years ended 31 December 2022, 2023 and 2024, and for the eight months ended 31 August 2025 is as follows:

	For the year ended 31 December			For the eight months ended 31 August 2025
	2022	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(audited)	(audited)	(audited)	(audited)
Revenue	15,259	59,242	77,369	26,048
Net profit/(loss) before taxation and extraordinary items	(2,304)	(1,138)	9,713	349
Net profit/(loss) after taxation and extraordinary items	(2,384)	(1,170)	9,743	349

The audited combined total assets of the Target Group as at 31 December 2022, 2023 and 2024 were approximately HK\$39,687,000, HK\$36,930,000 and HK\$61,975,000, respectively. The audited combined net liabilities of the Target Group as at 31 December 2022, 2023 and 2024 were approximately HK\$114,549,000, HK\$137,662,000 and HK\$128,793,000, respectively.

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Based on the audited combined financial statements of the Target Group, as at 31 August 2025, the audited combined total assets, total liabilities and net liabilities of the Target Group amounted to approximately HK\$27,121,000, HK\$155,749,000 and HK\$128,628,000, respectively.

The Company has been informed by the Vendor that the original investment cost of the Target Group to the Vendor (and its relevant upstream holding companies within the Vendor Group) amounted in aggregate to approximately HK\$37,474,000, comprising (i) approximately HK\$25,586,000 representing the original investment cost in respect of the Target Company, HK Co and the WFOE; and (ii) approximately RMB9,750,000 (equivalent to approximately HK\$11,888,000) representing the registered capital and paid-in capital historically contributed to Qianhai Co and Yinchuan Co.

Details of Outstanding Balances Owed by the Target Group

The following sets out further details of and the treatment on each of the Outstanding Balances by the Target Company, being the amount of (i) approximately HK\$64.1 million due to Cayman Co; and (ii) approximately HK\$73.5 million due to the Company and the Vendor Group.

(i) Amount of approximately HK\$64.1 million due to Cayman Co

As at 31 August 2025, the amount of approximately HK\$64.1 million due by the Target Group to the immediate holding company (i.e. Cayman Co) represented a shareholder's loan advanced by Cayman Co, which was unsecured, interest-free and repayable on demand. Such shareholder's loan was originally advanced by Cayman Co to HK Co, its indirect subsidiary, to support the Target Group's business and to finance the Target Group's operations and working capital.

Salient terms of the Capitalisation

In order to settle the amount of HK\$64.1 million, the following debt restructuring steps will be taken pursuant to a capitalisation agreement to be entered into between HK Co, the Vendor, the Target Company and Cayman Co (the "**Capitalisation**") prior to the Completion Date:

- (a) the repayment obligation of HK Co to Cayman Co will be novated to the Target Company, and the corresponding receivable of Cayman Co will be assigned to the Vendor, being the immediate shareholder of the Target Company and a wholly-owned subsidiary of Cayman Co;

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- (b) the Target Company will issue and allot 10,100 new shares in the Target Company (the “**Capitalisation Shares**”) to the Vendor at an issue price equal to the outstanding loan amount of approximately HK\$64.1 million, which is to be satisfied in full by way of set-off against the said shareholder loan;
- (c) as a result, the HK\$64.1 million shareholder’s loan will be fully converted into equity of the Target Company and will no longer remain as an outstanding liability of the Target Group prior to Completion.

No cash consideration is payable under the Capitalisation and the Capitalisation Shares shall rank *pari passu* in all respects with the existing shares of the Target Company in issue.

Impact on the Target Group’s shareholding structure

Immediately before and after completion of the Capitalisation, the Vendor will remain the sole shareholder of the Target Company and holds 100% of its issued share capital. The Capitalisation therefore does not result in any change to the identity of the controlling shareholder of the Target Company or the relative shareholding interests within the Target Group; its effect is to convert the shareholder loan into equity of the Target Company and to eliminate the corresponding liability from the Target Group’s balance sheet.

Ultimately, upon Completion, the Company will hold 100% of the Sale Shares (including the Capitalisation Shares).

(ii) Amount of approximately HK\$73.5 million due to the Company and the Vendor Group

As at 31 August 2025, the amount of approximately HK\$73.5 million as part of Outstanding Balances and being amounts due to subsidiaries of the Vendor Group, comprised (a) amounts due from HK Co to the Company of approximately HK\$21.2 million; and (b) amounts due from members of the Target Group to subsidiaries of the Vendor Group of approximately HK\$52.3 million. All of these balances are operational in nature and arose from transactions conducted in the ordinary and usual course of business, details of which are set out below:

- (a) Amount due from HK Co to the Company of approximately HK\$21.2 million

Such balance primarily represents trade receivables of the Group from HK Co, being:

- (1) approximately HK\$2.9 million in relation to B2B sales of healthcare products by the Group to HK Co on normal commercial terms; and

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- (2) approximately HK\$18.3 million in relation to sales of the Group's healthcare products on e-commerce platforms (such as Tmall and Douyin) through online stores owned by HK Co under the existing e-commerce cooperation agreement between the Group and HK Co.

Under this arrangement, HK Co operates the relevant online stores and acts as a payment collection intermediary: the Group is entitled to the economic benefits of the sales, while HK Co records the gross sales proceeds received from customers and subsequently remits the amounts, net of a 1% handling commission, to the Group. The commission represents an administrative charge for the use and operation of the online stores and is on normal commercial terms. Accordingly, the receivables due from HK Co mainly reflect unsettled sales proceeds collected on behalf of the Group in respect of the period prior to August 2025.

- (b) Amount of approximately HK\$52.3 million due to subsidiaries of the Vendor Group

This balance represents trade payables and prepayments arising from the purchase of bespoke health and wellness products and related ingredients and services by members of the Target Group from and for two subsidiaries of the Vendor Group, Beijing Co and Hangzhou Co. Beijing Co and Hangzhou Co primarily focus on product development and customised health food formulations for the PRC domestic market, working with upstream manufacturers to design and procure bespoke health and wellness products for sale under the Vendor Group's domestic brands through membership-based and other sales channels.

The amounts due to each of Beijing Co and Hangzhou Co are as follows:

- (1) The amounts due from HK Co to Beijing Co mainly comprise: (i) prepayments to HK Co for ingredients sourced for Beijing Co from overseas suppliers for use in bespoke health food products, where HK Co is responsible for quality control, logistics coordination and customs clearance; and (ii) amounts due from Yinchuan Co to Beijing Co for bespoke health and wellness products supplied by Beijing Co. Beijing Co acts as a consolidated sourcing platform, which enables the Target Group to obtain suitable ingredients and finished products with consistent quality for its bespoke health food offerings;
- (2) the amounts due to Hangzhou Co mainly comprise amounts due from Yinchuan Co and Qianhai Co for bespoke health and wellness products supplied by Hangzhou Co. These products are sold under the Vendor Group's domestic brands through various channels and are also included in the Target Group's product offerings to users of its internet-hospital and health-management services, so that appropriate health food products can be provided to patients and users in line with their consultation results and long-term wellness plans.

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These amounts due to the Vendor Group are unsecured, interest-free and subject to the normal sales and purchase terms between the relevant parties and reflect ordinary-course procurement and settlement arrangements for bespoke health and wellness products within the Vendor Group. The Company considers that these balances are operating in nature and arose from day-to-day business activities of the Target Group.

Financial Information of the Consolidated Affiliated Entities

Set out below is the financial information of the Consolidated Affiliated Entities, as extracted from the unaudited combined financial statements of the Consolidated Affiliated Entities for the three financial years ended 31 December 2022, 2023 and 2024, and for the eight months ended 31 August 2025, which were prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended 31 December			For the eight months ended 31 August 2025
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	692	17,832	40,364	5,957
Net profit/(loss) before taxation and extraordinary items	(2,208)	(1,341)	3,902	107
Net profit/(loss) after taxation and extraordinary items	(2,208)	(1,341)	3,901	106

By virtue of the Contractual Arrangement, the WFOE exercises control over the Consolidated Affiliated Entities and enjoys all the economic interests and benefits generated by the Consolidated Affiliated Entities. Further details of the Structured Contracts are set forth in the section headed “C. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts” in this circular.

Business Information of the Target Group

The Target Group has developed two complementary business segments, namely (i) cross-border e-commerce wholesale distribution and sale of health and wellness products and (ii) internet-hospital and online healthcare services in the PRC. Its cross-border e-commerce business focuses on importing and distributing overseas dietary supplements and other health-related products into the PRC through regulated cross-border channels, while its internet-hospital platform provides online consultation, follow-up and health management services with a particular emphasis on traditional Chinese medicine (“TCM”)-based chronic disease and preventive care. These two segments are mutually reinforcing: the health and wellness products business provides a source of customer acquisition and health-related traffic, whereas the internet-hospital platform deepens user engagement and supports recurring demand for health products and services.

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In respect of the cross-border e-commerce segment, the Target Group operates branded flagship stores and online shops on a range of major platforms (including, among others, Tmall Global, JD International, Pinduoduo, Douyin, Xiaohongshu and Kuaishou) and also utilises “private-domain” channels operated through self-managed mini-programs and official accounts. Products are sourced in bulk directly from overseas manufacturers and transported through international logistics to bonded warehouses in the PRC, with the Target Group coordinating customs clearance, warehousing, third-party quality testing and last-mile delivery. The e-commerce team has experience in multi-platform operations, including planning and execution of promotional campaigns, cooperation with key opinion leaders (“**KOL(s)**”), key opinion consumers and live-streaming hosts, advertising placement and data-driven optimisation of pricing, product mix and inventory levels. The Target Group has established internal processes for supply-chain management, quality control and compliance with relevant cross-border e-commerce and consumer protection requirements.

For the internet-hospital segment, the Target Group operates an online platform which provides internet-based medical services under the supervision of qualified doctors and medical institutions in the PRC. Through a dedicated mobile application and WeChat mini-program, users can register and make appointments for text, audio or video consultations, obtain follow-up advice and, where appropriate, receive electronic prescriptions which are reviewed by licensed pharmacists and fulfilled either by mail delivery or pick-up at designated physical pharmacies. The platform is positioned around TCM-featured preventive and chronic-disease management services, supplemented by modern health-management tools and, where applicable, remote consultation arrangements between doctors at different medical institutions. The Target Group also offers health-management and wellness programmes leveraging “medicine-food homology” products and other TCM-based regimens and cooperates with external partners in areas such as corporate health solutions, community health projects and medical alliance initiatives, with a view to building an “internet + healthcare” service ecosystem around its online hospital operations.

Information on the Registered Shareholders

Ms. Deng

Ms. Deng is a PRC citizen who is currently a director and a legal representative of each of the WFOE and Qianhai Co. Further, she joined HK Co and served as an office manager thereof since January 2025.

Ms. Wang

Ms. Wang is a PRC citizen who assisted with handling financial matters at HK Co, where she joined since 16 April 2015, and served as a finance manager of its PRC subsidiaries.

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Reasons for and Benefits of the Acquisition

The Group is principally engaged in the healthcare business, including the distribution and sale of health and wellness products in the PRC through both business-to-business (B2B) and business-to-consumer (B2C) channels. Leveraging its established presence on major e-commerce platforms in the PRC, the Group has developed a diversified health and wellness product portfolio and accumulated a sizeable base of online customers and long-term supplier relationships, thereby building up a solid customer base and brand resources in the healthcare sector.

The Target Group is principally engaged in cross-border e-commerce wholesale distribution and sale of health and wellness products and the operation of internet-based healthcare service platforms in the PRC. In addition to dietary supplements and other health and wellness products which overlap with the Group's existing categories, the Target Group also distributes certain health food and fruit wine products which the Group does not currently offer, thereby broadening the range of products that can be made available to the Group's customers. It has developed operating experience, systems and professional teams in cross-border logistics and order fulfilment, online traffic generation and user acquisition and conversion, as well as internet-hospital services (including online hospital, remote consultation and health-management functions). The Board considers that acquiring a platform which already combines cross-border healthcare e-commerce with licensed internet-hospital operations will allow the Enlarged Group to leverage an existing infrastructure for online consultation, product recommendation and cross-border order execution, and to integrate upstream product development and distribution capabilities with downstream medical consultation services, providing an immediate base for developing integrated healthcare solutions.

In May 2022, the Group entered into an e-commerce cooperation agreement with HK Co (a member of the Target Group) in relation to the online promotion and sale of designated health and wellness products on specified e-commerce platforms for a term up to May 2026 (subject to further renewal as may be agreed between the parties). Through this cooperation, the Group and the Target Group have accumulated working experience in areas such as product positioning, brand promotion and operational collaboration, and have built up a degree of mutual understanding and trust. In particular, the Target Group has been using its own self-operated online "private-domain" marketing and sales channels to promote designated products and direct users to the Group's flagship stores on major e-commerce platforms, and the Group considers that the cooperation has had a positive impact on sales performance and user engagement on such platforms. The Board believes that this existing cooperation framework provides a useful business and operational foundation for the Acquisition and supports the commercial rationale for selecting the Target Group as the Group's strategic partner in the digital healthcare segment.

LETTER FROM THE BOARD

Following Completion, the Enlarged Group is expected to generate a synergy effect by combining (i) the Group's existing health and wellness product portfolio, supplier network and customer traffic, with (ii) the Target Group's cross-border e-commerce capabilities and internet-hospital platform. From a product and supply-chain perspective, the Enlarged Group will be able to undertake more centralised procurement of overlapping dietary supplement and other health and wellness product categories and to utilise the Target Group's cross-border logistics and warehousing system, which is expected to improve inventory planning, reduce international logistics and storage costs and enhance overall supply-chain efficiency. At the same time, the Target Group's health food and fruit wine products will expand the choice of products available to the Group's existing customers on major e-commerce platforms, while the Group's established supplier relationships will facilitate the introduction of additional branded products into the Target Group's cross-border channels. In particular, the internet-hospital services will support more precise matching of users' health needs with suitable products and follow-up services, for example by recommending tailored seasonal wellness products or chronic-disease management packages based on users' consultation records, while the cross-border e-commerce platform will provide an efficient channel to deliver such products, thereby creating more integrated solutions from online consultation to product recommendation, order fulfilment and ongoing health management. On the channel side, the Target Group's self-operated "private-domain" online channels can be used to introduce new users to the Group's flagship stores on major e-commerce platforms, while the Group's large existing online customer base will provide a pool of potential users for the Target Group's internet-hospital and health-management services. It is expected that users who use the internet-hospital services and at the same time purchase related products will exhibit higher cross-selling conversion rates and stronger repeat-purchase behaviour, as the recommended products are closely tied to the medical services and provide immediate fulfilment of users' needs. The Enlarged Group will also be able to integrate user and consultation data from the internet-hospital platform so as to better anticipate demand for different categories of health and wellness products and allocate inventory more efficiently across its online sales channels. In particular, the Target Group's technology platform (user interface, health-management system and data analytics capabilities) can enhance the Group's existing digital capabilities by (i) improving the user experience in seeking medical advice and purchasing products, (ii) enabling full-cycle patient and user management, and (iii) segmenting users and tagging their needs based on consultation data. This will allow the Enlarged Group to match differentiated product portfolios, pricing strategies and inventory levels to different channels, for example, offering limited high-end combinations to TCM conditioning users and using lower-priced trial packs in new-customer acquisition channels to test market demand, thereby supporting more precise product positioning and dynamic optimisation of product mix, pricing and inventory. These initiatives are expected to support higher cross-selling and repeat-purchase rates over time.

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From an industry perspective, the Board notes that online healthcare groups in the PRC commonly evolve from an e-commerce driven health and wellness product platform into a combined e-commerce and internet-hospital model. The Acquisition is therefore viewed as a natural and strategically aligned step for the Group to move in the same direction. At the same time, the Group's existing B2B and B2C distribution of health and wellness products (including its cross-border B2C business on major e-commerce platforms) will continue to be an important part of the Enlarged Group's operations and will work in parallel with the Target Group's private-domain channels and internet-hospital platform. In addition, the Board considers that the Acquisition will allow the Group to deploy part of its existing cash resources into an operating business that is closely aligned with its core healthcare activities, with a view to improving the Group's overall return for the Shareholders in the long run. Overall, the Board believes that the Acquisition will strengthen the Enlarged Group's position in the digital healthcare value chain, enhance product breadth and supply-chain efficiency, enable deeper engagement with users through integrated "medical-plus-product" offerings, and, by providing a one-stop platform for online medical services and product supply, reinforce the Enlarged Group's brand image and enhance its competitiveness, foster longer-term customer relationships and broaden the Group's recurring and service-based income streams.

Net liabilities position and capitalisation of shareholders' loans due to Cayman Co

As at 31 August 2025, the Target Group had combined total assets of approximately HK\$27.1 million and combined net liabilities of approximately HK\$128.6 million, which mainly comprised (i) an amount due to the immediate holding company of approximately HK\$64.1 million and (ii) amounts due to the Company and the Vendor Group of approximately HK\$73.5 million. The amount of HK\$64.1 million balance represented an unsecured, interest-free shareholder loan which will be fully capitalised by way of the issuance of 10,100 new shares (i.e. the Capitalisation Shares) of the Target Company to its immediate shareholder (a wholly-owned subsidiary of Cayman Co), and therefore will no longer remain as a liability of the Target Group prior to Completion, further details of which are set out in the paragraph headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group" of this circular. The remaining balance of approximately HK\$73.5 million comprises trade and other payables arising from normal trading and cooperation arrangements with entities within the Vendor Group (and, in the case of approximately HK\$21.2 million, with the Group) in the ordinary and usual course of business, and does not represent separate financing or loan arrangements. For further details, please refer to the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group" in this circular.

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Beijing Co, a then direct subsidiary of HK Co prior to the restructuring of the Target Group, declared a cash dividend of RMB15.76 million (equivalent to HK\$17.2 million) to HK Co on 22 September 2025 and such dividend was received by HK Co in early October 2025 before the restructuring. Please refer to note 4 of the “Unaudited Pro Forma Financial Information of the Enlarged Group” as set out in Appendix IV to this circular. The net liabilities position of the Target Group of HK\$128.6 million as at 31 August 2025 did not take into account of this cash dividend.

Recent revenue volatility and business prospects of the Target Group

From 2022 to 2024, the Target Group’s revenue increased from approximately HK\$15.3 million to HK\$59.2 million and further to HK\$77.4 million, with a turnaround from loss to a profit before tax of approximately HK\$9.7 million in 2024. For the eight months ended 31 August 2025, revenue decreased from approximately HK\$48.9 million for the corresponding period in 2024 to approximately HK\$26.0 million, mainly due to a reduction in revenue from the internet-hospital segment. According to information provided by the management of the Target Group, HK Co and Yinchuan Co (together, the “**Major Operating Entities**”) are the key operating entities of the Target Group and together contributed more than 95% of the Target Group’s revenue for the eight months ended 31 August 2024 and 2025. Based on preliminary unaudited revenue information, the Company noted an improvement in the Major Operating Entities’ revenue in the last quarter of 2025 compared with the earlier part of the year, which reflects the initial contribution from Yinchuan Co’s new medically guided product selection and procurement service that has begun to supplement the revenue from its existing internet-hospital and health-management services. In essence, Yinchuan Co uses its clinical and nutritional knowledge, consultation data and experience from its internet-hospital operations to help business customers identify and select health food and dietary supplement products that are suitable for particular user groups and in higher demand, and subsequently work with qualified suppliers to procure such products in a manner that meets relevant regulatory requirements on product quality and source verification (where applicable). While Yinchuan Co will continue to focus primarily on its internet-hospital and health-management services, this medically guided product selection and procurement service is an adjacent extension of its existing business and has supported the improvement in the Target Group’s revenue in the last quarter of 2025.

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Looking ahead, the Target Group's internet-hospital segment will continue to focus on differentiated TCM-featured and chronic-disease management services, including developing online specialist consultation and long-term health-management services, and progressively building out a range of "medicine-food homology" and functional food products that link medical services with appropriate health-product offerings, supported by data-driven user profiling and targeted online marketing. The Company considers that the combination of the Target Group's core internet-hospital and health-management services with the medically guided product selection and procurement service described above is expected to broaden the Target Group's revenue sources and enhance the competitiveness of the Target Group, and is broadly in line with the wider industry trend of internet-based healthcare platforms offering both patient-facing online healthcare services and B2B health-product and supply-chain solutions.

On the basis of the above, the Board considers that the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) are not in the ordinary and usual course of business of the Group, and the terms and conditions of the Acquisition Agreement (including the Consideration), the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As at the Latest Practicable Date, the Company is owned as to approximately 55.16% by Cayman Co, the controlling shareholder of the Company. The Vendor is a wholly-owned subsidiary of Cayman Co (i.e. an associate of Cayman Co) and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5%, the Acquisition is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are higher than 25% but lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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As at the Latest Practicable Date, approximately 55.16% of the Shares is held by Cayman Co, the controlling shareholder of the Company, which is held as to approximately 59.40% by TEIC. Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company, is the ultimate beneficial owner of 100% of the issued shares of TEIC and is also the sole director of the Vendor. Therefore, Mr. Ji is deemed to be materially interested in the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) and the Contractual Arrangement. In addition, Ms. Li Jiang and Mr. Zhang Huanping are executive Directors of the Company and hold senior management positions within members of the Vendor Group and/or the Target Group (not being a director or chief executive). In view of their roles within the Vendor Group and/or the Target Group, Ms. Li Jiang and Mr. Zhang Huanping are also regarded as having a material interest in the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) and the Contractual Arrangement. Accordingly, Mr. Ji, Ms. Li Jiang and Mr. Zhang Huanping have abstained from voting on the resolutions in relation to considering and approving the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) and the Contractual Arrangement at the Board meeting. Save as disclosed above, to the best of the Board's knowledge, information and belief having made all reasonable enquiries, none of the other Directors has a material interest in or is required to abstain from voting on the Board resolutions in relation to the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) and the Contractual Arrangement.

C. THE CONTRACTUAL ARRANGEMENT

Background and reasons for the use of the Contractual Arrangement

For the purposes of the Contractual Arrangement, Qianhai Co acts as the direct onshore holding company of Yinchuan Co, in which it holds 100% equity interest, and Yinchuan Co is principally engaged in internet-based healthcare and internet hospital services, online medical consultation and related value-added health management services in the PRC (the “**PRC Business**”). Please refer to the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Business information of the Target Group” in this circular for further details of the PRC Business.

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A foreign entity which intends to operate businesses in the PRC is subject to certain restrictions under the Negative List. Foreign investors shall not invest in any industry forbidden by the Negative List for access of foreign investment. Pursuant to the Negative List, the operation of “medical institution” in the PRC falls within the “restricted category” for foreign investment under the PRC laws, and foreign investments are restricted to the form of Sino-foreign equity joint venture. Further, according to the Interim Administrative Measures on Sino-Foreign Joint Venture and Cooperative Medical Institutions* (《中外合資、合作醫療機構管理暫行辦法》), foreign investors are not allowed to hold more than 70% equity interest in a “medical institution”, including institutions with practicing license for a medical institution such as Yinchuan Co. In addition, the provision of internet information services and online data processing and transaction processing services through mini programmes and websites established falls within the scope of value-added telecommunication service under the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) promulgated by the State Council on 25 September 2000 and last amended on 6 February 2016, the Catalogue of Telecommunications Business (2015) (《電信業務分類目錄》(2015年版)), and the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”) promulgated by the State Council, taking effect on 1 January 2002 and last amended in March 2022 with effect from 1 May 2022. Pursuant to the Negative List, foreign investors are not allowed to hold more than 50% equity interest in any enterprise conducting value-added telecommunication services (excluding e-commerce, domestic multi-party communication services, store-and-forward services and call center services). According to the FITE Regulations, foreign investors are not allowed to hold more than 50% equity interest in enterprises conducting value added telecommunication services, except as otherwise stipulated by the state, provided that the foreign investors shall satisfy with some requirements, including the minimum amount of registered capital under the FITE Regulations. Since the businesses of the Consolidated Affiliated Entities involve the provision of value-added telecommunication services, they are also subject to the aforementioned foreign investment restrictions.

The PRC Legal Adviser consulted both the Yinchuan Communications Administration and the Yinchuan Health Commission. As advised by the PRC Legal Adviser, in relation to the consultation with the Yinchuan Communications Administration, the PRC Legal Adviser interviewed a division head of the Telecommunications Management Division (通信管理處主任) of the Yinchuan Communications Administration, which is responsible for the supervision and administration of telecommunications matters in Yinchuan, including value-added telecommunications services. In relation to the consultation with the Yinchuan Health Commission, the PRC Legal Adviser interviewed an officer of the Planning, Development and Informatization Division (規劃發展與信息化科科員) of the Yinchuan Health Commission, which handles planning, development and informatization matters in relation to medical institutions and internet hospitals in Yinchuan. The PRC Legal Adviser confirmed that the relevant personnel consulted as described above are competent to provide the aforementioned consultation confirmation.

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Based on the consultation conducted by the PRC Legal Adviser on 25 November 2025 with the said officer of the Yinchuan Health Commission, being the competent authority responsible for the supervision and administration of medical institutions and internet hospitals in Yinchuan, the Yinchuan Health Commission confirmed that, under the current local regulatory practice, foreign investors are not permitted to directly or indirectly hold any equity interest in an operator of online medical service institutions (including internet hospitals) in Yinchuan, and that applications by foreign-invested entities to acquire such equity interests would not be accepted or approved by the Yinchuan Health Commission.

The PRC Legal Adviser further advises that, while the Negative List and the Interim Administrative Measures on Sino-Foreign Joint Venture and Cooperative Medical Institutions* (《中外合資、合作醫療機構管理暫行辦法》), set out, at a national level, the industries in which foreign investment is restricted and the maximum foreign shareholding ratio for “medical institutions” (for example, up to 70% foreign ownership), these provisions do not prescribe the detailed admission conditions or approval procedures for internet hospitals and online medical services in each province or city. In practice, the specific access conditions and approval practice for foreign investment in internet hospitals and online medical services are determined by the competent authorities in the relevant regions of the PRC within this national framework, on the premise that they do not contravene the Negative List. As a result, some regions (including Yinchuan) currently do not admit any foreign equity participation in internet-hospital operators, which is still consistent with the Negative List so long as the national upper limit is not exceeded.

In Yinchuan, the Yinchuan Health Commission is designated under the Yinchuan Internet Hospital Administrative Measures as the authority responsible for approving and supervising internet hospitals. The PRC Legal Adviser is therefore of the view that the relevant interviewee is capable of confirming the above consultation conclusion. In the absence of any other express national rule specifically addressing foreign equity participation in Yinchuan internet hospitals, and given that the Negative List only sets an upper limit rather than mandating that foreign investors must be admitted up to that limit, the PRC Legal Adviser considers that this local regulatory position is the operative basis that must be followed by the Target Group when structuring its investment in the PRC Business.

As advised by the PRC Legal Adviser, having consulted the relevant local authorities in Yinchuan in relation to the internet hospital licence and the value-added telecommunications business, and expressly enquired the Yinchuan Health Commission whether a foreign-invested enterprise (such as the WFOE) could directly or indirectly hold equity interests in an internet-hospital operator in Yinchuan (including by holding up to 70% of the equity in such operator within the national cap), the Yinchuan Health Commission explicitly responded that foreign investors are not permitted under the current regulatory framework to directly or indirectly hold any equity interest in an internet hospital operator in Yinchuan such as Yinchuan Co, and that applications for such equity holdings

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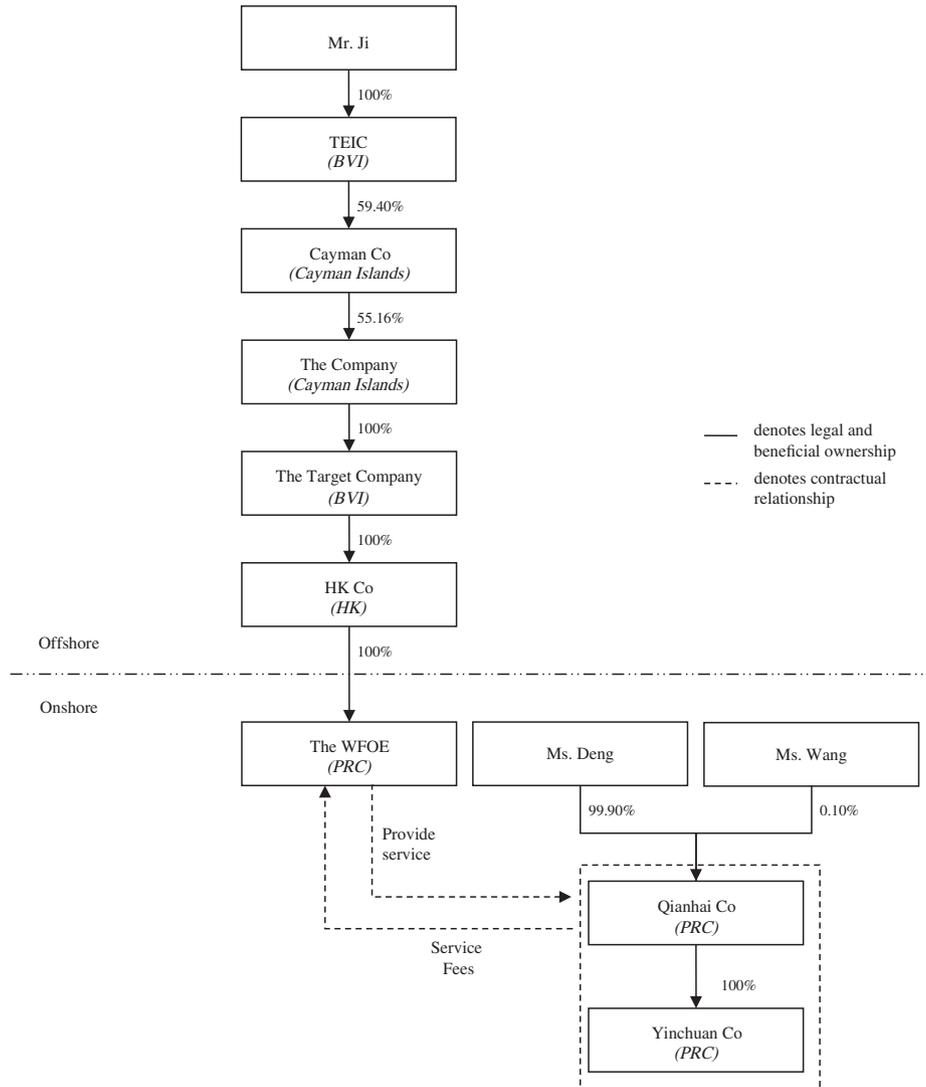
would not be accepted or approved but the execution and performance of the Structured Contracts do not require any approval or authorisation from the competent authorities for the time being. In addition, given that Qianhai Co is the holding company of Yinchuan Co and the holder of the relevant internet content provider (“ICP”) licence, allowing the WFOE to hold up to 50% equity interest in Qianhai Co (as might be permitted in theory under the Negative List for certain value-added telecommunications businesses) would cause Qianhai Co and Yinchuan Co to become foreign-invested enterprises and would be inconsistent with the aforementioned local regulatory position that foreign investors may not directly or indirectly hold equity in internet-hospital operators in Yinchuan. Therefore, the WFOE (as an enterprise ultimately wholly owned by a foreign company) is, in practice, unable to obtain direct equity ownership in Qianhai Co without giving rise to the same foreign investment issues. Accordingly, although the applicable PRC regulations set out theoretical maximum foreign ownership percentages for certain medical institutions and value-added telecommunications enterprises, in practice there is at present no viable approval pathway for the WFOE to obtain any direct equity interest in Qianhai Co or Yinchuan Co.

Having taken the above steps and obtained the above responses from the competent Yinchuan authority, the Company and the PRC Legal Adviser concluded that direct equity ownership by the WFOE in Qianhai Co or Yinchuan Co is not feasible under the current PRC regulatory regime. In order to comply with the relevant PRC laws and regulations while achieving the commercial intention of the parties, the Contractual Arrangement was therefore adopted as a necessary and limited mechanism to enable the Group to consolidate and control the PRC Business whilst complying with the applicable foreign investment restrictions. The Company is of the view that these actions demonstrate that it has explored and ruled out direct equity holding at the maximum permitted levels, and that the Contractual Arrangement is “narrowly tailored” to cover only those businesses that foreign investors are currently unable to hold directly in Yinchuan. The Contractual Arrangement has therefore been entered into among the WFOE, Qianhai Co, Yinchuan Co and the Registered Shareholders (as the case may be), pursuant to which the Target Company, through the WFOE, will have effective control over the finance and operation of the Consolidated Affiliated Entities, and will enjoy all the economic interests and benefits generated by the Consolidated Affiliated Entities, despite the lack of registered equity ownership.

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Structure of the Target Group and structure of the Contractual Arrangement

The following simplified diagram illustrates the structure of the Contractual Arrangement upon Completion:



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Details of the Structured Contracts

On 25 February 2026, in order to streamline the contractual arrangement, the WFOE, the Registered Shareholders, Qianhai Co and Yinchuan Co entered into a set of Structured Contracts (which supersede and replace the previous contractual arrangement entered into on 14 September 2023), pursuant to which, the Target Company is able to exercise effective control over, and enjoy all of the economic benefits of, the PRC Business conducted through the Consolidated Affiliated Entities.

Set out below are the principal terms of each of the Structured Contracts:

(i) Exclusive Management Consultancy Services Agreement

Date:	25 February 2026
Parties:	(a) the WFOE; (b) Qianhai Co; and (c) Yinchuan Co
Term:	Effective for 20 years from the signing date of the Exclusive Management Consultancy Services Agreement and renewed automatically for another 20 years upon expiry of each 20-year term, until its termination by 30-days prior notice from the WFOE to the Consolidated Affiliated Entities.
Subject matter:	Pursuant to the Exclusive Management Consultancy Services Agreement, the Consolidated Affiliated Entities engage the WFOE on an exclusive basis to provide comprehensive management consultancy and business support services covering all of the Consolidated Affiliated Entities' existing and future businesses, including assisting in formulating corporate management models and business plans, developing business-related software as entrusted, establishing standardised and regulated corporate management systems, formulating marketing and business development plans, providing market information and customer resource information, conducting industry- and market-specific research and studies as entrusted, providing staff training to enhance professional capabilities, and such other reasonable services as may be requested by the Consolidated Affiliated Entities and agreed by the WFOE from time to time.

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Undertakings: Under the Exclusive Management Consultancy Services Agreement, the Consolidated Affiliated Entities undertake to engage the WFOE on an exclusive basis for the provision of the consultancy and management services, and will not, during the term of the agreement, procure any third party (other than the WFOE and/or its designated parties) to provide services that are the same as or similar to those under the agreement. Each of the Consolidated Affiliated Entities further undertakes that, without the prior written consent of the WFOE and save in the ordinary and usual course of business, it will not dispose of or create any encumbrance over any of its material assets or rights, provide any guarantee or assume any indebtedness for the benefit of any third party, or enter into any contract that may have a material impact on its assets, business, operations or financial position. In addition, each of the Consolidated Affiliated Entities will not merge, consolidate, form any joint venture or similar arrangement with any third party, or alter its registered capital or shareholding structure without the prior written consent of the WFOE. To the extent permitted under PRC laws, each of the Consolidated Affiliated Entities will also procure that persons recommended by the WFOE may serve as its directors and senior management.

Fee: Qianhai Co shall pay its and Yinchuan Co's earnings before tax (net of necessary operating costs, expenses and taxes, subject to compliance with the PRC laws, and after offsetting the preceding year's losses (if any)) to the WFOE as the service fee.

(ii) Exclusive Purchase Option Agreement

Date: 25 February 2026

Parties:

- (a) the WFOE;
- (b) the Registered Shareholders;
- (c) Qianhai Co; and
- (d) Yinchuan Co

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Term: Effective from the signing date of the Exclusive Purchase Option Agreement and upon or until (a) termination by respective parties in writing; (b) all equity interest in Qianhai Co held by the Registered Shareholders has been lawfully and effectively transferred to the WFOE and/or its designee; or (c) termination by 30-days prior written notice from the WFOE to the respective parties.

Subject matter: Pursuant to the Exclusive Purchase Option Agreement, the Registered Shareholders, being the registered holder of 100% equity interest in Qianhai Co, irrevocably grant to the WFOE an exclusive and non-transferable purchase option to require the Registered Shareholders to sell all or part of the equity interests in Qianhai Co (the “**Equity Interests**”) to the WFOE and/or any person designated by the WFOE.

The WFOE may, at its sole discretion and subject to compliance with PRC laws, regulations and the requirements of the relevant regulatory authorities, determine the timing, number of tranches, manner and percentage of the Equity Interests to be purchased upon exercise of the option. To exercise the option, the WFOE and/or its designated person will issue a written purchase notice to the Registered Shareholders and Qianhai Co specifying, among other things, the proportion of the Equity Interests to be acquired and the purchase price.

The purchase price for the Equity Interests shall be the lowest price permitted under the then-applicable PRC laws and regulations at the time of exercise (or such other price as may be required by the relevant PRC authorities). The Registered Shareholders and Qianhai Co undertake to take all necessary actions and execute all necessary documents to facilitate the transfer of the relevant Equity Interests to the WFOE and/or its designated person upon receipt of such purchase notice.

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The parties further agree that, once PRC laws and regulations permit the WFOE to directly hold all or part of the Equity Interests and to carry on the relevant restricted businesses, the WFOE and/or its designated person shall be entitled to exercise the purchase option to acquire such Equity Interests as soon as practicable, and the parties shall then procure the termination of the Exclusive Purchase Option Agreement in accordance with its terms.

(iii) Powers of Attorney on Shareholder Rights

Date: 25 February 2026

Parties:

- (a) the WFOE;
- (b) the Registered Shareholders;
- (c) Qianhai Co; and
- (d) Yinchuan Co

Term: Effective from the signing date of the Powers of Attorney on Shareholder Rights and until or upon (a) all equity interest in Qianhai Co held by the Registered Shareholders has been lawfully and effectively transferred to the WFOE and/or its designee; or (b) termination by the WFOE in writing.

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Subject matter: Pursuant to the Powers of Attorney on Shareholder Rights, the Registered Shareholders, being the registered holder of 100% of the equity interest in Qianhai Co, and Qianhai Co, holding 100% equity interest in Yinchuan Co, irrevocably authorise the Company and the WFOE and their respective nominees (including the Directors and their respective successors, and any liquidators replacing them but excluding the Registered Shareholders and any person who has a conflict of interest with the Company) as their exclusive attorney and authorised person, to exercise all of their shareholders' voting rights and other shareholders' rights in each of the Consolidated Affiliated Entities in accordance with the articles of association of Qianhai Co or Yinchuan Co (as applicable) and applicable PRC laws. Such rights include, among others: (i) attending shareholders' meetings of any of the Consolidated Affiliated Entities on behalf of the Registered Shareholders or Qianhai Co and signing the relevant minutes and resolutions; (ii) the right to distribute the residual assets upon liquidation, dissolution or termination of any of the Consolidated Affiliated Entities; (iii) voting on all matters requiring shareholders' approval, including but not limited to the appointment, election or removal of directors, supervisors and senior management of any of the Consolidated Affiliated Entities, and decisions on liquidation or dissolution of any of the Consolidated Affiliated Entities; (iv) signing all documents that the shareholders of any of the Consolidated Affiliated Entities are required to sign and submitting any filing documents to the relevant registration authorities; (v) deciding on the transfer or other forms of disposal of the equity interests in any of the Consolidated Affiliated Entities held by the Registered Shareholders or Qianhai Co; and (vi) exercising any other shareholders' rights which the Registered Shareholders or Qianhai Co are entitled to under the articles of association of any of the Consolidated Affiliated Entities (as applicable) and applicable PRC laws.

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The WFOE is entitled, at its discretion, to replace or appoint from time to time any person to act as the authorised representative to exercise the above shareholder rights, and any acts of such authorised representative within the scope of authority shall be deemed as the acts of the Registered Shareholders and Qianhai Co. The powers of attorney takes effect from the date of signing and continue to be valid for so long as the Registered Shareholders hold any equity interest in Qianhai Co or until the Structured Contracts are terminated in accordance with their terms.

Undertakings:

Under the Powers of Attorney on Shareholder Rights, the Registered Shareholders and Qianhai Co undertake, among others, that: (i) the authorisation granted to the WFOE's designated representative is unconditional and irrevocable, and they will no longer exercise any of the relevant shareholder rights themselves; (ii) they will recognise and accept all actions taken by the WFOE's designated representative in exercising such shareholder rights, and bear any corresponding obligations and legal consequences arising therefrom as if they had taken such actions themselves; (iii) they will use their best endeavours to cooperate with the WFOE and its designated representative in executing all documents and completing all procedures necessary for the exercise of the authorised shareholder rights; and (iv) they will not interfere with, hinder or otherwise affect the WFOE or its designated representative in exercising the shareholder rights under the powers of attorney.

These undertakings are intended to ensure that the WFOE, through its designated representative, can effectively exercise full voting and other shareholder rights in the Consolidated Affiliated Entities and thereby maintain control over the Consolidated Affiliated Entities' key corporate and operational decisions.

LETTER FROM THE BOARD

(iv) Equity Pledge Agreement

- Date:** 25 February 2026
- Parties:** (a) the WFOE;
(b) the Registered Shareholders; and
(c) Qianhai Co
- Term:** Effective from the signing date of the Equity Pledge Agreement and upon or until (a) termination of the Exclusive Management Consultancy Services Agreement, Exclusive Purchase Option Agreement and Powers of Attorney on Shareholder Rights; (b) when all the obligations secured under the Equity Pledge Agreement have been performed; or (c) the WFOE has exercised its purchase option in accordance with the Exclusive Purchase Option Agreement and obtained all equity interest in Qianhai Co held by the Registered Shareholders.
- Subject matter:** Pursuant to the Equity Pledge Agreement, Ms. Deng and Ms. Wang, as pledgors, agree to pledge in favour of the WFOE 99.9% and 0.1% equity interest, respectively, in Qianhai Co (together with any additional equity interests which they may subsequently obtain, including from capital increase or bonus issue) (the “**Pledged Equity**”) as continuing security for the due and punctual performance of all obligations of the Registered Shareholders, Qianhai Co and/or Yinchuan Co under the Structured Contracts. The secured obligations cover, among others, all service fees, damages, indemnities and other payables owing to the WFOE thereunder, as well as all related enforcement costs (including legal, arbitration and preservation fees and the costs of valuation and disposal of the Pledged Equity).

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During the term of the agreement, the Pledged Equity must remain free from any other mortgage, pledge or encumbrance, and cannot be transferred, disposed of or further encumbered without the prior written consent of the WFOE. The WFOE is entitled, for so long as the pledge remains effective, to receive all income derived from the Pledged Equity (including but not limited to dividends and bonuses). If any event of default occurs under the Structured Contracts and is not remedied within the prescribed period, the WFOE is entitled to enforce the pledge, including by disposing of all or part of the Pledged Equity and applying the proceeds, with priority, towards payment of the secured obligations and enforcement costs, with any remaining balance (if any) to be returned to the Registered Shareholders. The pledge remains effective until all secured obligations have been fully discharged or the Structured Contracts have been terminated in accordance with their terms.

(v) *Spouse Consent*

- Date:** 25 February 2026
- Parties:** The spouse of Ms. Deng (the “**Spouse**”)
- Term:** Effective from the signing date of the Spouse Consent and until the termination of the Contractual Arrangement
- Subject matter:** The Spouse unconditionally and irrevocably make the following undertakings and confirmations:
- (a) the Spouse agrees that Ms. Deng is entitled to deal with her own direct or indirect equity interest in Qianhai Co and Yinchuan Co in accordance with the Structured Contracts;

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- (b) the Spouse confirms that the equity interest in Qianhai Co and Yinchuan Co, directly or indirectly held by Ms. Deng, do not constitute joint property between the Spouse and Ms. Deng, and that the Spouse does not hold or enjoy any rights or interests in such equity interest, and the Spouse further undertakes not to take any action intended to interfere with the Contractual Arrangement or any arrangements thereunder, nor any action that would conflict with or be inconsistent with the Contractual Arrangement;
- (c) the Spouse has not and does not intend to participate in the operation and management of Qianhai Co and Yinchuan Co in the future, and will not claim any rights or benefits in relation to the equity interest and assets of Qianhai Co and Yinchuan Co;
- (d) the Spouse confirms that any mortgage, sale or other disposal of the equity interest and assets of Qianhai Co and Yinchuan Co in accordance with the Structured Contracts, or any amendments to or termination of such contracts, shall not require the consent or authorisation from the Spouse;
- (e) the Spouse undertakes to enter into all necessary documents and take all necessary actions to ensure the due performance of the Structured Contracts as amended from time to time; and
- (f) the Spouse confirms that, if for any reason he directly or indirectly acquires part or all of the equity interest in Qianhai Co and Yinchuan Co, the Spouse shall be bound by the Contractual Arrangement as if he were a party to the Structured Contracts. The Spouse agrees to cooperate in taking all required actions and sign all required documents in this regard.

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Dispute resolution, succession, liquidation and other related matters under the Contractual Arrangement

(i) Dispute resolution

Each of the agreements under the Structured Contracts contains a dispute resolution provision.

Pursuant to the Structured Contracts, all disputes, arising out of or in connection with the foregoing agreements shall first be settled by amicable negotiation. Failing such amicable settlement within 30 days after the occurrence of the relevant dispute, any party may submit the relevant dispute to the Beijing Branch of the China International Economic and Trade Arbitration Commission (CIETAC) for arbitration conducted by three arbitrators, in accordance with the then effective arbitration rules. The arbitration award shall be final and binding on all relevant parties. The arbitrators shall have the authority to make appropriate rulings based on the actual circumstances in order to grant the WFOE suitable legal remedies, including imposing restrictions on the equity or assets of Qianhai Co or Yinchuan Co, prohibiting their transfer or disposal, and initiating liquidation of Qianhai Co or Yinchuan Co. Upon request, a court with competent jurisdiction shall have the authority to grant interim relief, such as ordering the seizure or freezing of the defaulting party's assets or equity. Once the arbitral award becomes effective, either party shall have the right to apply to a court with competent jurisdiction for enforcement of the award. In addition to courts in the PRC, the courts of Hong Kong and the Cayman Islands shall also be deemed to have competent jurisdiction for the above purposes.

(ii) Succession

The provisions set out in the Structured Contracts are also binding on the successors of the WFOE, Qianhai Co, Yinchuan Co and/or the Registered Shareholders (as the case may be). Pursuant to the Exclusive Purchase Option Agreement, Powers of Attorney on Shareholder Rights, Equity Pledge Agreement and Spouse Consent, each of the Registered Shareholders warrant to the WFOE (as the case may be) that she has made all proper arrangements and to sign all necessary documents to ensure that, in the event of her death, loss of capacity, bankruptcy (as applicable), divorce, or any other circumstance that may affect her ability to exercise her equity rights (as the case may be), any person who may thereby acquire equity or related rights (including successors, guardians, creditors, or spouse) shall not interfere with or obstruct the performance of the agreement.

Based on the foregoing, the PRC Legal Adviser is of the view that (i) the Structured Contracts provide protection to the Group even in the event of death, loss of capacity, bankruptcy (as applicable), divorce of the Registered Shareholders, and (ii) such events would not affect the validity of the Structured Contracts, and the WFOE may enforce its rights under the Structured Contracts against the successors of the Registered Shareholders.

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(iii) Conflict of interests

The Registered Shareholders have given their irrevocable undertaking in the Powers of Attorney on Shareholder Rights to address potential conflict of interests that may arise in connection with the Contractual Arrangement.

(iv) Loss sharing

Since 100% of the Consolidated Affiliated Entities' financial results will be consolidated into the Group's financial results through the Acquisition and the use of the Structured Contracts, the Company's business, financial position and results of operations would be adversely affected if the Consolidated Affiliated Entities suffer losses.

Nevertheless, as provided in the Exclusive Purchase Option Agreement, without prior written consent of the WFOE, each of the Registered Shareholders, Qianhai Co and Yinchuan Co (as applicable):

- shall not, whether in whole or in part, sell, transfer, donate, pledge, create any security or third-party interest over, or otherwise dispose of, the Equity Interests (including the equity interest in Yinchuan Co) or any interest or rights therein (other than pursuant to the exercise of the purchase option by the WFOE and/or its designated person);
- shall not approve or implement any change to Qianhai Co's and Yinchuan Co's registered capital, shareholding structure, constitutional documents, business scope or corporate form, and shall not resolve on or implement any merger, demerger, liquidation, dissolution, capital increase or reduction, or similar restructuring of Qianhai Co and Yinchuan Co;
- shall procure that each of Qianhai Co and Yinchuan Co conducts its business in the ordinary and usual course and in accordance with prudent business practices, and shall not dispose of any material assets, incur any material indebtedness or guarantee, or enter into any material contract or transaction outside the ordinary and usual course of business that may adversely affect the value of the Equity Interests (including the equity interest in Yinchuan Co) or the rights of the WFOE;
- shall not allow any third party to obtain any option, pre-emptive right, right of first refusal, security interest or other encumbrance over the Equity Interests (including the equity interest in Yinchuan Co) or any material assets of Qianhai Co and Yinchuan Co, and shall not take or omit to take any action which may materially prejudice the interests of the WFOE under the Structured Contracts;

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- shall, upon request of the WFOE, cause Qianhai Co and Yinchuan Co (where applicable) to convene shareholders' meetings and pass the necessary resolutions to approve the transfer of the Equity Interests pursuant to the exercise of the purchase option;
- shall promptly notify the WFOE of any actual or threatened litigation, arbitration or administrative proceedings in relation to the Equity Interests (including the equity interest in Yinchuan Co) or the assets and business of Qianhai Co and Yinchuan Co, and shall take all reasonable steps as requested by the WFOE to safeguard the lawful rights and interests in the Equity Interests (including the equity interest in Yinchuan Co); and
- shall provide, upon request, all information and documents relating to Qianhai Co's and Yinchuan Co's operations, assets, financial position and other matters as reasonably required by the WFOE to protect and enforce its rights under the Exclusive Purchase Option Agreement.

These restrictive provisions are intended to safeguard the WFOE's contractual rights to acquire and control the Equity Interests in Qianhai Co (including the equity interest in Yinchuan Co) and to preserve the value of Qianhai Co and Yinchuan Co pending the exercise of the purchase option.

Therefore, due to the relevant restrictive provisions and default liability included in the Exclusive Purchase Option Agreement, the potential adverse effect on the Company and the WFOE in the event of any loss suffered from the Consolidated Affiliated Entities is limited.

(v) *Winding-up or liquidation*

Pursuant to the Structured Contracts, in the event of any of the Consolidated Affiliated Entities' or the Registered Shareholders' (as the case may be) liquidation, dissolution, bankruptcy or termination, the assets and the equity interest of the Consolidated Affiliated Entities obtained by the Registered Shareholders or Qianhai Co shall be transferred to the WFOE or its designee at nil consideration or the lowest price permitted under PRC laws, or be disposed of by the liquidator at the time for the protection of the interests of the direct or indirect shareholders and/or creditors of the WFOE, without affecting or hindering the performance of the Contractual Arrangement.

(vi) *Unwinding the Contractual Arrangement*

In the event that the PRC law allows foreign ownership to directly hold 100% of the interest in Qianhai Co and Yinchuan Co, the Company will, through the WFOE, unwind the Contractual Arrangement as soon as possible, including but not limited to the WFOE exercising its rights under the Exclusive Purchase Option Agreement, to purchase all of the

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shares held by the Registered Shareholders (representing 100% equity interest in Qianhai Co), such that Qianhai Co and Yinchuan Co will legally become subsidiaries of the Company.

The lowest nominal price as permitted under the PRC laws at the time of the relevant acquisition would be payable by the WFOE or its designee(s) to the Registered Shareholders in the unwinding of the Contractual Arrangement mentioned above. In the event that any consideration is paid by the WFOE or its designee(s) to the Registered Shareholders in the unwinding of the Contractual Arrangement mentioned above, the Registered Shareholders have undertaken that they shall return all consideration they receive therefrom to the WFOE.

I. COMPLIANCE OF THE CONTRACTUAL ARRANGEMENT WITH THE APPLICABLE PRC LAWS, RULES AND REGULATIONS

The PRC Legal Adviser, having conducted all necessary enquiries and verification procedures (including a review of the corporate documents of Qianhai Co, the WFOE and Yinchuan Co and interviews with the relevant local regulatory authorities), is of the opinion that:

- (i) the WFOE, Qianhai Co, and Yinchuan Co are duly established and validly existing under PRC law and have the power, within their respective business scopes, to enter into Structured Contracts that are legally binding on them;
- (ii) the execution and performance of the Structured Contracts do not contravene the articles of association of the WFOE, Qianhai Co or Yinchuan Co;
- (iii) according to the confirmation of the parties to the Structured Contracts, the Structured Contracts are made on voluntary basis among the parties, and the Contractual Arrangement does not fall within any circumstance of “a civil juristic act engaged by the parties through a false manifestation of intent* (行為人與相對人以虛假意思表示實施民事法律行為)”, nor any circumstances as prescribed under the Civil Code of the PRC (《中華人民共和國民法典》) that would render a contract void, and save that: (a) provisions under which an arbitral tribunal may, in the exercise of its authority, grant certain remedies (including imposing restrictions on, or prohibiting the transfer or disposal of, the equity or assets of Qianhai Co or Yinchuan Co, or ordering the liquidation of Qianhai Co or Yinchuan Co) may not be enforceable under current PRC laws; (b) interim relief or other rulings granted by the courts of Hong Kong or the Company’s place of incorporation in connection with the Structured Contracts may not be recognised or enforced by PRC courts; (c) the equity pledge created under the Equity Pledge Agreement will only become effective upon registration with the relevant PRC administration for market regulation; and (d) the exercise of the purchase option over the equity interests in Qianhai Co remains subject to compliance with then-applicable PRC foreign investment and other regulatory requirements and completion of the requisite approval and/or registration procedures, the Structured Contracts are legally valid, binding on the parties thereto and legally enforceable;

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- (iv) in accordance with the undertakings given by Ms. Deng and Ms. Wang, events such as their respective loss of capacity, death, bankruptcy, equity transfer, or winding up or dissolution, reorganisation, merger or division of Qianhai Co and/or Yinchuan Co will not affect the validity of the Structured Contracts, and the WFOE will continue to be entitled to assert its rights under the Structured Contracts against any successor holder(s) of the equity interests in Qianhai Co and Yinchuan Co;
- (v) based on the interviews with the Yinchuan Communications Administration and the Yinchuan Health Commission, the execution and performance of the Structured Contracts by the WFOE, Qianhai Co, Yinchuan Co and the Registered Shareholders do not require their prior approval or authorisation, and no enterprise has been penalised solely on the basis of having adopted similar contractual arrangements. Under the prevailing approval practices in Yinchuan, foreign investors are prohibited from directly or indirectly holding equity interests in local internet hospitals in Yinchuan. In view of the above foreign investment restrictions, it is necessary to adopt the arrangement under the Structured Contracts;
- (vi) at present, there are no explicit guidelines or regulations regarding the foreign shareholding ratio in internet hospitals. With respect to the Negative List and the Administrative Measures on Sino-Foreign Joint Venture and Cooperative Medical Institutions* (《中外合資合作醫療機構管理辦法》), the restrictions on foreign investments in medical institutions must be considered in conjunction with local regulations and approval practices. Based on the consultation with relevant local authorities in Yinchuan, foreign investors are prohibited from directly or indirectly holding any equity interests in internet hospitals. Pursuant to the Yinchuan Internet Hospital Administrative Measures (Trial Implementation)* (《銀川互聯網醫院管理辦法(試行)》), the Yinchuan Municipal Health Commission is the regulatory authority for medical institutions in Yinchuan. Additionally, under the Administrative Measures on Internet Medical Consultation (Trial Implementation)* (《互聯網診療管理辦法(試行)》), the local health administrative departments at all levels are responsible for the supervision and administration of internet hospitals within their jurisdictions. Accordingly, it is considered that the relevant personnel consulted from the Yinchuan Municipal Health Commission is competent to provide the aforementioned consultation confirmation;
- (vii) there remain uncertainties in the interpretation and application of existing and future PRC laws, regulations and policies (in particular those relating to foreign investment and industry-specific restrictions). It cannot be ruled out that PRC legislative, judicial or governmental authorities may in the future adopt views that differ from, or are contrary to, the current opinion. In such circumstances, the Structured Contracts may need to be amended, supplemented or unwound in order to comply with the then-applicable requirements; and

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(viii) according to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as the Acquisition and the Contractual Arrangement do not involve the submission of application documents overseas, filing should be made with the China Securities Regulatory Commission within three Business Days from the date when the Company first announces the Acquisition and the transactions contemplated thereunder.

II. INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

To ensure sound and effective operation of the Group after the adoption of the Contractual Arrangement, and to safeguard the Group's assets held through the Contractual Arrangement, the management of the Group plans to take the following measures:

- (i) as part of the Group's internal control measures, major issues arising from implementation and performance of the Contractual Arrangement will be reviewed by the Board on a regular basis. The Board will determine, as part of its periodic review process, whether legal advisers and/or other professionals will need to be retained to assist the Group to deal with specific issues arising from the Contractual Arrangement;
- (ii) matters relating to compliance and regulatory enquiries from governmental authorities, if any, will be discussed at such regular meetings;
- (iii) the relevant business units and operation divisions of the Group, including the business operations of Qianhai Co and Yinchuan Co, will be reported regularly, which will be no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the Contractual Arrangement and other related matters; and
- (iv) the Company will disclose the overall performance of and compliance with the Contractual Arrangement in its annual reports where necessary.

III. RISKS AND LIMITATIONS IN RELATION TO THE CONTRACTUAL ARRANGEMENT

If the PRC government deems that the Contractual Arrangement does not comply with the applicable PRC laws and regulations, or if these PRC laws and regulations or their interpretation change in the future, the Group could be subject to severe consequences, including the relinquishment of the Group's interests received through the Contractual Arrangement

Foreign ownership of certain businesses in the PRC is subject to restrictions under current PRC laws and regulations. For example, except for qualified service providers from Hong Kong, Macau, Taiwan and certain area (Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Fuzhou, Guangzhou, Shenzhen and the whole Hainan Island), foreign investors are not allowed to own 100% of the equity interest in medical institutions.

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The Company is an exempted company incorporated in the Cayman Islands, as such, the Company is classified as a foreign enterprise under the PRC laws and regulations. Through the WFOE, the Target Company has entered into the Contractual Arrangement with Qianhai Co, Yinchuan Co and the Registered Shareholders (as the case may be). Please refer to the section headed “C. THE CONTRACTUAL ARRANGEMENT” in this circular for a detailed description of the Contractual Arrangement.

The PRC Legal Adviser has also advised the Group that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations, and accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the opinion of the Group’s PRC Legal Adviser.

The Foreign Investment Law has become effective on 1 January 2020. According to the Foreign Investment Law, the “foreign investment” refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (“**Foreign Investors**”), including the following: (i) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (ii) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (iii) Foreign Investors investing in new projects in China alone or collectively with other investors; and (iv) Foreign Investors investing through other ways prescribed by laws and regulations or guidelines of the State Council. However, the interpretation and application of the Foreign Investment Law remain uncertain. In addition, the Foreign Investment Law stipulates that foreign investment includes “Foreign Investors investing in China through many other methods under laws, administrative regulations or provisions prescribed by the State Council.” The Group cannot assure the investors that the Contractual Arrangement will not be deemed as a form of foreign investment under laws, regulations or provisions prescribed by the State Council in the future, as a result of which, it will be uncertain whether the Contractual Arrangement will be deemed to be in violation of the foreign investment access requirements and the impact on the Contractual Arrangement.

If the Group’s ownership structure, the Contractual Arrangement and business or that of the WFOE, Qianhai Co and Yinchuan Co are found to be in violation of any existing or future PRC laws or regulations, or the Group fails to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violations, including:

- (i) levying fines on the Group;
- (ii) confiscating the income of the WFOE and the Consolidated Affiliated Entities;

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- (iii) revoking the Consolidated Affiliated Entities' business licenses and/or operating licenses;
- (iv) discontinuing or placing restrictions or onerous conditions on the Consolidated Affiliated Entities' operations, requiring the Group to undergo a costly and disruptive restructuring; and
- (v) taking other regulatory or enforcement actions that could be harmful to the Group's business.

Therefore, if the PRC government deems that the Contractual Arrangement does not comply with the applicable PRC laws and regulations, or if these PRC laws and regulations or their interpretation change in the future, the Group could be subject to severe consequences, including the relinquishment of the Group's interests received through the Contractual Arrangement.

Any of these actions could cause significant disruption to the Group's business operations and severely damage the Group's reputation, which would result in the Group failing to receive a portion of the economic benefits from the Consolidated Affiliated Entities, which in turn may materially and adversely affect the Group's business, financial condition and results of operations.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to the Group's corporate structure and the Contractual Arrangement.

In addition, if any equity interest controlled by the WFOE in Qianhai Co under the Contractual Arrangement is held in court custody in connection with its litigation, arbitration or other judicial or dispute resolution proceedings, the Group cannot assure the investors that the equity interest will be disposed of to the Group in such proceedings in accordance with the Contractual Arrangement. The occurrence of any of these events could adversely affect the Group's business, financial condition and results of operations.

The Contractual Arrangement may not be as effective as direct ownership in providing control over the Consolidated Affiliated Entities

The WFOE (an indirect wholly-owned subsidiary of the Target Company) relies on the Contractual Arrangement with Qianhai Co to control 100% equity ownership interests in Qianhai Co, which directly holds the entire equity interest in Yinchuan Co.

The Contractual Arrangement may not be as effective in providing the Group with control over the Consolidated Affiliated Entities as direct ownership. Direct ownership would allow the WFOE, for example, to directly or indirectly exercise the WFOE's rights as a shareholder to effect changes in the board of directors of the Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level.

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If Qianhai Co and/or Yinchuan Co fail to perform its obligations under the Contractual Arrangement, the Company may incur substantial costs and expend substantial resources to enforce the WFOE's rights. All of the Contractual Arrangement are governed by and interpreted in accordance with the PRC laws, and disputes arising from the Contractual Arrangement will be resolved through arbitration or litigation in the PRC. However, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under the PRC law. There remain significant uncertainties regarding the outcome of arbitration or litigation. These uncertainties could limit the WFOE's ability to enforce the Contractual Arrangement. The Contractual Arrangement contains provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Qianhai Co and Yinchuan Co, injunctive relief and/or winding up of the entity. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief. However, under the PRC laws, these terms may not be enforceable and an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

In the event the WFOE is unable to enforce the Contractual Arrangement or the WFOE experiences significant delays or other obstacles in the process of enforcing the Contractual Arrangement, the WFOE may not be able to exert effective control over the Consolidated Affiliated Entities and may not obtain the full economic benefits of the same. The WFOE's ability to conduct the business may be negatively affected.

The Registered Shareholders may potentially have a conflict of interests with the Company

The Group's control over 100% equity ownership interests in Qianhai Co and Yinchuan Co is based on the Contractual Arrangement. The Registered Shareholders may potentially have a conflict of interests with the Company, and conflict of interests of the Registered Shareholders will adversely affect the interests of the Company. However, under the Contractual Arrangement, the Registered Shareholders (holding 100% equity ownership interests in Qianhai Co) and Qianhai Co (holding 100% equity ownership interests in Yinchuan Co) will irrevocably appoint the Company and the WFOE and their respective nominees (including the Directors and their respective successors, and any liquidators replacing them but excluding the Registered Shareholders and any person who has a conflict of interest with the Company) as their representative to exercise the voting rights of the shareholders of Qianhai Co or Yinchuan Co. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the Registered Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the Registered Shareholders of Qianhai Co.

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The Contractual Arrangement may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

Under the laws and regulations of the PRC, arrangements and transactions may be subject to audit and/or challenge by the PRC tax authorities. The Company may face material adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangement does not represent arm's length negotiations between the parties and they may adjust income and expenses of the WFOE and/or the Consolidated Affiliated Entities for PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or the Consolidated Affiliated Entities. The operating and financial results of the Company may be materially and adversely affected if the tax liabilities of the WFOE and/or the Consolidated Affiliated Entities increase significantly or if they are required to pay interest and other penalties on late payments.

Economic risks borne by the Company as primary beneficiary of the Consolidated Affiliated Entities and potential exposure to losses

As the primary beneficiary of the Consolidated Affiliated Entities, the Company will share both profit and loss of the Consolidated Affiliated Entities and bear economic risks which may arise from difficulties in the operation of the Consolidated Affiliated Entities' businesses. The Company may have to provide financial support in the event of financial difficulty of the Consolidated Affiliated Entities. Under these circumstances, the Company's financial results and financial position may be adversely affected by the worsening financial performance of the Consolidated Affiliated Entities and the need to provide financial support to it. In any event, since the Company conducts the PRC Business through the Consolidated Affiliated Entities, its financial results would be reflected in the Company's consolidated financial statements and the Company's consolidated financial position such as the consolidated earnings and profits may be adversely affected.

Limitations in acquiring ownership in the 100% equity interest of Qianhai Co

In case the WFOE exercises its option to acquire all or part of the 100% equity interest in Qianhai Co under the Exclusive Purchase Option Agreement, such acquisition may only be conducted to the extent permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the consideration of the aforementioned acquisitions may be subject to review and tax adjustment by the relevant tax authority in the PRC. Further, a substantial amount of other costs (if any), and time may be involved in acquiring and transferring the 100% ownership of Qianhai Co, which may have a material adverse impact on the WFOE and/or the Consolidated Affiliated Entities' businesses, prospects and profitability.

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Certain terms of the Contractual Arrangement may not be enforceable under the PRC laws

The Contractual Arrangement provides that the arbitrators shall have the authority to make appropriate rulings based on the actual circumstances in order to grant the WFOE suitable legal remedies, including imposing restrictions on the equity or assets of Qianhai Co or Yinchuan Co, prohibiting their transfer or disposal, and initiating liquidation of Qianhai Co or Yinchuan Co. The Contractual Arrangement also includes a clause in relation to dispute resolution among the parties where, upon request, a court with competent jurisdiction shall have the authority to grant interim relief, such as ordering the seizure or freezing of the defaulting party's assets or equity. In addition to courts in the PRC, the courts of Hong Kong and the Cayman Islands shall also be deemed to have competent jurisdiction for the above purposes. However, the PRC Legal Adviser is of the view that pursuant to the PRC laws, the arbitration tribunal of the PRC may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of Qianhai Co or Yinchuan Co. In addition, even though the Structured Contracts provide that overseas courts (e.g., courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that Qianhai Co, Yinchuan Co and/or the Registered Shareholders breach the terms of the Contractual Arrangement, the WFOE may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the Consolidated Affiliated Entities could be materially and adversely affected.

The Company does not have any insurance which covers the risks relating to the Contractual Arrangement and the transactions contemplated thereunder

The insurance of the Company does not cover the risks relating to the Contractual Arrangement and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Contractual Arrangement in the future, such as those affecting the enforceability of the Contractual Arrangement and the relevant agreements for the transactions contemplated thereunder and the operation of Contractual Arrangement, the results of the Company may be adversely affected. However, the Company will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue to evaluate the feasibility, the cost and the benefit of insuring the transactions contemplated under the Contractual Arrangement.

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IV. CONSOLIDATION OF THE FINANCIAL RESULTS OF THE CONSOLIDATED AFFILIATED ENTITIES

Although the Company does not directly or indirectly own all the equity interest in the Consolidated Affiliated Entities, the Structured Contracts will enable the Company to exercise 100% control over Qianhai Co, which holds the entire equity interest in Yinchuan Co, thus the Company can receive all of the economic interest returns generated by the Consolidated Affiliated Entities. Accordingly, 100% of the financial results of the Consolidated Affiliated Entities will be consolidated into the financial statements of the Group upon Completion of the Acquisition (which the Contractual Arrangement is already in place).

V. REASONS FOR THE USE OF THE CONTRACTUAL ARRANGEMENT

As disclosed under the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition” in this circular, the Acquisition forms part of the Group’s strategy to expand its healthcare business into online and internet-hospital services in the PRC and to strengthen its position in the digital healthcare value chain. In line with this strategy, the Company proposes to acquire the WFOE which has entered into the Contractual Arrangement with Qianhai Co, Yinchuan Co and the Registered Shareholders (as the case may be).

As disclosed under the section headed “C. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this circular, as advised by the PRC Legal Adviser, following consultation with the relevant authorities in Yinchuan, foreign investors are currently not permitted to directly or indirectly hold equity interests in internet hospital entities such as Yinchuan Co, and there is no practical approval channel for transferring such equity to a foreign-invested enterprise. Given that Qianhai Co is both the holding company of Yinchuan Co and the ICP licence holder, the WFOE, as an indirectly foreign-owned enterprise, is likewise unable in practice to acquire any direct equity interest in Qianhai Co notwithstanding the foreign ownership limits set out in the applicable PRC regulations. The Company proposes to operate the PRC Business through the Consolidated Affiliated Entities. The Company will, through the WFOE, adjust or unwind (as the case may be) the Contractual Arrangement as soon as practicable in respect of the operation of the PRC Business to the extent permissible and will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the PRC Business to be conducted and operated without such arrangement in place.

In light of the above, the Board believes that the entering into of the Contractual Arrangement (which is entered into by the WFOE, a company to be indirectly acquired by the Company upon Completion) are on normal commercial terms and fair and reasonable, and the entering into of the Contractual Arrangement is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

VI. THE BOARD'S VIEW ON THE CONTRACTUAL ARRANGEMENT

Based on the above and the advice of the PRC Legal Adviser, the Board is of the view that the Acquisition and the Contractual Arrangement is narrowly tailored to facilitate the proposed expansion of the Group into the PRC Business, and to minimise the potential conflicts with and to ensure enforceability under the relevant PRC laws and regulations. Upon the Completion of the Acquisition, the Company controls, through the WFOE by virtue of the Contractual Arrangement, 100% equity interest in Qianhai Co, which holds the entire equity interest in Yinchuan Co. As such, the Company can receive all of the economic interest returns generated by the Consolidated Affiliated Entities. The Board is also of the view that the Acquisition, the Contractual Arrangement and the transactions contemplated thereunder are fundamental to the Group's legal structure and business development, and that such transactions are in the interests of the Company and the Shareholders as a whole.

The Structured Contracts also provide that the WFOE will unwind the Structured Contracts as soon as the relevant PRC laws and regulations governing foreign investment in the operation of the PRC Business are issued which allow the WFOE to register itself as the holder of 100% equity interest in Qianhai Co and Yinchuan Co. Based on the advice of the PRC Legal Adviser, the Board further believes that save as disclosed in this circular, the Structured Contracts are legally enforceable under the relevant PRC laws, and that the Structured Contracts will provide a mechanism that enables the Company to exercise effective control over the Consolidated Affiliated Entities.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, as at the Latest Practicable Date, the Target Group (including the Consolidated Affiliated Entities) have not encountered any interference or encumbrance from any governing bodies in operating its business under the Contractual Arrangement.

After entering into the Structured Contracts, Ms. Deng and Ms. Wang will continue to directly hold 99.9% and 0.1% equity interest in Qianhai Co, respectively, and will indirectly through Qianhai Co hold the entire equity interest in Yinchuan Co. As a result of the Acquisition and since the WFOE will control, through the Contractual Arrangement, 100% equity interest in Qianhai Co, which holds the entire equity interest in Yinchuan Co, 100% of the financial results of the Consolidated Affiliated Entities will be consolidated into the Group's financial results.

In light of the above, the Board is of the view that the terms of the Structured Contracts and the Acquisition Agreement are fair and reasonable, are conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

D. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Zhou Jiannan, Ms. Hu Zhaoxia and Mr. Lyu Aiping (being all independent non-executive Directors), has been established to advise the Independent Shareholders in respect of the Acquisition.

The letter from the Independent Board Committee is set out on page 70 of this circular.

The Company has appointed Ignite Capital (Asia Pacific) Limited (燃亮資本(亞太)有限公司) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The letter from the Independent Financial Adviser is set out on pages 71 to 91 of this circular.

E. EGM

The EGM will be convened by the Company for the purpose of considering and, if thought fit, approving the resolution to be proposed in relation to the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition).

As at the Latest Practicable Date, approximately 55.16% of the Shares is held by Cayman Co, the controlling shareholder of the Company, which is held as to approximately 59.40% by TEIC. Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company, is the ultimate beneficial owner of 100% of the issued shares of TEIC and is also the sole director of the Vendor. Therefore, Mr. Ji is deemed to be materially interested in the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition). As such, Cayman Co, being a close associate of Mr. Ji and the Vendor, is required to abstain from voting on the resolution in relation to the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) to be considered at the EGM as a result of having material interests therein. Save as disclosed above, to the best of the Board's knowledge, information and belief having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. The EGM will be held at 10:30 a.m. on Monday, 30 March 2026 at Suite 5406, 54/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, at which the resolution will be proposed to consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition). The form of proxy for use by the Shareholders at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:30 a.m. on Saturday, 28 March 2026) or any adjournment thereof. Completion and return of a form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Completion is conditional upon fulfillment of the Conditions Precedent set out in the Acquisition Agreement. There is no assurance that Completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

F. RECOMMENDATIONS

The Board, including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser, believe that although the entering into of the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition) are not in the ordinary and usual course of business of the Company, the terms and conditions of the Acquisition Agreement (including the Consideration), the Acquisition and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board, including the independent non-executive Directors, recommend the Independent Shareholders to vote in favour of the resolution in respect of the matters mentioned in this circular to be proposed at the EGM.

G. ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Top Eminent Healthcare Group Limited
Ji Guangfei
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Top Eminent Healthcare Group Limited
(卓著健康集團有限公司)*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6877)

27 February 2026

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF TOP EMINENT II LIMITED**

We refer to the circular of the Company dated 27 February 2026 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular. We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Acquisition (details of which are set out in the letter from the Board contained in the Circular) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, although the entering into of the Acquisition Agreement is not in the ordinary and usual course of business of the Company, we consider that the terms and conditions of the Acquisition Agreement (including the Consideration), the Acquisition and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition).

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Zhou Jiannan

Ms. Hu Zhaoxia

Mr. Lyu Aiping

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Ignite Capital to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, which has been prepared for the purpose of inclusion in this circular.



Unit A, 15th Floor, CMA Building
64-65 Connaught Road Central
Central, Hong Kong

27 February 2026

*To: The Independent Board Committee and the Independent Shareholders of
Top Eminent Healthcare Group Limited*

Dear Sirs or Madams,

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF TOP EMINENT II LIMITED

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 27 February 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

The Acquisition

On 26 February 2026 (after trading hours), the Company (as purchaser) and the Vendor (as vendor) entered into the Acquisition Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 100% of the issued shares of the Target Company, for the Consideration of approximately HK\$100.3 million.

Listing Rules Implications of the Acquisition

As at the Latest Practicable Date, the Company is owned as to approximately 55.16% by Cayman Co, the controlling Shareholder. The Vendor is a wholly-owned subsidiary of Cayman Co (i.e. an associate of Cayman Co) and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are higher than 25% but lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Zhou Jiannan, Ms. Hu Zhaoxia and Mr. Lyu Aiping has been established to advise the Independent Shareholders in respect of the Acquisition and to make recommendations as to, among others, whether the terms of the Acquisition Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Independent Shareholders as a whole, and as to voting in respect of the relevant resolution(s) at the EGM. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the Target Group or any of their respective connected persons and close associates or other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately prior to this letter, save for our engagement as the independent financial adviser for a potential continuing connected transaction, we have not: (i) acted in the capacity as a financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with the current appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Target Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's interim report for the six months ended 30 June ("HY") 2025 (the "**2025 Interim Report**");
- (ii) the Company's annual report for the year ended 31 December ("FY") 2024 (the "**2024 Annual Report**");
- (iii) the Acquisition Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the Valuation Report as set out in the Appendix V to the Circular;
- (v) the Circular; and
- (vi) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Board and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the terms of the Acquisition Agreement and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition Agreement, we have taken into consideration the following principal factors and reasons:

1. Information of the Parties

The Group

The Company is an investment holding company whose Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the healthcare business.

The Vendor

The Vendor, namely, Top Eminent I Limited, is a company incorporated in the BVI with limited liability. The Vendor is an investment holding company. To the best of the Board's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor is an indirect wholly-owned subsidiary of Cayman Co, which is held as to approximately 59.40% by TEIC. Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company, is the ultimate beneficial owner of 100% of the issued shares of TEIC and is also the sole director of the Vendor. Accordingly, the Vendor is an associate of Mr. Ji and hence a connected person of the Company.

2. Information on the Target Group

The Target Company is a company incorporated in the BVI with limited liability on 20 March 2015 and is an investment holding company.

HK Co is a company incorporated in Hong Kong with limited liability on 2 April 2015 and a wholly-owned subsidiary of the Target Company. HK Co is principally engaged in cross-border e-commerce, focusing on online sales and distribution of healthcare products in Hong Kong and the PRC.

The WFOE is a company established in the PRC with limited liability on 28 August 2015 and a wholly-owned subsidiary of HK Co. The WFOE is the onshore entity that enters into and performs the Contractual Arrangement with the Consolidated Affiliated Entities, details of which are set out in the section headed "C. THE CONTRACTUAL ARRANGEMENT" of the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Target Group is principally engaged in cross-border e-commerce operations, providing online retail, marketing and logistics support services for branded products, including proprietary Chinese medicines, dietary supplements and nutritional supplement products (hereinafter referred as to “**health and wellness products**”), in Hong Kong and the PRC. It also operates internet-based healthcare services and internet hospital in the PRC through the Contractual Arrangements, providing online medical consultation and related value-added health management services.

With reference to the Letter from the Board,

- (1) The Target Group has developed two complementary business segments, namely (i) cross-border e-commerce wholesale distribution and sale of health and wellness products and (ii) internet-hospital and online healthcare services in the PRC. Its cross-border e-commerce business focuses on importing and distributing overseas dietary supplements and other health-related products into the PRC through regulated cross-border channels, while its internet-hospital platform provides online consultation, follow-up and health management services with a particular emphasis on TCM-based chronic disease and preventive care. These two segments are mutually reinforcing: the health and wellness products business provides a source of customer acquisition and health-related traffic, whereas the internet-hospital platform deepens user engagement and supports recurring demand for health products and services.

- (2) In respect of the cross-border e-commerce segment, the Target Group operates branded flagship stores and online shops on a range of major platforms (including, among others, Tmall Global, JD International, Pinduoduo, Douyin, Xiaohongshu and Kuaishou) and also utilises “private-domain” channels operated through self-managed mini-programs and official accounts. Products are sourced in bulk directly from overseas manufacturers and transported through international logistics to bonded warehouses in the PRC, with the Target Group coordinating customs clearance, warehousing, third-party quality testing and last-mile delivery. The e-commerce team has experience in multi-platform operations, including planning and execution of promotional campaigns, cooperation with KOLs, key opinion consumers and live-streaming hosts, advertising placement and data-driven optimisation of pricing, product mix and inventory levels. The Target Group has established internal processes for supply-chain management, quality control and compliance with relevant cross-border e-commerce and consumer protection requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) For the internet-hospital segment, the Target Group operates an online platform which provides internet-based medical services under the supervision of qualified doctors and medical institutions in the PRC. Through a dedicated mobile application and WeChat mini-program, users can register and make appointments for text, audio or video consultations, obtain follow-up advice and, where appropriate, receive electronic prescriptions which are reviewed by licensed pharmacists and fulfilled either by mail delivery or pick-up at designated physical pharmacies. The platform is positioned around TCM-featured preventive and chronic-disease management services, supplemented by modern health-management tools and, where applicable, remote consultation arrangements between doctors at different medical institutions. The Target Group also offers health-management and wellness programmes leveraging “medicine-food homology” products and other TCM-based regimens, and cooperates with external partners in areas such as corporate health solutions, community health projects and medical alliance initiatives, with a view to building an “internet + healthcare” service ecosystem around its online hospital operations.

Further details of the Target Group are set out in the section headed “B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group” of the Letter from the Board.

Financial information

Set out below is the combined financial information of the Target Group for the three financial years ended 31 December 2022, 2023 and 2024 and the eight months (“8M”) ended 31 August 2025 (with comparative figures for corresponding period in 8M2024), as extracted from the accountants’ report of the Target Group as set out in Appendix II to the Circular:

	FY2022	FY2023	FY2024	8M2024	8M2025
	(audited)	(audited)	(audited)	(unaudited)	(audited)
	(HK\$’000)	(HK\$’000)	(HK\$’000)	(HK\$’000)	(HK\$’000)
Revenue	15,259	59,242	77,369	48,859	26,048
(Loss)/profit for the year/ period	(2,384)	(1,170)	9,743	4,083	349

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Target Group's revenue improved from approximately HK\$15.3 million in FY2022 to HK\$59.2 million in FY2023 and further to HK\$77.4 million in FY2024. For 8M2025, revenue decreased from approximately HK\$48.9 million for the corresponding period in 8M2024 to approximately HK\$26.0 million, representing a decrease of approximately 46.8%. This was mainly due to a decline in revenue from the internet-hospital business segment. During this period, the Target Group proactively scaled back certain low-margin, high-cost online services and shifted resources to higher-value health-management and chronic-disease management services. In addition, as demand for internet medical services returned to more typical levels after the pandemic and regulatory and compliance requirements in the sector became more stringent, certain earlier services and pricing arrangements were adjusted or discontinued, resulting in a temporary drop in revenue during this transition. The Board considers these changes to be part of a planned shift in the internet-hospital business from a traffic-driven growth model to a more sustainable, value-driven service model focusing on core health-management services, and expects that, as the transition progresses, recurring income from core health-management services will provide a more stable foundation for future revenue and profit growth. As advised by the Management, HK Co and Yinchuan Co (i.e. the Major Operating Entities) are the key operating entities of the Target Group and contributed more than 95% of the Target Group's revenue for 8M2024 and 8M2025. Based on the preliminary unaudited revenue information of the Major Operating Entities provided by the Management, we noted that the revenue for the last quarter of 2025 indicates a gradual recovery in revenue as compared with the revenue for the earlier part of the year. As advised by the Management, this recovery has been driven, among other things, by Yinchuan Co's initial contribution from Yinchuan Co's new medically guided product selection and procurement service that has begun to supplement the revenue from its existing internet-hospital and health-management services. In essence, Yinchuan Co uses its clinical and nutritional knowledge, consultation data and experience from its internet-hospital operations to help business customers identify and select health food and dietary supplement products that are suitable for particular user groups and in higher demand, and subsequently work with qualified suppliers to procure such products in a manner that meets relevant regulatory requirements on product quality and source verification (where applicable). While Yinchuan Co will continue to focus primarily on its internet-hospital and health-management services, this product selection and procurement service is an adjacent extension of its existing business and has supported the improvement in the Target Group's revenue in the last quarter of 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Target Group recorded net losses of approximately HK\$2.4 million and HK\$1.2 million in 2022 and 2023, respectively, before turning to net profit of approximately HK\$9.7 million in 2024. For 8M2024 and 8M2025, the Target Group recorded net profit of approximately HK\$4.1 million and HK\$0.3 million, respectively. The narrowing of losses from 2022 to 2023 and the subsequent improvement to profitability in 2024 were mainly attributable to the scaling-up of the Target Group's health and wellness product and internet hospital businesses, which led to higher revenue and an improved gross profit margin, together with more efficient cost management as the business expanded. The lower net profit for 8M2025 mainly reflected the decrease in revenue from internet hospital and related online healthcare services as discussed above in this letter.

As at 31 December 2022, 2023 and 2024, the Target Group had combined total assets of approximately HK\$39.7 million, HK\$36.9 million and HK\$62.0 million and combined net liabilities of approximately HK\$114.5 million, HK\$137.7 million and HK\$128.8 million, respectively. As at 31 August 2025, the Target Group had combined total assets of approximately HK\$27.1 million and combined net liabilities of approximately HK\$128.6 million, which primarily arose from (i) amount due to the immediate holding company of approximately HK\$64.1 million (the “**Capitalized Amount**”); and (ii) amounts due to the Company and the Vendor Group of approximately HK\$73.5 million (i.e. the Outstanding Balances).

Further details of the Target Group's management discussion and analysis are set out in Appendix III to the Circular.

3. Reasons for and benefits of the Acquisition

The Group is principally engaged in the healthcare business, including the distribution and sale of health and wellness products in the PRC through both business-to-business (B2B) and business-to-consumer (B2C) channels. According to the 2024 Annual Report and 2025 Interim Report, the healthcare business contributed approximately 84% to 96% of the Group's total income for FY2023, FY2024 and HY2025. Leveraging its established presence on major e-commerce platforms in the PRC, the Group has developed a diversified health and wellness product portfolio and accumulated a sizeable base of online customers and long-term supplier relationships, thereby building up a solid customer base and brand resources in the healthcare sector. As advised by the Management, e-commerce platforms constitute the Group's major distribution channel, with more than 50% of healthcare product sales generated through e-commerce platforms for the eleven months ended 30 November 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2025 Interim Report and advised by the Management, with rising health awareness and increasing demand for quality wellness products across Asia, the Group sees promising opportunities for expansion. To capture these opportunities, the Group's business strategies encompass expansion of its healthcare business, including deepening collaboration with e-commerce platforms, and strategic acquisitions.

Pursuant to the Letter from the Board, (i) the Target Group is principally engaged in cross-border e-commerce of healthcare products and the operation of internet-based healthcare service platforms in the PRC. In addition to dietary supplements and other health and wellness products which overlap with the Group's existing categories, the Target Group also distributes certain health food and fruit wine products which the Group does not currently offer, thereby broadening the range of products that can be made available to the Group's customers; it has developed operating experience, systems and professional teams in cross-border logistics and order fulfilment, online traffic generation and user acquisition and conversion, as well as internet-hospital services (including online hospital, remote consultation and health management functions); and (ii) in May 2022, the Group entered into an e-commerce cooperation agreement with HK Co (a member of the Target Group) in relation to the online promotion and sale of designated health and wellness products on specified e-commerce platforms for a term up to May 2026 (subject to further renewal as may be agreed between the parties). Through this cooperation, the Group and the Target Group have accumulated working experience in areas such as product positioning, brand promotion and operational collaboration, and have built up a degree of mutual understanding and trust. In particular, the Target Group has been using its own self-operated online "private-domain" marketing and sales channels to promote designated products and direct users to the Group's flagship stores on major e-commerce platforms, and the Group considers that the cooperation has had a positive impact on sales performance and user engagement on such platforms. Based on the information provided by, and discussions with, the Management, we understand that HK Co is one of the Group's major customers in FY2024 and HY2025 and that the Target Group operates branded flagship stores and online shops on a range of major platforms such as Tmall Global, JD International, Pinduoduo, Douyin, Xiaohongshu and Kuaishou, with product covering dietary supplements, proprietary Chinese medicines and other healthcare products. The Target Group's e-commerce operations are supported by a comprehensive in-house team, comprising operations management, campaign planning specialists, digital advertising specialists, visual design teams, multi-platform live-streaming operation teams and customer service personnel. It adopts a content-driven marketing and sales strategy through live-streaming, short-form e-commerce videos, and KOL and key opinion consumer based product seeding, supporting customer acquisition and conversion. Accordingly, it is expected that the integration of the Target Group will drive higher traffic conversion and support the continued growth of the Group's existing health and wellness product sales.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following Completion, the Enlarged Group is expected to generate a synergy effect by combining (i) the Group's existing healthcare product portfolio, supplier network and customer traffic, with (ii) the Target Group's cross-border e-commerce capabilities and internet-hospital platform. From a product and supply-chain perspective, the Enlarged Group will be able to undertake more centralised procurement of overlapping dietary supplement and other health and wellness product categories and to utilise the Target Group's cross-border logistics and warehousing system, which is expected to improve inventory planning, reduce international logistics and storage costs and enhance overall supply-chain efficiency. At the same time, the Target Group's health food and fruit wine products will expand the choice of products available to the Group's existing customers on major e-commerce platforms, while the Group's established supplier relationships will facilitate the introduction of additional branded products into the Target Group's cross-border channels. In particular, the internet-hospital services will support more precise matching of users' health needs with suitable products and follow-up services, for example by recommending tailored seasonal wellness products or chronic-disease management packages based on users' consultation records, while the cross-border e-commerce platform will provide an efficient channel to deliver such products, thereby creating more integrated solutions from online consultation to product recommendation, order fulfilment and ongoing health management. On the channel side, the Target Group's self-operated "private-domain" online channels can be used to introduce new users to the Group's flagship stores on major e-commerce platforms, while the Group's large existing online customer base will provide a pool of potential users for the Target Group's internet-hospital and health-management services. It is expected that users who use the internet-hospital services and at the same time purchase related products will exhibit higher cross-selling conversion rates and stronger repeat-purchase behaviour, as the recommended products are closely tied to the medical services and provide immediate fulfilment of users' needs. The Enlarged Group will also be able to integrate user and consultation data from the internet-hospital platform so as to better anticipate demand for different categories of health and wellness products and allocate inventory more efficiently across its online sales channels. In particular, the Target Group's technology platform (user interface, health-management system and data analytics capabilities) can enhance the Group's existing digital capabilities by (1) improving the user experience in seeking medical advice and purchasing products, (2) enabling full-cycle patient and user management, and (3) segmenting users and tagging their needs based on consultation data. This will allow the Enlarged Group to match differentiated product portfolios, pricing strategies and inventory levels to different channels, for example, offering limited high-end combinations to TCM conditioning users and using lower-priced trial packs in new-customer acquisition channels to test market demand, thereby supporting more precise product positioning and dynamic optimisation of product mix, pricing and inventory. These initiatives are expected to support higher cross-selling and repeat-purchase rates over time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the expertise and experience of the Management in the e-commerce and healthcare industries, we reviewed the 2024 Annual Report and noted that the Company's senior management each possesses over 30 years of relevant experience in areas including pharmaceutical retail management, manufacturing and operations of pharmaceutical and healthcare products, import and export trading, supply chain management, and/or operational management within the healthcare sector. As advised by the Management, the Acquisition will include the entire existing operations and management team of the Target Group, which is expected to ensure business continuity and facilitate effective integration following the Completion.

To understand the industry prospects of the Target Group's principal businesses, we conducted online research on the healthcare e-commerce platforms and the online healthcare service platforms in the PRC.

With respect to the healthcare e-commerce platforms, we noted the following: (i) a report titled "China Dietary Supplements Market (2025-2030)" published by the Grand View Research estimated that the dietary supplements market size in the PRC was approximately USD25.9 billion in 2024 and is projected to reach approximately USD46.6 billion by 2030, representing a compound annual growth rate ("CAGR") of approximately 10.3% from 2024 to 2030; and (ii) another report titled "China E-commerce Market Size & Outlook, 2024-2030", also published by the Grand View Research, indicated that the PRC e-commerce market generated approximately USD1,264.2 million in revenue in 2023 and is expected to reach approximately USD3,480.4 million by 2030, representing a CAGR of approximately 15.6% from 2023 to 2030. According to its website, Grand View Research, founded in 2014 and supported by over 500 analysts, is a market research and consulting company registered in the State of California and headquartered in San Francisco, the United States. It provides syndicated research and customised research reports, as well as consulting services, with a database that contains extensive statistics and in-depth analysis covering 46 industries across 25 major countries worldwide. From a policy perspective, on 3 January 2025, the General Administration of Customs of the PRC promulgated the "Administrative Provisions on the Registration of Overseas Manufacturers of Imported Food (Draft for Comments)" (《中華人民共和國進口食品境外生產企業註冊管理規定(徵求意見稿)》), which include, among other proposed amendments, the removal of the requirement for healthcare products to submit an official recommendation letter for registration and the exemption of cross-border e-commerce retail food products from registration. In addition, on 7 April 2025, 12 PRC government departments, including the Ministry of Commerce and the National Health Commission jointly issued the Notice on "Special Action Plan to Promote Healthy Consumption*" (《促進健康消費專項行動方案》), which calls for promoting the expansion of supply and consumption of healthcare products. In view of the above market and policy developments, we consider that the prospect of healthcare e-commerce industry in the PRC is generally positive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our search on the online healthcare industry identified the ASKCI Corporation* (中商產業研究院) report titled “2025-2030 China Digital Healthcare Industry Market Research and Investment Outlook Forecast Report*” (2025-2030年中國數字醫療行業市場調研及投資前景預測報告). According to the report, the market size of online healthcare service platforms in PRC grew from approximately RMB40.4 billion in 2020 to approximately RMB146.1 billion in 2025, representing a CAGR of approximately 37.9% from 2020 to 2024. ASKCI Corporation, as disclosed in its website, is a research institution in PRC under ASKCI Consulting Co., Ltd (stock code: 838497), which was listed on the New Third Board in 2016. It has over 20 years of industry research experience and has delivered more than 500 consulting projects for governmental agencies and over 5,000 research studies for domestic and international enterprises. From a policy perspective, on 28 April 2024, the National Health Commission, jointly with several other governmental authorities, promulgated the Notice on Further Improving the Mechanisms for Promoting the Allocation of Urban Medical Resources to County-level Hospitals and Grassroots Healthcare Institutions (《關於進一步健全機制推動城市醫療資源向縣級醫院和城鄉基層下沉的通知》). The notice aims to improve the service capabilities of county-level and primary healthcare institutions to better meet the medical needs of the population. Among other matters, the notice encourages: (i) the establishment of remote medicine service networks across all administrative levels and actively carry out remote services such as imaging, electrocardiogram and pathology diagnostics; and (ii) hospitals at all levels to provide internet-based medical services and develop an integrated online–offline healthcare service model spanning pre-consultation, consultation and post-consultation services. In view of the above market and policy developments, we consider that the prospect of the online healthcare industry in the PRC is generally positive.

In view of the above, in particular that (i) the healthcare business constitutes the Group’s principal and core business, with e-commerce business contributed a substantial portion of its total income; (ii) the Acquisition is in line with the Group’s business strategies; (iii) the Group has maintained an existing e-commerce cooperation with HK Co, which is one of the major customers of the Group; (iv) the potential synergy effect of the Acquisition; (v) the extensive experience of the Company’s senior management in the e-commerce and healthcare industries; (vi) the industry prospects of the Target Group’s principal businesses are generally positive; and (vii) the gradual recovery in revenue of the Major Operating Entities for the last quarter of 2025 as discussed in the section headed “2. Information on the Target Group – Financial information” above in this letter, we are of the view that although the Acquisition is not conducted in the ordinary and usual course of business of the Company, it is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the Acquisition Agreement

Date

26 February 2026 (after trading hours)

Parties

- (i) The Company (as purchaser); and
- (ii) Top Eminent I Limited (as vendor)

Subject matter

Subject to the terms and conditions of the Acquisition Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Sale Shares, representing 100% of the issued shares of the Target Company.

Consideration

The Consideration is HK\$100.3 million.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Company on normal commercial terms, having taken into account, among other things, (a) the Valuation of the Target Group as at the Reference Date, being 31 August 2025 of HK\$118 million, as set out in the Valuation Report prepared by the Valuer, which was prepared using market-based approach by reference to the trading multiples of companies listed on stock exchanges with business comparable to that of the Target Group, details of which are set out in the sub-paragraph headed "Summary of the key features of the Valuation Report" in the Letter from the Board; (b) the financial performance of the Target Group for the three financial years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 (further details of the Target Group are set out in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group" in the Letter from the Board); and (c) other factors set out in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition" in the Letter from the Board.

Our assessment of the Consideration

In assessing the fairness and reasonableness of the Consideration, we have primarily reviewed the Valuation Report and conducted interviews with the Valuer in relation to the Valuation Report, details of our analysis of which are set out below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.1 Expertise and experience of the Valuer

In assessing the fairness and reasonableness of the determination of the market values of the Target Group as at the Reference Date, we have reviewed the Valuation Report and conducted interviews with the Valuer regarding, among others, their relevant qualifications and experiences, independence and principal bases and assumptions adopted in the Valuation Report. According to the relevant information provided by the Valuer and our independent research conducted in the public domain, the Valuer, BonVision International Appraisals Limited, is an appraisal company to perform various valuation works, including business valuation, intangible assets valuation, purchase price allocation, natural resources and biological assets valuation, financial instruments valuation, property valuation and other assets valuation. It has served over 100 listed companies, along with various private clients, and international accounting firms from Hong Kong, PRC, Singapore, U.S. and other overseas countries.

In relation to the experiences of the Valuer, we have interviewed with the Valuer and were given to understand that Ms. Kwan Nga Chung is the person-in-charge of the Valuation. Ms. Kwan is the chief executive officer of the Valuer. She is a charter holder of Chartered Financial Analyst (CFA) Program with more than 15 years of experience in business, intangible assets, financial instruments and other valuations and consultations.

In addition, the Valuer confirms that (i) it is independent from the Group, the Target Group, the Vendor Group and their respective connected persons as at the Latest Practicable Date; (ii) all relevant material information provided or made by the Group to the Valuer had been incorporated in the Valuation Report; and (iii) there were no other material relevant information or representations relating to the Target Group provided or made by the Group to the Valuer not having been included in the Valuation Report.

Upon our review of the engagement letter entered into between the Company and the Valuer in relation to the Valuation, we noted that the scope of work is appropriate to the opinion required to be given. We are not aware of any limitation on the scope of work that would adversely affect the degree of assurance provided by the Valuer in the Valuation Report. Furthermore, during the course of our review of the Valuation Report and based on our discussions with the Valuer, we were not aware of any material facts that would cause us have concerns regarding the experience and expertise of the Valuer in conducting the Valuation. Accordingly, we are satisfied that the terms of engagement of the Valuer, together with its qualification and experience, are appropriate for the purpose of performing the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 Valuation methodology

According to the Valuation Report, the market value of 100% equity interest of the Target Group as of 31 August 2025 (i.e. the Reference Date) was HK\$118 million (i.e. the Valuation). The Consideration represents a discount of approximately 15% to the Valuation.

With reference to the Valuation Report:

- (1) there are three well-established valuation approaches to obtain the market value of the Target Group, namely the market-based approach, income-based approach and asset-based approach.
- (2) the income-based approach was not adopted because (i) the management of the Target Group was unable to provide a financial forecast beyond one year along with a concrete business plan; and (ii) numerous assumptions would have been necessary, which could have significantly influenced the valuation outcome. The asset-based approach was also not chosen as it would not have captured the future earnings potential of the business and, therefore, could not accurately reflect the market value. The Valuer therefore decided to adopt the market-based approach to arrive at the market value of the 100% equity interest of the Target Group.
- (3) under the market-based approach, the Valuer was required to determine the appropriate valuation multiples of comparable companies and considered the book-based, earnings-based and sales-based multiples. The price-to-book multiple was not adopted, as it would not capture the future earnings potential of the Target Group. The price-to-earnings multiple was also not selected given that the Target Group was only at a breakeven level for the Business Segments (as defined below). Among the sales-based multiples, the Valuer adopted the enterprise value-to-sales (“EV/S”) multiple, instead of the price-to-sales multiple, as EV/S multiple is not affected by variations in financial leverage and capital structure among comparable companies. The Valuer therefore considered the EV/S multiple to provide a more reliable and consistent basis for comparison, having regard to the fact that (i) the Target Group’s revenue is primarily generated from the Business Segments (as defined below); and (ii) the adoption of the EV/S multiple allows the capital structure of the Target Group to be appropriately reflected through adjustments for cash, debt, net debt and other non-operating assets and liabilities.

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Having considered that (i) price-to-sales multiples do not take into account the capital structure of a company, whereas the EV/S multiple is capable of reflecting such capital structure; (ii) the capital structures of the Target Group and the Comparable Companies are different; and (iii) the EV/S multiple is a commonly adopted valuation multiple in valuation reports issued in connection with transactions of Hong Kong listed companies, we consider the adoption of the EV/S multiple for the purpose of arriving at the Valuation is fair and reasonable.

4.3 Key assumptions and valuation bases

We further reviewed and enquired into the Valuer on the methodologies, basis and assumptions adopted in the Valuation Report in order for us to understand the Valuation Report.

Under market approach, the Valuer adopted the guideline public company method in conducting the Valuation. We noted that the Valuer first divided the business segments of the Target Group (the “**Business Segments**”) into two segments, namely (A) the nutritional supplement distribution service segment; and (B) the internet hospital segment. For the nutritional supplement distribution service segment, the Valuer selected comparable companies (the “**Nutritional Supplement Comparable Companies**”) based on the criteria that such companies (i) are listed on the Stock Exchange; (ii) derive more than 50% of their revenue from nutritional supplement distribution service in Mainland China and Hong Kong; (iii) are not engaging in the manufacturing process and are not primarily focus in cosmetic or beauty products; (iv) have sufficient operating histories; and (v) have financial information that is publicly available. For the internet hospital segment, the Valuer selected comparable companies (the “**Internet Hospital Comparable Companies**”) based on the criteria that such companies: (i) are listed on the Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange; (ii) derive more than 50% of their revenue from internet hospitals, online medical consultation service and related services in the Mainland China; (iii) have sufficient operating histories; and (iv) have financial information that is publicly available (collectively the “**Comparable Companies**”). As the selection criteria adopted by the Valuer are designed to (1) identify companies that are principally engaged in business activities comparable to the relevant Business Segments; and (2) ensure the availability of sufficient publicly available data to conduct the Valuation, we do not have any reason to doubt the appropriateness of the selection criteria adopted by the Valuer. Based on our independent research, we noted that all the Comparable Companies satisfy the above selection criteria and each has more than five years of operating history.

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Based on our discussions with the Valuer, we understand that only two Internet Hospital Comparable Companies listed on the Stock Exchange were identified exhaustively based on the original selection criteria. Accordingly, in order to identify a sufficient number of Internet Hospital Comparable Companies for valuation analysis, the Valuer expanded the selection universe to include companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, and eventually identified three Internet Hospital Comparable Companies on an exhaustive basis. We have conducted independent checking on the exhaustiveness of the Internet Hospital Comparable Companies through FactSet, the results of which are consistent with the Valuer's findings.

We further understand from the Valuer that, under standard valuation practice, comparable companies are selected primarily based on similarity in business operations, industry characteristics, geographic exposure and fundamental risk profile, rather than solely by listing venue. The Internet Hospital Comparable Companies (including those listed in the PRC) share similar operating models and exposure to sector-specific risks as the Target Group, and their EV/S multiples inherently reflect market assessment of such risks, including PRC-specific factors. As advised by the Valuer, the use of comparables from different exchanges without location-specific adjustments is common and accepted practice in Hong Kong valuation reports where operational comparability is strong, as in the case of the Valuation. Based on our independent research, we note that such practice is not uncommon in valuation reports prepared in connection with transactions involving Hong Kong-listed companies.

We also noted that the EV/S multiple of the Internet Hospital Comparable Companies exhibits a relatively wide dispersion. Having considered that (i) the Internet Hospital Comparable Companies operate in the new-economy and internet sector, which typically encompasses a broader range of business models, development stages and growth profiles; and (ii) there is no clear or direct correlation between revenue scale and EV/S multiples among the Internet Hospital Comparable Companies, we are of the view that such dispersion in EV/S multiples is not uncommon. As advised by the Valuer, no reconciliation/adjustment has to be made for the difference between the Target Company and the Comparable Companies in terms of their sizes and market capitalization as they considered that (a) the correlation coefficients between market capitalization and the EV/S multiple as at 31 August 2025 were approximately -0.025 for the nutritional supplement distribution service segment and approximately -0.023 for the internet hospital segment, which demonstrates no substantive linear relationship between the market capitalization and the valuation multiples employed and therefore the variations in the market capitalization are not meaningfully associated with differences in the adopted EV/S multiples within the two Business Segments; and (b) the EV/S multiple is in nature a size-normalized metric, as its denominator (i.e. sales) serves to standardize the enterprise value, thereby enabling a meaningful comparison across companies of different scales.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we consider that the Comparable Companies selected by the Valuer are fair and representative for the purpose of arriving at the Valuation.

After computing the average EV/S multiple of the Comparable Companies as at the Reference Date, the Valuer derived the market value before adjustments for each of the two Business Segments based on: (i) the respective average EV/S multiple; and (ii) the annualized revenue attributable to each Business Segment. The Valuer then aggregated the market values of the two Business Segments to arrive at a combined market value before adjustments.

We have reviewed the calculations of the market values before adjustments for each Business Segments, and noted that the annualised revenue for the 8M2025 for each Business Segments was adopted in deriving such market values before adjustments. As such, we consider that the methodology adopted in determining the market value before adjustments for each of the two Business Segments is appropriate.

The market value of equity interest in the Target Group was subsequently determined by making the following adjustments to the combined market value before adjustments of the Business Segments by: (i) applying a control premium of approximately 39.0% to reflect the premium that a buyer would be willing to pay over the minority equity value to acquire a controlling interest in the company; (ii) adding back surplus cash and deducting lease liabilities; and (iii) applying a marketability discount of approximately 15.6% to reflect the absence of a readily available market for shares of a closely held company.

As discussed with the Valuer:

- (i) the control premium of approximately 39.0% was adopted with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC. Given that the share prices of the Comparable Companies reflect minority ownership interest, whereas the Acquisition involves the acquisition of a controlling interest in the Target Group, we are of the view that the adoption of a control premium is reasonable;
- (ii) in light of the facts that (a) the value of surplus cash may not be fully reflected by the EV/S multiple under the market approach; and (b) it is not unusual for valuers to make adjustments for surplus cash with reference to valuation reports of Hong Kong listed companies, we consider that it is fair and reasonable for the Valuer to take into account the surplus cash of the Target Group; and
- (iii) the marketability discount of approximately 15.6% was adopted with reference to the Stout Restricted Stock Study published by Stout Risius Ross, LLC. Given that the Comparable Companies are all publicly listed, while the Target Group is a privately held group with no readily available market of its shares, we are of the view that the adoption of such marketability discount is reasonable.

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For our due diligence purposes, we (i) have obtained the Mergerstat Control Premium Study and the Stout Restricted Stock Study and noted that the parameters adopted by the Valuer are consistent with the above referenced studies; and (ii) conducted background searches on the credential of FactSet Mergerstat, LLC and Stout Risius Ross, LLC and noted that (A) FactSet Mergerstat, LLC provides a digital platform with enterprise solutions that deliver financial data, analytics and open technology. Its digital platform serves over 9,000 firms with more than 237,000 users globally, and its clients include wealth managers, asset owners, asset managers, banks, corporations, hedge funds, insurers, private equity and venture capitalists; and (B) Stout Risius Ross, LLC is a global advisory firm specialising in corporate finance, accounting and transaction advisory, valuation, financial disputes, claims and investigations, and serves a range of clients, from public corporations to privately held companies in numerous industries. We further noted that valuation data published by FactSet Mergerstat, LLC and Stout Risius Ross, LLC are commonly adopted in valuation reports issued in connection with transactions of Hong Kong listed companies. Based on the above, we consider it is reasonable for the Valuer to apply the control premium and marketability discount by using data published by FactSet Mergerstat, LLC and Stout Risius Ross, LLC.

The Target Group recorded net liabilities of approximately HK\$128.6 million as at 31 August 2025, which primarily arrived from (i) the Capitalized Amount; and (ii) the Outstanding Balances. As set out in the Valuation Report, the Valuer determined the market value of the Target Group's equity interest by applying the adopted EV/S multiples to the annualised revenues of each Business Segments, followed by adjustments for net cash or debt and other non-operating assets and liabilities, including the shareholders' and related party loans. Based on the Valuer's explanation and our independent research, we note that this adjustment methodology aligns with general market practice. As explained earlier, the Valuer has already made adjustments for surplus cash and lease liabilities as part of its valuation process. With reference to the Letter from the Board, the Capitalized Amount shall have been fully settled and capitalised through the issuance of new shares in the Target Company to its immediate shareholder (which is wholly owned by Cayman Co). Regarding the Outstanding Balances, with reference to the Letter from the Board and the accountants' report of the Target Group as set out in Appendix II to the Circular, the Outstanding Balances are operational in nature and mainly arises from normal trading and cooperation arrangements with entities within the Vendor Group (and, in the case of approximately HK\$21.2 million, with the Group) in the ordinary and usual course of business, and does not represent separate financing or loan arrangements. For further details, please refer to the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group" in the Letter from the Board. As such, the Valuer considered that no adjustment is required for the Valuation. Taking the above into account, we agree with the Valuer that the necessary and appropriate adjustments, particularly those relating to the Target Group's net liability position, have been duly incorporated in assessing the market value of the equity interest in the Target Group.

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During our discussion with the Valuer, we did not identify any material factors that would cause us to doubt the fairness and reasonableness of the valuation methodology, assumptions and parameters adopted for the Valuation.

Taking into consideration (i) the positive industry outlook for the Target Group as discussed in the paragraph headed “3. Reason for and benefits of the Acquisition” above in this letter; (ii) the gradual revenue recovery of the Major Operating Entities for the last quarter of 2025 as discussed in the section headed “2. Information on the Target Group – Financial information” above in this letter; (iii) the bases and methodology adopted in arriving at the Valuation as discussed above in this letter; and (iv) the fact that the Consideration represents a discount of approximately 15% to the Valuation, we are of the view that the terms of the Acquisition Agreement are fair and reasonable.

5. Financial effects of the Acquisition

With reference to the Letter from the Board, upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company. The Target Company, HK Co and the WFOE will be consolidated in the Group as subsidiaries, and the financial information of the Target Company, HK Co and the WFOE will be consolidated into the Group’s consolidated financial statements. In relation to consolidation of the financial results of the Consolidated Affiliated Entities, please refer to the section headed “IV. CONSOLIDATION OF THE FINANCIAL RESULTS OF THE CONSOLIDATED AFFILIATED ENTITIES” in the Letter from the Board.

With reference to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular,

- (1) The unaudited consolidated total assets and total liabilities of the Group as at 30 June 2025 were approximately HK\$266.2 million and approximately HK\$18.0 million, respectively. The unaudited consolidated total assets and total liabilities of the Enlarged Group as at 30 June 2025 would be approximately HK\$343.8 million and approximately HK\$98.1 million respectively as if the Acquisition had been completed on 30 June 2025; and
- (2) As set out in Appendix II to the Circular, for 8M2025, the audited combined revenue and profit after tax of the Target Group were approximately HK\$26.0 million and HK\$0.3 million, respectively. As the financial results of the Target Group had been combined with those of the Group after Completion, the earnings of the Group had been affected by the performance of the Target Group from Completion. The Acquisition is expected to contribute towards broadening the revenue and earnings base for the Enlarged Group in the future.

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The aforesaid financial impact is shown for illustrative purposes only. The actual financial effect of the Acquisition (including any gain or loss, as the case maybe) will be subject to the review and final audit by the auditors of the Company.

RECOMMENDATIONS

Having considered the above-mentioned principal factors and reasons, we are of the view that, although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders vote in favour of the relevant resolution approving the Acquisition at the EGM.

Yours faithfully,

For and on behalf of

Ignite Capital (Asia Pacific) Limited

Cecilia Tam

Managing Director

Tin Ming Kit

Director

Ms. Cecilia Tam is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over 15 years of experience in the corporate finance industry in Hong Kong.

Mr. Tin Ming Kit is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 18 years of investment banking and corporate finance experience in Hong Kong.

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

The (i) audited consolidated financial statements of the Group for each of the years ended 31 December 2022, 31 December 2023 and 31 December 2024, together with the notes to the consolidated financial statements; and (ii) the financial information of the Group for the six months ended 30 June 2025 are disclosed in the following documents, which are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<https://www.tehealth.com>):

- Annual report of the Company for the year ended 31 December 2022:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0411/2023041100922.pdf>
- Annual report of the Company for the year ended 31 December 2023:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0327/2024032700818.pdf>
- Annual report of the Company for the year ended 31 December 2024:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0402/2025040200897.pdf>
- Interim report of the Company for the six months ended 30 June 2025:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0929/2025092900640.pdf>

2. INDEBTEDNESS STATEMENT

Lease Liabilities

As at the close of business on 31 January 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group has the following indebtedness:

	the Group <i>HK\$'000</i>	the Target Group <i>HK\$'000</i>	the Enlarged Group <i>HK\$'000</i>
Lease Liabilities (unsecured and unguaranteed)			
– Current	–	75.9	75.9
– Non-current	–	–	–
Total	–	75.9	75.9

Contingent Liabilities

As at the close of business on 31 January 2026, the Enlarged Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at close of business on 31 January 2026, the Enlarged Group did not have any other debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

The Board confirms that there has been no material adverse change in the indebtedness and contingent liabilities of the Enlarged Group since 31 January 2026, being the latest practicable date for determining the Enlarged Group's indebtedness, and up to the date of this circular.

3. STATEMENT OF WORKING CAPITAL

The Board is of the view that, after due and careful enquiry and taking into account the present internal financial resources available to the Enlarged Group, the effect of the Acquisition and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The Company has received a letter of confirmation from BDO Limited in relation to the statement on the sufficiency of the Group's working capital under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS

The Group

The Company is an investment holding company. The Group is principally engaged in the healthcare business, including the distribution and sale of health and wellness products in the PRC through both business-to-business (B2B) and business-to-consumer (B2C) channels.

During the six months ended 30 June 2025 (the “**2025 Interim Period**”), the Group recorded a year-on-year decline in revenue and profit in its healthcare business to approximately HK\$41.6 million and HK\$5.7 million for the 2025 Interim Period, respectively, from approximately HK\$50.7 million and HK\$8.4 million for the six months ended 30 June 2024. Such fluctuations were in line with broader industry trends. Despite the

softer market conditions, the Group maintained a healthy financial position with strong liquidity and low gearing, and continued to demonstrate operational resilience through its diversified product portfolio and multi-channel distribution strategy.

As disclosed in the announcement of the Company dated 4 February 2026, the Group is expected to record a consolidated net loss attributable to Shareholders of approximately HK\$7.1 million for the year ended 31 December 2025, as compared to a consolidated net profit attributable to Shareholders of approximately HK\$11.3 million for the year ended 31 December 2024. Please refer to the section headed "8. MATERIAL ADVERSE CHANGE" as set out in Appendix VI to this circular.

Going forward, the Group intends to continue strengthening its B2B distribution operations (in particular bulk procurement and market supply for its flagship traditional Chinese pharmaceutical products) and its B2C online channels by broadening product availability in dietary supplements and health food products across its online stores and major e-commerce platforms in the PRC. In parallel, the Group is implementing product diversification strategies by expanding into additional Chinese pharmaceutical brands, selected Western medicines, medical devices and further developing its original design manufacturer (ODM) business, supported by ongoing investment in inventory, recruitment and training, logistics, marketing and product development. The Group also plans to increase its investment in digital marketing, KOL collaborations and logistics infrastructure so as to enhance brand visibility, improve delivery efficiency and support sustainable sales growth.

Looking ahead, the Group remains cautiously optimistic about 2026 and beyond. With rising health awareness and increasing demand for quality wellness products across Asia, the Group is well-positioned to capture emerging opportunities through new product launches, expanded distribution and continued investment in digital and operational capabilities. These initiatives are expected to strengthen the Group's market position and support the delivery of long-term value to Shareholders.

The Enlarged Group

Upon Completion under the Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company. The Target Company, HK Co and the WFOE will be consolidated into the Group as subsidiaries, and their financial information will be consolidated into the Group's consolidated financial statements. Further, the financial results of the Consolidated Affiliated Entities will be consolidated into the consolidated financial statements of the Group and the Consolidated Affiliated Entities will become indirect subsidiaries of the Company.

Following Completion, the Enlarged Group will continue to engage in the distribution and sale of health and wellness products in the PRC through both B2B and B2C channels, while also expanding into a business model that combines cross-border e-commerce wholesale distribution and sale of health and wellness products with the operation of internet-based healthcare service platforms in the PRC. The integration of the Target Group is expected to strengthen the Enlarged Group's market position in the healthcare sector and create business synergies through the combination of product distribution, logistics capabilities, online traffic generation and licensed internet-hospital operations.

The Enlarged Group will operate a more integrated model that connects online medical consultation with product recommendation, order fulfilment and ongoing health management services. The internet-hospital platform will facilitate a more accurate alignment of users' healthcare needs with appropriate products and follow-up services, while the cross-border e-commerce platform will serve as an effective channel for the delivery of such products. By offering integrated solutions, the Enlarged Group expects to improve customer loyalty and retention as users benefit from a single provider for both healthcare services and products.

From a financial and strategic perspective, the Acquisition will broaden the Group's revenue base and is expected to support its transition towards a more service- and subscription-oriented income mix over time. The Enlarged Group is expected to benefit from cross-selling opportunities between health and wellness products and online services, better inventory planning driven by user and consultation data, and more efficient customer acquisition through an integrated digital healthcare platform. The Board believes that, with the addition of the Target Group's cross-border e-commerce and internet-hospital capabilities, the Enlarged Group will be better positioned to capture growth opportunities in the PRC digital healthcare market and to enhance long-term returns to Shareholders.



Tel : +852 2218 8288
Fax : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TOP EMINENT II LIMITED

TO THE DIRECTORS OF TOP EMINENT HEALTHCARE GROUP LIMITED

Introduction

We report on the historical financial information of Top Eminent II Limited (the “**Target Company**”) and its subsidiaries (together, the “**Target Group**”) set out on pages II-4 to II-65, which comprises the combined statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 August 2025, the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 August 2025, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Target Group for the years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025 (the “**Relevant Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-4 to II-65 forms an integral part of this report, which has been prepared for inclusion in the circular of the Top Eminent Healthcare Group Limited (the “**Company**”) dated 27 February 2026 (the “**Circular**”) in connection with the proposed connected acquisition of 100% equity interest of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation and presentation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation and presentation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity's preparation and presentation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 August 2025 and the combined financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 August 2025 and of the Target Group's combined financial performance and combined cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the eight months ended 31 August 2024 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

BDO Limited

Certified Public Accountants

IP Ka Ming

Practising Certificate no. P08322

Hong Kong

27 February 2026

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Target Group for the Relevant Periods were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Hong Kong Dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$'000) except when otherwise stated.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Eight months ended 31 August	
		2022	2023	2024	2024	2025
		Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
Revenue	8	15,259	59,242	77,369	48,859	26,048
Cost of sales		<u>(11,034)</u>	<u>(32,791)</u>	<u>(27,873)</u>	<u>(16,760)</u>	<u>(11,684)</u>
Gross profit		4,225	26,451	49,496	32,099	14,364
Selling and marketing expenses		(1,237)	(19,209)	(37,349)	(24,020)	(8,466)
General and administrative expenses		(1,245)	(6,822)	(4,179)	(2,994)	(3,671)
Research and development expenses		(1,847)	(2,186)	(2,106)	(1,463)	(1,270)
Net impairment losses on financial assets	5.1(ii), 10	(6,000)	–	2,556	–	–
Other income	9	81	629	726	477	126
Other gains/(losses), net	12	3,727	94	643	226	(707)
Finance costs	13	<u>(8)</u>	<u>(95)</u>	<u>(74)</u>	<u>(53)</u>	<u>(27)</u>
(Loss)/profit before income tax	10	(2,304)	(1,138)	9,713	4,272	349
Income tax (expense)/benefit	14	<u>(80)</u>	<u>(32)</u>	<u>30</u>	<u>(189)</u>	<u>–</u>
(Loss)/profit for the year/period		<u><u>(2,384)</u></u>	<u><u>(1,170)</u></u>	<u><u>9,743</u></u>	<u><u>4,083</u></u>	<u><u>349</u></u>
Other comprehensive income						
<i>Items that may be reclassified to profit or loss</i>						
Exchange differences on translation of foreign operations		<u>1,327</u>	<u>434</u>	<u>160</u>	<u>(60)</u>	<u>(184)</u>
Total comprehensive (losses)/income for the year/period		<u><u>(1,057)</u></u>	<u><u>(736)</u></u>	<u><u>9,903</u></u>	<u><u>4,023</u></u>	<u><u>165</u></u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
					HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	131	388	220	124
Right-of-use assets	16	228	2,333	1,415	678
Intangible assets	17	<u>1,780</u>	<u>1,535</u>	<u>1,307</u>	<u>1,204</u>
		<u>2,139</u>	<u>4,256</u>	<u>2,942</u>	<u>2,006</u>
Current assets					
Inventories	19	5,955	3,023	3,023	5,116
Trade receivables	20	282	308	1,094	854
Prepayments, deposits and other receivable	21	12,979	4,009	6,176	4,161
Cash and cash equivalents	22	<u>18,332</u>	<u>25,334</u>	<u>48,740</u>	<u>14,984</u>
		<u>37,548</u>	<u>32,674</u>	<u>59,033</u>	<u>25,115</u>
Total assets		<u><u>39,687</u></u>	<u><u>36,930</u></u>	<u><u>61,975</u></u>	<u><u>27,121</u></u>
LIABILITIES					
Non-current liabilities					
Lease liabilities, non-current	16	<u>–</u>	<u>1,221</u>	<u>168</u>	<u>75</u>
		<u>–</u>	<u>1,221</u>	<u>168</u>	<u>75</u>
Current liabilities					
Trade and other payables	23	32,213	15,961	37,752	13,733
Contract liabilities	8	4,501	1,310	1,674	3,769
Current tax liabilities	24	80	112	2	–
Amount due to the immediate holding company	30	61,745	95,527	96,114	64,147
Amounts due to related parties	30	55,568	59,380	53,860	73,474
Lease liabilities, current	16	<u>129</u>	<u>1,081</u>	<u>1,198</u>	<u>551</u>
		<u>154,236</u>	<u>173,371</u>	<u>190,600</u>	<u>155,674</u>
Total liabilities		<u><u>154,236</u></u>	<u><u>174,592</u></u>	<u><u>190,768</u></u>	<u><u>155,749</u></u>
EQUITY					
Share capital	25	548	548	548	548
Reserves	26	<u>(115,097)</u>	<u>(138,210)</u>	<u>(129,341)</u>	<u>(129,176)</u>
Capital deficiencies		<u><u>(114,549)</u></u>	<u><u>(137,662)</u></u>	<u><u>(128,793)</u></u>	<u><u>(128,628)</u></u>
Total equity and liabilities		<u><u>39,687</u></u>	<u><u>36,930</u></u>	<u><u>61,975</u></u>	<u><u>27,121</u></u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
					HK\$'000
ASSETS					
Non-current assets					
Investment in subsidiaries	18	3,930	3,930	3,930	3,930
Current assets					
Cash and cash equivalents	22	—	2	—	—
		—	2	—	—
Total assets		<u>3,930</u>	<u>3,932</u>	<u>3,930</u>	<u>3,930</u>
LIABILITIES					
Current liabilities					
Amount due to the immediate holding company		—	784	2	2
Amounts due to related parties		2,599	2,599	3,930	3,930
		2,599	3,383	3,932	3,932
Total liabilities		<u>2,599</u>	<u>3,383</u>	<u>3,932</u>	<u>3,932</u>
EQUITY					
Share capital	25	548	548	548	548
Reserves	26	783	1	(550)	(550)
Total equity		<u>1,331</u>	<u>549</u>	<u>(2)</u>	<u>(2)</u>
Total equity and liabilities		<u>3,930</u>	<u>3,932</u>	<u>3,930</u>	<u>3,930</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserves <i>HK\$'000</i>	Exchange reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Capital deficiencies <i>HK\$'000</i>	
As at 1 January 2022	548	783	(52,357)	(99)	(29,900)	(81,025)	
Comprehensive income/(losses)							
Loss for the year	–	–	–	–	(2,384)	(2,384)	
Other comprehensive income	–	–	–	1,327	–	1,327	
Total comprehensive income/(losses) for the year	–	–	–	1,327	(2,384)	(1,057)	
Transaction with owners in their capacity as owners:							
Deemed distribution to immediate holding company	–	–	(32,467)	–	–	(32,467)	
<i>26(d)</i>	–	–	(32,467)	–	–	(32,467)	
As at 31 December 2022	548	783	(84,824)	1,228	(32,284)	(114,549)	
	<i>Note</i>	<i>Share capital <i>HK\$'000</i></i>	<i>Share premium <i>HK\$'000</i></i>	<i>Capital reserves <i>HK\$'000</i></i>	<i>Exchange reserves <i>HK\$'000</i></i>	<i>Retained earnings <i>HK\$'000</i></i>	<i>Capital deficiencies <i>HK\$'000</i></i>
As at 1 January 2023	548	783	(84,824)	1,228	(32,284)	(114,549)	
Comprehensive income/(losses)							
Loss for the year	–	–	–	–	(1,170)	(1,170)	
Other comprehensive income	–	–	–	434	–	434	
Total comprehensive income/(losses) for the year	–	–	–	434	(1,170)	(736)	
Transaction with owners in their capacity as owners:							
Deemed distribution to immediate holding company	–	–	(22,377)	–	–	(22,377)	
<i>26(d)</i>	–	–	(22,377)	–	–	(22,377)	
As at 31 December 2023	548	783	(107,201)	1,662	(33,454)	(137,662)	

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Exchange reserves HK\$'000	Retained earnings HK\$'000	Capital deficiencies HK\$'000
As at 1 January 2024		548	783	(107,201)	1,662	(33,454)	(137,662)
Comprehensive income							
Profit for the year		–	–	–	–	9,743	9,743
Other comprehensive income		–	–	–	160	–	160
Total comprehensive income for the year		–	–	–	160	9,743	9,903
Transaction with owners in their capacity as owners:							
Deemed distribution to immediate holding company	26(d)	–	–	(1,034)	–	–	(1,034)
		–	–	(1,034)	–	–	(1,034)
As at 31 December 2024		<u>548</u>	<u>783</u>	<u>(108,235)</u>	<u>1,822</u>	<u>(23,711)</u>	<u>(128,793)</u>
(Unaudited)							
	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Exchange reserves HK\$'000	Retained earnings HK\$'000	Capital deficiencies HK\$'000
As at 1 January 2024		548	783	(107,201)	1,662	(33,454)	(137,662)
Comprehensive income							
Profit for the period		–	–	–	–	4,083	4,083
Other comprehensive income		–	–	–	(60)	–	(60)
Total comprehensive income for the period		–	–	–	(60)	4,083	4,023
Transaction with owners in their capacity as owners:							
Deemed distribution to immediate holding company	26(d)	–	–	(1,034)	–	–	(1,034)
		–	–	(1,034)	–	–	(1,034)
As at 31 August 2024		<u>548</u>	<u>783</u>	<u>(108,235)</u>	<u>1,602</u>	<u>(29,371)</u>	<u>(134,673)</u>
As at 1 January 2025		548	783	(108,235)	1,822	(23,711)	(128,793)
Comprehensive income							
Profit for the period		–	–	–	–	349	349
Other comprehensive income		–	–	–	(184)	–	(184)
Total comprehensive income for the period		–	–	–	(184)	349	165
As at 31 August 2025		<u>548</u>	<u>783</u>	<u>(108,235)</u>	<u>1,638</u>	<u>(23,362)</u>	<u>(128,628)</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Eight months ended 31 August	
		2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000 (Unaudited)	2025 HK\$'000
Cash flows from operating activities						
Cash (used in)/generated from operations	28(i)	(56,036)	(7,630)	29,876	17,337	(20,567)
Interest received		23	404	689	474	89
Income tax paid		—	—	(80)	—	(2)
Net cash (outflow)/inflow from operating activities		<u>(56,013)</u>	<u>(7,226)</u>	<u>30,485</u>	<u>17,811</u>	<u>(20,480)</u>
Cash flows from investing activities						
Payments for property, plant and equipment		(102)	(406)	—	—	(5)
Sales proceeds from disposal of property, plant and equipment		—	—	—	—	29
Net cash outflow from investing activities		<u>(102)</u>	<u>(406)</u>	<u>—</u>	<u>—</u>	<u>24</u>
Cash flows from financing activities						
Repayment of principal of lease liabilities		(133)	(893)	(1,153)	(711)	(743)
Repayment of interest portion of lease liabilities		(8)	(95)	(74)	(53)	(27)
Proceeds from amount due to the immediate holding company		50,861	33,993	783	783	1
Proceeds from amounts due to related parties		43,923	4,019	—	4,848	26,014
Repayment to amount due to the immediate holding company		—	—	—	—	(32,131)
Repayment to amounts due to related parties		—	—	(5,289)	(5,426)	(6,529)
Deemed distributions to immediate holding company		(32,467)	(22,377)	(1,034)	(1,034)	—
Net cash inflow/(outflow) from financing activities		<u>62,176</u>	<u>14,647</u>	<u>(6,767)</u>	<u>(1,593)</u>	<u>(13,415)</u>
Net increase/(decrease) in cash and cash equivalents		6,061	7,015	23,718	16,218	(33,871)
Cash and cash equivalents at beginning of the year/period		12,453	18,332	25,334	25,334	48,740
Effects of exchange rate changes on cash and cash equivalents		(182)	(13)	(312)	9	115
Cash and cash equivalents at end of year/period	22	<u>18,332</u>	<u>25,334</u>	<u>48,740</u>	<u>41,561</u>	<u>14,984</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. General information**

Top Eminent II Limited (previously known as “**Beijing TongRenTang II Limited**”) (the “**Target Company**”) was established in the British Virgin Islands (the “**BVI**”) with limited liability on 20 March 2015. Its registered office and principal place of business are located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, the BVI.

The Target Company and its subsidiary, excluding equity interest of 100% in Tong Ren Tang International (Singapore) Pte. Ltd, 100% in 同仁堂國際株式會社, 100% in 北京同仁堂國際(杭州)網絡技術有限公司, 100% in 北京同仁堂國際信息技術有限公司 and 51% in 廣東卓著健康科技有限公司 held by the Target Company (together, the “**Excluded Companies**”) (collectively referred to as the “**Target Group**”) are principally engaged in the wholesale distribution of Chinese medicine products and healthcare supplements, the sale of healthcare products through various e-commerce platforms. The Target company also maintained a online platform that facilitates virtual medical consultation between medical practitioners and patient.

The Target Company is controlled by Beijing TongRenTang (Cayman) Limited and considered it is the immediate holding company. The ultimate holding company is Top Eminent Invest Co., Ltd., which exercises indirect control over the Target Company through the immediate holding company.

2. Basis of presentation and preparation of historical financial information

The business of the Target Group formed part of the larger group of the Target Company and its subsidiaries (the “**Overall Group**”) during the Relevant Periods.

For the purpose of preparation and presentation of the Historical Financial Information, only the assets and liabilities, and the results of the Target Group are included, and those of the Excluded Group are excluded (i.e. a “carve-out” basis), as compared with the assets and liabilities, and the results of the Overall Group prepared on a consolidated basis.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

Management of Top Eminent Healthcare Group Limited (the “**Company**”) is of the view that it is more appropriate to present the Historical Financial Information of the Target Group during the Relevant Periods on a “carve-out” basis, rather than to present the financial information of the Overall Group on a consolidated basis, due to the following reasons:

- The principal activities of the Excluded Companies were primarily involved the wholesale of food products. The Target Company is in the process of disposing of the Excluded Companies. The businesses of the Excluded Companies have been separately managed and financially controlled.
- There are clearly identifiable assets, liabilities, revenue and expenditures of the Target Group and of the Excluded Companies respectively.
- It is practicable to identify the historical financial information attributable to the Target Group’s business given that the accounting books and records of the Target Group are maintained separately from the accounting books and records of the Excluded Companies.
- The Excluded Group do not form part of the assets to be acquired by the Company under the proposed acquisition of the 100% equity interest of the Target Company (the “**Proposed Acquisition**”) and hence its historical financial information is not relevant to the trading record of the business proposed to be acquired. The Company’s management believes that presenting the consolidated financial information of the Overall Group, which would include the results of Excluded Group that are not the subject of the Proposed Acquisition, would provide irrelevant and potentially misleading financial information to the users of the Historical Financial Information.
- Presenting the Historical Financial Information of the Target Group on a “carve-out” basis would provide more direct and relevant information to the users of the Historical Financial Information.

No significant adjustments or allocations of expenses were made in the Financial Information.

For the purpose of the Proposed Acquisition, the Historical Financial Information of the Target Group has been prepared and presented on “carve-out” basis as if the Excluded Group were excluded in preparing the Historical Financial Information throughout the Relevant Periods.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

In preparing the Historical Financial Information of the Target Group, the directors of the Company have given consideration to the future liquidity of the Target Group in light of its net current liabilities and net liabilities of HK\$130,559,000 and HK\$128,628,000 respectively as at 31 August 2025. The Historical Financial Information has been prepared on the assumption that the Target Group will continue to operate as a going concern notwithstanding the condition prevailing as at 31 August 2025, because the immediate holding company has agreed to provide continuous financial support to enable the Target Group to meet its liabilities and obligations as and when they fall due and to continue its operations, until the date of the completion of the Proposed Acquisition. In addition, the Company has undertaken, from the date that the Company becomes the immediate holding company of the Target Company, to provide continuous financial support to enable the Target Group to meet its liabilities and obligations as and when they fall due and to continue its operations with effective from the completion of the Proposed Acquisition up to twelve months after the completion of the Proposed Acquisition. As a result, the directors of the Company consider that it is appropriate for the Target Group to adopt the going concern basis in preparing the Historical Financial Information.

(a) Statement of compliance

The Historical Financial Information of the Target Group has been prepared in accordance with applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of significant accounting judgements and estimates. Although these judgements and estimates are based on the management’s best knowledge, judgements and estimates of current events and actions, actual results maybe ultimately differ from those judgements and estimates. The areas involving a high degree of judgement or complexity, or areas whose assumptions and estimates are significant to the Historical Financial Information are set out in Note 6.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Target Group has adopted all of applicable new and revised HKFRS Accounting Standards during the Relevant Periods as set out in the significant accounting policies in Note 4 below.

(b) Basis of measurement

The Historical Financial Information have been prepared under the historical cost basis.

(c) Functional and presentation currency

The Historical Financial Information are presented in HK\$, which is also the functional currency of the Target Company.

3. New and amended standards and interpretations not yet adopted

Up to the date of issue of these Historical Financial Information, the HKICPA has issued a number of new standards, amendments to standards and annual improvements, which are not effective, and which have not been adopted in these Historical Financial Information. The Target Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to HKFRS Accounting Standards issued but not yet effective

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS Accounting Standards HKFRS 18	Annual Improvements to HKFRS Accounting Standards -volume 11 ¹
HKFRS 19	Presentation and Disclosure in Financial Statements ²
	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Target Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. The Target Group expects the adoption of HKFRS 18 will not affect the recognition or measurement of items in the combined financial statements. It may cause material impacts on presentation and disclosure of income and expenses and adds new disclosure requirement on management-defined performance measures within the combined financial statements. So far, the Target Group considers that the impact of these new and amended standards on the Target Group's results of operations and financial position will not be material.

4. Material accounting policies

Material accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods, unless otherwise stated.

4.1 Basis of combination

Subsidiary (excluding the Excluded Companies) is entity controlled by the Target Group. The Target Group controls an entity when the Target Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power over the entity, only substantive rights relating to the entity (held by the Target Group and others) are considered.

The Target Group includes the financial statements of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Target Group ceases to control the subsidiary (excluding the Excluded Companies).

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on combination, the underlying asset is also tested for impairment from the Target Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Target Group.

In the Target Company's statements of financial position, investment in subsidiaries is carried at cost less any impairment loss. The results of the subsidiaries (excluding the Excluded Companies) are accounted for by the Target Company on the basis of dividends received and receivable at each reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Target Company's profit or loss.

Impairment testing of the investment in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

4.2 Segment reporting

Operating segments and the amount of each segment item reported in the Historical Financial Information are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“**CODM**”) regularly. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

4.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates. The combined financial statements are presented in HK\$, which is the Company's functional and presentation currency.

Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Target Group's entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into HK\$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into HK\$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

4.4 Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statements of comprehensive income during the financial period in which they are incurred.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

Depreciation is calculated on the straight-line method to allocate their cost to their residual values, if any, over their estimated useful lives, as follows:

Computer equipment	3-10 years
Office equipment	3-5 years
Property and land improvements	Over the shorter of the lease term or the estimated useful life – 3 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

4.5 Intangible assets

(i) Internally generated technology

Costs associated with research activities are expensed as incurred. Development costs are capitalised only if the following criteria are met:

- it is technically feasible to complete the technology so that it will be available for use
- management intends to complete the technology and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Development expenditure is recorded as intangible assets and amortised from the point at which the product is ready for mass production.

(ii) *Amortisation methods and periods*

The Target Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-10 years
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4.6 *Impairment of non-financial assets*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7 *Financial assets*

(i) *Classification*

The Target Group classifies its non-equity investment financial assets as those to be measured at amortised cost.

Non-equity investments are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Target Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Target Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Target Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Impairment loss on financial assets

The Target Group recognises a loss allowance for expected credit loss (“**ECL**”) (as defined on Note 5.1 (ii)) on financial assets measured at amortised cost (including trade receivables, other receivables and deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9 “Financial Instruments”. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

ECL is measured on either of the following bases. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

For other financial instrument, the Target Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring in the financial instrument as of the date of initial recognition. In making the assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Target Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Target Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 to 90 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Definition of default

For internal credit risk management, the Target Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above analysis, the Target Group considers that defaults has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account of legal advice where appropriate. A Write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flow that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Target Group's trade receivables, other receivables are each assessed as a separate group;
- Past-due status;
- Maturity, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continued to share similar credit risk characteristics.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the First-In-First-Out method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs.

4.9 Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables are initially measured at their transaction price. All receivables are subsequently stated at amortised cost.

4.10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

Where any group company purchases the Target Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Target Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Target Company.

4.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.13 Current and deferred income tax

The income tax expense or credit for the period comprises current income tax and deferred income tax.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Target Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Target Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for the unused tax losses and unused tax credit to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credit can be used.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.14 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the combined statements of financial position.

(ii) Post-employment obligations

The Target Group operates post-employment scheme, primarily in the form of defined contribution pension plans. Defined contribution plans are post-employment benefit plans under which the Target Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the reporting period, the Target Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which are under the defined contribution plans.

Subsidiaries in Mainland China

The Target Group's employees of companies in Mainland China participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Target Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Target Group recognises termination benefits at the earlier of the following dates: (a) when the Target Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits.

4.15 Provisions

Provisions for legal claims, uncertain taxes and make goods obligations are recognised when the Target Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.16 Revenue recognition

Revenue is recognised to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services. Specifically, the Target Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Target Group expects to receive in exchange for transferring goods or services to a customer (“**transaction price**”).

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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. When the contract contains a financing component which provides the Target Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue is recognised either at a point in time or over time, when the Target Group satisfies performance obligations by transferring the promised goods or services to its customers.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

Further details of the Target Group's revenue recognition policies are as follows:

(i) Sales of goods

Sales of goods from healthcare business, when the control of the products has been transferred to customers, which is the point of acceptance by the customers;

(ii) Technical services to Medical Platform

The Target Group operates a medical platform to provide facilitating the end to-end transaction between doctors and patients. The platform enables online medical consultation, supports the ordering of prescribed medicines and coordinates delivery through third-party logistics providers. The Target Group earns service fee income from merchants based on a percentage of the transaction amounts of merchandise sold on the platform. Revenue of the technical services is recognised at the time when services is rendered, which is when the underlying sale of merchandise by medical platform is completed.

(iii) Commission income

The Target Group operates an account in an e-commerce platform that allows the customer to list its products on the platform. The Group facilitates the transaction between the customer and buyers and helps collection of payments from buyers and remittance of payment to the customer after deducting the commission income the Target Group entitled to. Commission income is recognised at the rate agreed in the contract with the customer upon arrangement service is provided, which is when the underlying sales is completed.

4.17 Leases

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

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As a lessee

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the group enters into a lease in respect of a low-value item, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

When a lease is capitalised. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and
- restoration costs.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

4.18 Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Target Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit or loss over the period to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

4.19 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

5. Financial risk management

The Target Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and interest rate risk), credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance. Risk management is carried out by the senior management of the Target Group.

5.1 Financial risk factors*(i) Market risk**(a) Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Target Group entities' functional currency. The functional currency of the Target Company is HK\$ whereas functional currency of the subsidiaries is determined based on the primary economic environment in which they operate. The Target Group manages its foreign exchange risk by performing regular reviews of the Target Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible.

The Target Group operates mainly in the PRC and Hong Kong with most of the transactions settled in RMB and HK\$, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Target Group are denominated in the currencies other than the respective functional currencies of the Target Group's entities.

(b) Cash flow and interest rate risk

The Target Group's income and operating cash flows are substantially independent from changes in market interest rates and the Target Group has no significant interest-bearing assets except for cash and cash equivalents, details of which have been disclosed in Note 22, respectively.

(ii) Credit risk

The Target Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents the Target Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a Target Group basis. All cash and cash equivalents were placed with state-owned banks and financial institutions in the Hong Kong and reputable international banks. For the other financial assets, the Target Group has policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. In addition, The Target Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the reporting period, the Target Group reviews the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts. The Target Group has no significant concentrations of credit risk.

Impairment of financial assets

Trade receivables

The Target Group applied the HKFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022, 2023 and 2024 and 31 August 2025, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the gross domestic products and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 1 year past due.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Target Group's trade receivables mainly include receivables from third-party payment platform. The management believes the credit risk is limited because the deposits in transit was held by high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions, the credit risk in such trade receivables is low.

Other financial assets at amortised cost

Other receivables mainly comprise deposit and other receivables.

The Target Group applies the general approach in calculating ECLs, where the Target Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Target Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. In addition, the Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Target Group estimated the expected credit loss rate for the amounts due from these entities and recognize the loss allowance accordingly (Note 21).

(iii) Liquidity risk

The Target Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Target Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

Management monitors rolling forecasts of the Target Group's liquidity reserve and cash and cash equivalents (Note 22) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Target Group, in accordance with practice and limits set by the Target Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring statements of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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The tables below analyse the Target Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

	Less than 1 year or on demand <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total contractual cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
As at 31 December 2022						
Trade and other payables	32,213	-	-	-	32,213	32,213
Amount due to the immediate holding company	61,745	-	-	-	61,745	61,745
Amounts due to related parties	55,568	-	-	-	55,568	55,568
Lease liabilities	134	-	-	-	134	129
Total	<u>149,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,660</u>	<u>149,655</u>
As at 31 December 2023						
Trade and other payables	15,961	-	-	-	15,961	15,961
Amount due to the immediate holding company	95,527	-	-	-	95,527	95,527
Amounts due to related parties	59,380	-	-	-	59,380	59,380
Lease liabilities	1,153	1,250	-	-	2,403	2,302
Total	<u>172,021</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>173,271</u>	<u>173,170</u>
As at 31 December 2024						
Trade and other payables	37,752	-	-	-	37,752	37,752
Amounts due to the immediate holding company	96,114	-	-	-	96,114	96,114
Amount due to related parties	53,860	-	-	-	53,860	53,860
Lease liabilities	1,232	171	-	-	1,403	1,366
Total	<u>188,958</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>189,129</u>	<u>189,092</u>
As at 31 August 2025						
Trade and other payables	13,733	-	-	-	13,733	13,733
Amount due to the immediate holding company	64,147	-	-	-	64,147	64,147
Amounts due to related parties	73,474	-	-	-	73,474	73,474
Lease liabilities	559	76	-	-	635	626
Total	<u>151,913</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>151,989</u>	<u>151,980</u>

5.2 Capital risk management

The Target Group's objectives on managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Target Group monitors capital on basis of the gearing ratio.

As at 31 December 2022, 2023 and 2024, and 31 August 2025, the Target Group did not have any outstanding debt (including bank borrowings and notes payable) and accordingly the Target Group did not have any gearing ratio for the corresponding period.

6. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Target Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Income tax and deferred tax asset

A deferred tax asset is recognised for the carry forward of unused deductible tax losses to the extent that it is probable that future taxable profits will be available against which the deductible tax losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Target Group needs to apply estimates and judgement in determining the timing and amount of future taxable profits.

(ii) Impairment provision for inventories

Inventories are stated at the lower of cost or net realizable value, and the Target Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. The Target Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments.

(iii) Provision of ECL for trade and other receivables

The Target Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Target Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's trade and other receivables are disclosed in Note 5.

(iv) Subsidiaries arising from contractual arrangements

The Target Group does not hold equity shares directly or indirectly in Variable Interest Entity (the "VIE"). However, as a result of the VIE Contracts, the Target Group has rights to variable returns from its involvement with the VIE; and the ability to affect those returns through its power over the VIE; and is considered to have control over the VIE. Consequently, the Target Group regards the VIE as an indirect subsidiary. The Target Group has included the financial position and results of the VIE in the combined financial statements.

Nevertheless, these contractual arrangements may not be as effective as direct legal ownership in providing the Target Group with direct control over the VIE and uncertainties presented by the PRC legal system could impede the Target Group's beneficiary rights to the results, assets and liabilities of the VIE. The Target Group believes that these contractual arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

(v) *Going concern assumption*

The directors of the Company consider that the Target Group has the ability to continue as a going concern. The assessment of the going concern assumption, as disclosed in Note 2, involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. These include the ability of the holding companies to provide the financial support to the Target Group.

7. Segment information

The Target Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officers and the vice presidents of the Target Group that make strategic decisions.

The Target Group has the following reportable segments of healthcare business and technical services for the Relevant Periods. The healthcare business segment engages in the sale of healthcare products, while the technical services segment engages in the provision of technical services for online medical platform.

The CODM assess the performance of the operating segments mainly based on revenue, gross profit and net profit of each operating segment. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the combined statements of comprehensive income. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these combined financial statements. There was no segment assets or segment liabilities information provided to the CODM.

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The segment information provided to the CODM for the reportable segments for the years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2024 and 2025 is as follows:

	Year ended 31 December 2022		
	Healthcare	Technical	Total
	business	services	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	14,764	495	15,259
Gross profit	3,740	485	4,225
Net loss	(11)	(2,373)	(2,384)
Depreciation and amortisation	–	(389)	(389)
Finance costs	–	(8)	(8)
Interest income	23	–	23
Income tax expense	(80)	–	(80)

	Year ended 31 December 2023		
	Healthcare	Technical	Total
	business	services	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	54,035	5,207	59,242
Gross profit	21,539	4,912	26,451
Net profit/(loss)	616	(1,786)	(1,170)
Depreciation and amortisation	(963)	(340)	(1,303)
Finance costs	(92)	(3)	(95)
Interest income	402	2	404
Income tax expense	(32)	–	(32)

	Year ended 31 December 2024		
	Healthcare	Technical	Total
	business	services	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	47,849	29,520	77,369
Gross profit	19,976	29,520	49,496
Net profit	5,970	3,773	9,743
Depreciation and amortisation	(1,161)	(340)	(1,501)
Finance costs	(73)	(1)	(74)
Interest income	675	14	689
Income tax benefit/(expense)	32	(2)	30

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(Unaudited)	Eight months ended 31 August 2024		
	Healthcare	Technical	
	business	services	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	28,511	20,348	48,859
Gross profit	11,751	20,348	32,099
Net profit	1,435	2,648	4,083
Depreciation and amortisation	(775)	(229)	(1,004)
Finance costs	(53)	–	(53)
Interest income	468	6	474
Income tax expense	(189)	–	(189)

	Eight months ended 31 August 2025		
	Healthcare	Technical	
	business	services	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	23,645	2,403	26,048
Gross profit	11,961	2,403	14,364
Net profit	203	146	349
Depreciation and amortisation	(775)	(194)	(969)
Finance costs	(23)	(4)	(27)
Interest income	86	3	89
Income tax expense	–	–	–

The location of its non-current assets are as follows:

	Year ended 31 December			Eight months ended	
	2022	2023	2024	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	–	2,539	1,384	1,771	614
Mainland China	2,139	1,717	1,558	1,484	1,392
	<u>2,139</u>	<u>4,256</u>	<u>2,942</u>	<u>3,255</u>	<u>2,006</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

8. Revenue

The Target Group derives revenues from the sale of goods and provision of services at a point in time in the following revenue streams:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
By nature					
– Sales of healthcare products	12,373	53,563	46,758	28,000	23,322
– Technical services	495	5,207	29,520	20,348	2,403
– Commission income	2,391	472	1,091	511	323
	<u>15,259</u>	<u>59,242</u>	<u>77,369</u>	<u>48,859</u>	<u>26,048</u>
Revenue recognition point:					
– At a point in time	<u>15,259</u>	<u>59,242</u>	<u>77,369</u>	<u>48,859</u>	<u>26,048</u>

- (i) The major customers which contributed more than 10% of total revenue are listed as below:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Customer A	3,481	*	*	*	N/A
Customer B	2,930	*	*	N/A	N/A
Customer C	*	9,326	*	*	N/A
Customer D	N/A	9,154	*	*	*
Customer E	N/A	N/A	9,796	N/A	N/A
Customer F	N/A	N/A	*	5,140	N/A

* The corresponding revenue did not contribute over 10% of the Target Group's total revenue in the respective year/period.

Revenue derived from other single customer was less than 10% of the Target Group's total revenue during the Relevant Period.

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(ii) The amount of its revenue breakdown by location is shown in the table below:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	7,972	35,722	72,499	44,455	23,732
Hong Kong (place of domicile)	<u>7,287</u>	<u>23,520</u>	<u>4,870</u>	<u>4,404</u>	<u>2,316</u>
	<u>15,259</u>	<u>59,242</u>	<u>77,369</u>	<u>48,859</u>	<u>26,048</u>

(iii) Liabilities related to contracts with customers

Contract liabilities	As at 31 December		As at 31 August	
	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Healthcare business	4,392	75	389	3,540
Technical services	<u>109</u>	<u>1,235</u>	<u>1,285</u>	<u>229</u>
Total contract liabilities	<u>4,501</u>	<u>1,310</u>	<u>1,674</u>	<u>3,769</u>

(a) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the year relates to carried-forward contract liabilities.

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period					
Healthcare business	219	4,392	75	75	389
Technical services	<u>-</u>	<u>109</u>	<u>1,235</u>	<u>1,235</u>	<u>1,285</u>
	<u>219</u>	<u>4,501</u>	<u>1,310</u>	<u>1,310</u>	<u>1,674</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(b) Unsatisfied performance obligations

Unsatisfied performance obligations are rendered in short period of time, which is generally less than a year, and the Target Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(iv) Performance obligations

Information about the Group's performance obligations is summarised below:

(a) Sales of goods

For sales of goods from healthcare business, the performance obligation is satisfied upon the point of acceptance by the customers and the payment generally due within 30 to 90 days.

(b) Technical services to Medical Platform

For technical services on the medical platform, the performance obligation is satisfied when the services are rendered, which is when the underlying sale of merchandise by medical platform is completed and the payment generally due within 30 to 90 days.

(c) Commission income

For commission income, the performance obligation is satisfied when arrangement service is provided, which is when the underlying sales is completed.

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9. Other income

	Year ended 31 December			Eight months ended	
	2022	2023	2024	31 August 2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	23	404	689	474	89
Government grants	22	21	1	–	2
Gain on disposal of property, plant and equipment	–	–	–	–	28
Others	36	204	36	3	7
	<u>81</u>	<u>629</u>	<u>726</u>	<u>477</u>	<u>126</u>

10. (Loss)/profit before income tax

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Eight months ended	
		2022	2023	2024	31 August 2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of merchandise		10,673	30,483	38,838	15,713	10,528
Cost for service fee paid to vendors		361	2,308	1,509	1,047	1,156
Write-down of inventory to net realisable value		–	–	48	–	–
Net impairment losses on financial assets	21	6,000	–	(2,556)	–	–
Employee benefits expenses	11	489	1,435	1,765	1,364	1,840
Depreciation and amortisation		389	1,303	1,501	1,004	969
Auditor's remuneration		51	115	134	94	170
Expense relating to short-term leases expenses	16	64	114	191	114	115
		<u>64</u>	<u>114</u>	<u>191</u>	<u>114</u>	<u>115</u>

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11. Employee benefits expenses

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, allowances and benefits in kind	419	1,334	1,642	1,281	1,764
Retirement scheme contributions	<u>70</u>	<u>101</u>	<u>123</u>	<u>83</u>	<u>76</u>
	<u>489</u>	<u>1,435</u>	<u>1,765</u>	<u>1,364</u>	<u>1,840</u>

(i) Benefits and interests of directors

The emoluments of the directors of the Target Group are borne by a related company of the Target Group in respect of their services.

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group include nil director during the years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2024 and 2025, respectively, as their emoluments are borne by a related company. The emoluments payable to the remaining 5, 5, 5, 5 and 5 individuals during the year ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2024 and 2025 are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, allowances and benefits in kind	297	878	943	666	670
Retirement scheme contributions	36	80	97	65	53
Discretionary bonuses	<u>8</u>	<u>220</u>	<u>178</u>	<u>178</u>	<u>604</u>
	<u>341</u>	<u>1,178</u>	<u>1,218</u>	<u>909</u>	<u>1,327</u>

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The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 December		2024	Eight months ended 31 August	
	2022	2023		2024	2024
Emolument bands (in HK\$):					
HK\$0 to HK\$1,000,000	5	5	5	5	5

(iii) Directors' retirement benefits and termination benefits

No director's retirement or termination benefit is disclosed as it is borne by a related company of the Target Group.

(iv) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each period disclosed or at any time during the Relevant Periods.

(v) Information about borrowings, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Relevant Periods.

(vi) Directors' material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Target Group's business to which the Target Company was a party and in which a director of the Target Company had a material interest whether directly or indirectly, subsisted at the end of each period disclosed or at any time during the Relevant Periods.

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12. Other gains/(losses), net

	Year ended 31 December			Eight months ended	
	2022	2023	2024	31 August	
	HK\$'000	HK\$'000	HK\$'000	2024	2025
				(Unaudited)	
Net foreign exchange gains/(losses)	3,727	107	656	228	(706)
Others	—	(13)	(13)	(2)	(1)
	<u>3,727</u>	<u>94</u>	<u>643</u>	<u>226</u>	<u>(707)</u>

13. Finance costs

	Year ended 31 December			Eight months ended	
	2022	2023	2024	31 August	
	HK\$'000	HK\$'000	HK\$'000	2024	2025
				(Unaudited)	
Interests on lease liabilities	<u>8</u>	<u>95</u>	<u>74</u>	<u>53</u>	<u>27</u>

14. Income tax expense/(benefit)

(i) PRC corporate income tax (“CIT”)

Provision made on the estimated assessable profits of entities within the Target Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The Company's subsidiaries incorporated in the Mainland China are generally subject to corporate income tax rate of 25%.

In addition, certain subsidiaries of the Company in Mainland China were entitled to other tax concessions, mainly including the preferential policy for eligible small low-profit enterprises, under which a reduction of 87.5% or 75% was applied to their taxable income and the enterprise was subject to a corporate income tax rate of 20%, leading to an effective tax rate of 2.5% or 5%.

(ii) Hong Kong

The subsidiaries of the Company incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%.

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(iii) CIT in other jurisdictions

The subsidiaries of the Company incorporated in other countries and regions calculate their corporate income tax according to relevant local tax laws.

(a) Income tax expense

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Current income tax	80	32	2	221	-
Overprovision in prior year	-	-	(32)	(32)	-
Income tax expense/(benefit)	<u>80</u>	<u>32</u>	<u>(30)</u>	<u>189</u>	<u>-</u>

(b) Reconciliation of income tax expense

The tax on the Target Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 16.5% for the Relevant Periods, being the tax rate of the major subsidiaries of the Target Group. The difference is analysed as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
(Loss)/profit before income tax	(2,304)	(1,138)	9,713	4,272	349
Tax calculated at a tax rate of 16.5%	(380)	(188)	1,603	705	58
Difference in subsidiaries' tax rates	359	171	(490)	(325)	(3)
Income not subject to tax	(969)	(51)	(1,102)	-	(14)
Costs, expenses and losses not deductible for tax purposes	1,076	26	26	-	14
Tax effect of utilisation of tax losses not previously recognised	(57)	(14)	(216)	(142)	(59)
Tax losses not recognised	58	102	184	1	5
Overprovision in prior year	-	-	(32)	(32)	-
Others	(7)	(14)	(3)	(18)	(1)
Income tax expense/(benefit)	<u>80</u>	<u>32</u>	<u>(30)</u>	<u>189</u>	<u>-</u>

1) Pillar Two income taxes

Effective 1 January 2025, the Hong Kong jurisdictions in which the Target Group operates, implemented the Pillar Two rules as issued by the Organization for Economic Co-operation and Development (OECD). These rules introduce a 15% minimum effective tax rate under the Global Anti-Base Erosion (GloBE) framework. Where the jurisdictional GloBE effective tax rate falls below the minimum, a top-up tax is levied to bridge the difference. For the eight months ended 31 August, 2025, the Target Group is in the process of making an assessment of the Target Group's exposure from the enactment of the Pillar Two model rules published by the OECD and considers that the enactment of the rules is unlikely to have a significant impact on the combined financial statements.

(c) *Unrecognised deferred tax assets*

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group had estimated unrecognised tax losses of approximately HK\$6,620,000, HK\$7,662,000, HK\$3,220,000 and HK\$3,252,000, respectively, that will expire in one to five years for offsetting against future taxable profits in PRC. As at 31 December 2022, 2023, 2024 and 31 August 2025, the Target Group had estimated unrecognised tax losses of approximately nil, nil, HK\$1,119,000 and HK\$805,000 that are available indefinitely for offsetting against future taxable profits in Hong Kong. No deferred tax asset has been recognised in respect of the estimated unrecognised tax losses due to the unpredictability of future profit streams. The tax losses are subject to final approval by the tax authorities in different tax jurisdictions.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

15. Property, plant and equipment

The Target Group	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2022				
Cost	2	498	–	500
Accumulated depreciation	<u>(2)</u>	<u>(421)</u>	<u>–</u>	<u>(423)</u>
Net book amount	<u>–</u>	<u>77</u>	<u>–</u>	<u>77</u>
Year ended 31 December 2022				
Opening net book amount	–	77	–	77
Additions	–	102	–	102
Depreciation charge	–	(40)	–	(40)
Exchange differences	<u>–</u>	<u>(8)</u>	<u>–</u>	<u>(8)</u>
Closing net book amount	<u>–</u>	<u>131</u>	<u>–</u>	<u>131</u>
As at 31 December 2022				
Cost	2	579	–	581
Accumulated depreciation	<u>(2)</u>	<u>(448)</u>	<u>–</u>	<u>(450)</u>
Net book amount	<u>–</u>	<u>131</u>	<u>–</u>	<u>131</u>
Year ended 31 December 2023				
Opening net book amount	–	131	–	131
Additions	63	45	298	406
Disposal	–	(2)	–	(2)
Depreciation charge	(9)	(52)	(83)	(144)
Exchange differences	<u>–</u>	<u>(3)</u>	<u>–</u>	<u>(3)</u>
Closing net book amount	<u>54</u>	<u>119</u>	<u>215</u>	<u>388</u>
As at 31 December 2023				
Cost	65	516	298	879
Accumulated depreciation	<u>(11)</u>	<u>(397)</u>	<u>(83)</u>	<u>(491)</u>
Net book amount	<u>54</u>	<u>119</u>	<u>215</u>	<u>388</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

The Target Group	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024				
Opening net book amount	54	119	215	388
Depreciation charge	(13)	(55)	(99)	(167)
Exchange differences	–	(1)	–	(1)
	<u>41</u>	<u>63</u>	<u>116</u>	<u>220</u>
Closing net book amount				
As at 31 December 2024				
Cost	65	509	298	872
Accumulated depreciation	(24)	(446)	(182)	(652)
Net book amount	<u>41</u>	<u>63</u>	<u>116</u>	<u>220</u>
Eight months ended 31 August 2025				
Opening net book amount	41	63	116	220
Additions	5	–	–	5
Disposal	–	(1)	–	(1)
Depreciation charge	(9)	(26)	(66)	(101)
Exchange differences	–	1	–	1
	<u>37</u>	<u>37</u>	<u>50</u>	<u>124</u>
Closing net book amount				
As at 31 August 2025				
Cost	70	499	298	867
Accumulated depreciation	(33)	(462)	(248)	(743)
Net book amount	<u>37</u>	<u>37</u>	<u>50</u>	<u>124</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

16. Leases

(i) Amounts recognised in the combined statements of financial position

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2025
				<i>HK\$'000</i>
Right-of-use assets				
– Office premises	228	2,333	1,415	678
	<u>228</u>	<u>2,333</u>	<u>1,415</u>	<u>678</u>
Lease liabilities				
– Non-current	–	1,221	168	75
– Current	129	1,081	1,198	551
	<u>129</u>	<u>2,302</u>	<u>1,366</u>	<u>626</u>

The following table shows the remaining contractual maturities of the lease liabilities at the end of the Relevant Periods:

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2025
				<i>HK\$'000</i>
Within 1 year	129	1,081	1,198	551
More than 1 year but within 2 years	–	1,125	168	75
More than 2 years but within 5 years	–	96	–	–
	<u>129</u>	<u>2,302</u>	<u>1,366</u>	<u>626</u>

Future lease payments are due as follows:

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2025
				<i>HK\$'000</i>
Minimum lease payment				
Not later than 1 year	134	1,153	1,232	559
More than 1 year but within 2 years	–	1,154	171	76
More than 2 years but within 5 years	–	96	–	–
	<u>134</u>	<u>2,403</u>	<u>1,403</u>	<u>635</u>
Less: future interest expense	(5)	(101)	(37)	(9)
Present value of lease liabilities	<u>129</u>	<u>2,302</u>	<u>1,366</u>	<u>626</u>

Additions to the right-of-use assets for the Relevant Periods were nil, HK\$3,069,000, HK\$226,000 and nil, respectively.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(ii) Amounts recognised in the combined statements of comprehensive income

	Year ended 31 December			Eight months ended	
	2022	2023	2024	31 August 2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Depreciation charge of right-of-use assets					
– Office premises	<u>128</u>	<u>959</u>	<u>1,140</u>	<u>764</u>	<u>740</u>
Interest expense (included in finance costs)	8	95	74	53	27
Expense relating to short-term leases not included in lease liabilities	<u>64</u>	<u>114</u>	<u>191</u>	<u>114</u>	<u>115</u>

The total cash outflow in respect of lease payments for the Relevant Periods were HK\$141,000, HK\$988,000, HK\$1,227,000 and HK\$770,000, respectively.

17. Intangible assets

The Target Group	Software <i>HK\$'000</i>
As at 1 January 2022	
Cost	2,246
Accumulated amortisation	<u>(77)</u>
Net book amount	<u>2,169</u>
Year ended 31 December 2022	
Opening net book amount	2,169
Amortisation charge	(221)
Exchange differences	<u>(168)</u>
Closing net book amount	<u>1,780</u>
As at 31 December 2022	
Cost	2,066
Accumulated amortisation	<u>(286)</u>
Net book amount	<u>1,780</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

The Target Group	Software <i>HK\$'000</i>
Year ended 31 December 2023	
Opening net book amount	1,780
Amortisation charge	(200)
Exchange differences	<u>(45)</u>
Closing net book amount	<u>1,535</u>
As at 31 December 2023	
Cost	2,014
Accumulated amortisation	<u>(479)</u>
Net book amount	<u><u>1,535</u></u>
Year ended 31 December 2024	
Opening net book amount	1,535
Amortisation charge	(194)
Exchange differences	<u>(34)</u>
Closing net book amount	<u>1,307</u>
As at 31 December 2024	
Cost	1,965
Accumulated amortisation	<u>(658)</u>
Net book amount	<u><u>1,307</u></u>
Eight months ended 31 August 2025	
Opening net book amount	1,307
Amortisation charge	(128)
Exchange differences	<u>25</u>
Closing net book amount	<u>1,204</u>
As at 31 August 2025	
Cost	2,005
Accumulated amortisation	<u>(801)</u>
Net book amount	<u><u>1,204</u></u>

The amortisation expenses are included in general and administrative expenses.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

18. Investments in subsidiaries

The Target Company	As at 31 December			As at
	2022	2023	2024	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i>
Unlisted investments, at cost	3,930	3,930	3,930	3,930

Particulars of the subsidiaries (excluding the Excluded Companies) as at 31 December 2022, 2023 and 2024 and 31 August 2025 are as follows:

Name of entity	% of ownership interest	Date of incorporation	Place of Incorporation/ establishment	Principal activities	Notes
Beijing Tong Ren Tang (Hong Kong) Limited	100%	2 April 2015	Hong Kong	Sales of healthcare products	(a)
深圳北京同仁堂國際網絡 技術有限公司	100%	28 August 2015	PRC	Investment holding	
深圳前海北京同仁堂國際 電子商務有限公司	100%	09 March 2015	PRC	Sales of healthcare products	(b)
銀川同仁堂國際互聯網 醫院有限公司	100%	28 August 2018	PRC	Technical services for online medical platform	(b)

Notes:

- (a) The statutory financial statements for the year ended 31 December 2022 were audited by Harvestseedsynco CPA. The statutory financial statements for the year ended 31 December 2023 and 2024 were audited by KAIZEN CPA.
- (b) The statutory auditors of these subsidiaries were 北京正意得會計師事務所 for the year ended 31 December 2023.

19. Inventories

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i>
Healthcare product	5,955	3,023	3,023	5,116

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

20. Trade receivables

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
Trade receivables	282	308	1,094	854
Less: allowance for impairment	—	—	—	—
	<u>282</u>	<u>308</u>	<u>1,094</u>	<u>854</u>

(i) An aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
- Within three months	243	271	983	854
- 3 to 6 months	34	13	52	—
- 6 to 12 months	—	—	—	—
- Over 1 year	5	24	59	—
	<u>282</u>	<u>308</u>	<u>1,094</u>	<u>854</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days.

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

The Target Group applies the simplified approach under HKFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Details of the impairment of trade receivables and the Target Group's exposure to credit risk are disclosed in Note 5.1(ii).

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21. Prepayments, deposits and Other Receivables

The Target Group	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayments		379	896	674	584
Deposits		1,312	1,669	1,569	1,355
Other receivables	(i)	17,288	7,444	3,933	2,222
Less: allowance for impairment	(ii)	<u>(6,000)</u>	<u>(6,000)</u>	<u>–</u>	<u>–</u>
		<u>12,979</u>	<u>4,009</u>	<u>6,176</u>	<u>4,161</u>

The Target Group	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Agent business related receivables	(a)	10,773	6,322	1,617	–
Platform receivables	(b)	6,192	1,050	2,193	1,994
Others		<u>323</u>	<u>72</u>	<u>123</u>	<u>228</u>
		<u>17,288</u>	<u>7,444</u>	<u>3,933</u>	<u>2,222</u>

Note:

- (a) Agent business related receivables represent amount receivables from third parties for good purchases on their behalf. These amounts are unsecured, interest-free and repayable on demand.
- (b) Platform receivables represent sales proceeds collected by the e-commerce platform that are pending remittance to the Target Group.
- (c) The movements in the loss allowance for impairment of other receivables are as follows:

	Note	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year		–	6,000	6,000	–
Allowance/(reversal) for impairment	(a)	6,000	–	(2,556)	–
Write off	(a)	<u>–</u>	<u>–</u>	<u>(3,444)</u>	<u>–</u>
At end of year		<u>6,000</u>	<u>6,000</u>	<u>–</u>	<u>–</u>

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Note:

- (a) The loss allowance is related to the agency procurement payment for goods purchased on behalf of a counterparty. Loss allowance of RMB6,000,000 was initially recognized on the entire outstanding amount during the year ended 31 December 2022 due to a legal dispute with a counterparty. In September 2024, the Target Group reached a settlement with the counterparty which the counterparty agreed to repay RMB2,490,000 (equivalent to approximately HK\$2,556,000) as a settlement of the entire outstanding amount owing to the Target Group. Accordingly, a reversal of impairment loss of RMB2,490,000 was recognised during the year ended 31 December 2024. The remaining receivables of HK\$3,444,000 and the related impairment provision was derecognised from the books of the Target Group.

22. Cash and cash equivalents and restricted cash

The Target Group	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025 HK\$'000
Cash on hand	6	6	–	–
Cash at bank	18,326	5,789	29,334	14,984
Fixed deposits with banks	–	19,539	19,406	–
	<u>18,332</u>	<u>25,334</u>	<u>48,740</u>	<u>14,984</u>

The Target Company	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025 HK\$'000
Cash at bank	–	2	–	–
	<u>–</u>	<u>2</u>	<u>–</u>	<u>–</u>

23. Trade and other payables

The Target Group	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025 HK\$'000
Trade payables	(i)	22,474	9,917	28,196	7,502
Other payables	(ii)	9,739	6,044	9,556	6,231
		<u>32,213</u>	<u>15,961</u>	<u>37,752</u>	<u>13,733</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(i) Trade payables

The Target Group	Note	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables to third parties		6,283	3,365	23,644	2,950
Trade payables to related parties	30(c)	<u>16,191</u>	<u>6,552</u>	<u>4,552</u>	<u>4,552</u>
		<u>22,474</u>	<u>9,917</u>	<u>28,196</u>	<u>7,502</u>

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- Up to 3 months	-	-	-	-
- 3 to 6 months	6,283	2,965	23,644	-
- 6 to 12 months	-	220	-	2,950
- 1 to 2 years	16,191	6,732	-	-
- 2 to 3 years	-	-	-	-
- Over 3 years	-	-	4,552	4,552
	<u>22,474</u>	<u>9,917</u>	<u>28,196</u>	<u>7,502</u>

(ii) Other payables

Other payables by nature is as follows:

The Target Group	Note	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salary and bonus payable		-	43	-	-
Other payables	(a)	<u>9,739</u>	<u>6,001</u>	<u>9,556</u>	<u>6,231</u>
		<u>9,739</u>	<u>6,044</u>	<u>9,556</u>	<u>6,231</u>

Note:

- (a) Other payables mainly represent amount collected by the e-commerce platform and pending for the Target Group to remit to the customer in relation to the commission income.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

24. Current tax liabilities

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
CIT payables	80	112	2	–

25. Share capital

	2022		Year ended 31 December				2024				Eight months ended 31 August			
			2023				2024				2024		2025	
	Number of	USD	Number of	USD	Number of	USD	Number of	USD	Number of	USD	Number of	USD	Number of	USD
Authorised:														
Ordinary shares of														
USD1 each	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000

	2022		Year ended 31 December				2024				Eight months ended 31 August				
	Number	Share	Share	Number	Share	Share	Number	Share	Share	Number	Share	Share	Number	Share	Share
	of shares	capital	capital	of shares	capital	capital	of shares	capital	capital	of shares	capital	capital	of shares	capital	capital
	USD	HK\$'000	USD	HK\$'000	USD	HK\$'000	USD	HK\$'000	USD	HK\$'000	USD	HK\$'000	USD	HK\$'000	USD
Issued and fully paid:															
Opening balance	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548
Closing balance	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548	70,000	70,000	548

For the purpose of this report, the share capital of the Target Group as at 31 December 2022, 2023, 2024, 31 August 2024 and 31 August 2025 represented issued share capital of the Target Company at the end of each the Relevant Periods.

26. Reserves

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity. The nature and purpose of reserves are as follows:

(a) Statutory surplus reserve

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(b) Exchange reserve

The amount represents gains/(losses) arising on retranslating the net assets of foreign operations into presentation currency of the Target Group.

(c) Retained earnings

Cumulative net gains and losses recognised in profit or loss.

(d) Capital reserve

The amounts mainly represented the capital injected to Excluded Companies, which are not related to the Target Group's businesses.

27. Dividend

The directors of the Target Company does not recommend the payment of a dividend during the Relevant Periods.

28. Note to combined statements of cash flows

(i) Cash used in operations

	Notes	Year ended 31 December			Eight months ended 31 August	
		2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000	2025 HK\$'000
(Loss)/profit before income tax		(2,304)	(1,138)	9,713	4,272	349
Adjustments for:						
Depreciation and amortisation		389	1,303	1,501	1,004	969
Impairment loss in respect of other receivables	21	6,000	–	(2,556)	–	–
Gain on disposal of property, plant and equipment	9	–	–	–	–	(28)
Write-down of inventory to net realisable value		–	–	48	–	–
Interest income	9	(23)	(404)	(689)	(474)	(89)
Finance costs	13	8	95	74	53	27
Changes in working capital:						
Receivables		(17,448)	8,895	(418)	(4,078)	2,266
Inventories		3,788	2,923	(50)	(1,447)	(2,093)
Payables		(50,736)	(16,089)	21,827	15,514	(24,051)
Contract liabilities		4,290	(3,215)	426	2,493	2,083
Net cash (outflow)/inflow from operations		<u>(56,036)</u>	<u>(7,630)</u>	<u>29,876</u>	<u>17,337</u>	<u>(20,567)</u>

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(ii) Non-cash investing and financing activities

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Acquisition of right-of-use assets	–	3,069	226	–	–

(Unaudited)

(iii) Reconciliation of liabilities arising from financing activities:

	Amount due to the immediate holding company HK\$'000	Amounts due to related parties HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
Financing cash flows				
As at 1 January 2022	11,607	12,194	275	24,076
Proceeds from	50,861	43,923	–	94,784
Repayment of principal	–	–	(133)	(133)
Interest expense	–	–	8	8
Interest payments	–	–	(8)	(8)
Other changes	(723)	(549)	(13)	(1,285)
As at 31 December 2022	61,745	55,568	129	117,442
Proceeds from	33,993	4,019	–	38,012
New leases	–	–	3,069	3,069
Repayment of principal	–	–	(893)	(893)
Interest expense	–	–	95	95
Interest payments	–	–	(95)	(95)
Other changes	(211)	(207)	(3)	(421)
As at 31 December 2023	95,527	59,380	2,302	157,209
Proceeds from/(repayment to)	783	(5,289)	–	(4,506)
New leases	–	–	226	226
Repayment of principal	–	–	(1,153)	(1,153)
Interest expense	–	–	74	74
Interest payments	–	–	(74)	(74)
Other changes	(196)	(231)	(9)	(436)
As at 31 December 2024	96,114	53,860	1,366	151,340
(Repayment to)/proceeds from	(32,130)	19,485	–	(11,980)
Repayment of principal	–	–	(743)	(743)
Interest expense	–	–	27	27
Interest payments	–	–	(27)	(27)
Other changes	163	129	3	295
As at 31 August 2025	64,147	73,474	626	138,912

29. Commitments

As at 31 December 2022, 2023 and 2024, and 31 August 2025, the Target Group did not have any capital commitment.

30. Related party transactions

Save as those disclosed in the other notes, the following significant transactions were carried out between the Target Group and its related parties during the Relevant Period. In the opinion of the directors of the Target Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Target Group and the respective related parties. The Target Group's pricing policies of the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

(a) Names and relationships with related parties

Name of related parties	Relationship with the Target Group
Top Eminent Invest Co., Ltd	Ultimate holding company
Beijing Tong Ren Tang Chinese Medicine Company Limited	The company holds a non-controlling interest in the Target Company through its subsidiary (a “ Non-controlling shareholder ”)
Top Eminent Healthcare (Hong Kong) Limited (Note)	Fellow subsidiary
北京同仁堂國際(杭州)網路技術 有限公司	Fellow subsidiary
北京同仁堂國際資訊技術有限公司	Fellow subsidiary
廣東卓著健康科技有限公司	Fellow subsidiary

Note:

Top Eminent Healthcare (Hong Kong) Limited (“**Top Eminent Healthcare Group**”) was considered a fellow subsidiary effective from 28 February 2025, as both the Target Company and Top Eminent Healthcare Group were under common control of the same parent company effective from effective from 28 February 2025.

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(b) Significant related party transactions with related parties

The Target Group had the following material transactions with its related entities during the Relevant Periods:

	Year ended 31 December			Eight months ended 31 August	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000	2025 HK\$'000
				(Unaudited)	
<i>Sales of goods</i>					
北京同仁堂國際資訊技術 有限公司	-	7	3,929	2,311	14
<i>Sales of services</i>					
Top Eminent Healthcare (Hong Kong) Limited	-	-	-	-	323
<i>Purchases of goods</i>					
Beijing Tong Ren Tang Chinese Medicine Company Limited	1,157	-	591	-	-
北京同仁堂國際(杭州)網路 技術有限公司	-	-	3,588	1,395	1,585
北京同仁堂國際資訊技術 有限公司	-	1	1	1	1
廣東卓著健康科技有限公司	301	-	3,760	2,209	-
<i>Purchase of services</i>					
北京同仁堂國際資訊技術 有限公司	1	2,765	-	-	-

APPENDIX II ACCOUNTANTS' REPORT ON THE TARGET GROUP

(c) *Outstanding balances with related parties*

Significant related party balances which were carried out in the normal course of the Target Group's business are as follow:

	Notes	As at 31 December			As at
		2022	2023	2024	31 August
		HK\$'000	HK\$'000	HK\$'000	2025
					HK\$'000
Amount due to the immediate holding company	(i)	61,745	95,527	96,114	64,147
Amounts due to related parties					
Amount due to fellow subsidiaries	(ii)	55,568	58,598	53,860	74,474
Amount due to ultimate holding company	(ii)	–	782	–	–
		<u>55,568</u>	<u>59,380</u>	<u>53,860</u>	<u>74,474</u>
Trade payables to a Non-controlling shareholder	(iii)	16,191	6,552	4,552	4,552
Other receivables to a fellow subsidiary	(iv)	–	–	–	115

Notes:

- (i) The amount due to the immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) The amounts due to related parties are operational in nature, unsecured, interest-free and repayable on demand.
- (iii) The trade payables to a Non-controlling shareholder are trade in nature, unsecured, interest-free and repayable within 3 months.
- (iv) The other receivables to a fellow subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

31. Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 August 2025, the Target Group did not have any contingent liabilities.

32. Subsequent events

Up to the date of this report, there was no significant event after the Relevant Period.

*Set out below is the management discussion and analysis of the Target Group for the three years ended 31 December 2022, 2023 and 2024, and the eight months ended 31 August 2025 (the “**Reporting Period**”) which is prepared based on the financial information of the Target Group as set out in Appendix II to this circular.*

Business overview

During the Reporting Period, the Target Group was principally engaged in (i) the wholesale distribution of proprietary Chinese medicine, dietary supplement and nutritional supplement products (“**health and wellness products**”) and the sale of such health and wellness products through various e-commerce platforms (including cross-border channels) (the “**healthcare business segment**”), and (ii) the operation of internet-based healthcare service platforms in the PRC which facilitate online medical consultation between medical practitioners and patients (the “**internet hospital business segment**” or “**technical services segment**”).

The Target Group operates in a market characterised by continued consumer demand for healthcare and wellness products in the PRC and increasing acceptance of online medical consultation, remote follow-up and chronic-disease management services. Regulatory encouragement of compliant internet-hospital models, as well as the growth of cross-border e-commerce and TCM-themed products, has supported the development of both the Target Group’s health and wellness product distribution and its internet-hospital and related technical service business.

Results of operations**Revenue**

The Target Group’s revenue increased from approximately HK\$15.3 million in 2022 to approximately HK\$59.2 million in 2023 and approximately HK\$77.4 million in 2024, representing an increase of approximately 288.2% from 2022 to 2023 and approximately 30.6% from 2023 to 2024. The significant increase from 2022 to 2023 was mainly attributable to the expansion of health and wellness product distribution and e-commerce sales, together with the initial contribution from technical service income relating to the Target Group’s internet-hospital and online healthcare service platforms. Revenue further increased in 2024, primarily driven by (i) continued growth of health and wellness product sales and (ii) a substantial increase in service income from the internet-hospital and related online healthcare service platforms operated by Yinchuan Co, with technical service revenue increasing from approximately HK\$5.2 million in 2023 to approximately HK\$29.5 million in 2024.

For the eight months ended 31 August 2025, revenue decreased from approximately HK\$48.9 million for the corresponding period in 2024 to approximately HK\$26.0 million, representing a decrease of approximately 46.7%. This was mainly due to a decline in revenue from the internet-hospital business segment. During this period, the Target Group proactively

scaled back certain low-margin, high-cost online services and shifted resources to higher-value health-management and chronic-disease management services. In addition, as demand for internet medical services returned to more typical levels after the pandemic and regulatory and compliance requirements in the sector became more stringent, certain earlier services and pricing arrangements were adjusted or discontinued, resulting in a temporary drop in revenue during this transition. The Board considers these changes to be part of a planned shift in the internet-hospital business from a traffic-driven growth model to a more sustainable, value-driven service model focusing on core health-management services, and expects that, as the transition progresses, recurring income from core health-management services will provide a more stable foundation for future revenue and profit growth.

Cost of sales and gross profit

Cost of sales increased from approximately HK\$11.0 million in 2022 to approximately HK\$32.8 million in 2023 (an increase of approximately 197%), before decreasing to approximately HK\$27.9 million in 2024 (a decrease of about 15%), and amounted to approximately HK\$11.7 million for the eight months ended 31 August 2025 (a decrease of about 30.3% as compared with the corresponding period in 2024). Cost of sales mainly comprised cross-border and local procurement costs of health and wellness products, logistics and warehousing expenses and handling charges related to e-commerce platform operations. The increase in 2023 was primarily driven by higher sales volumes of health and wellness products through the Target Group's e-commerce channels. The subsequent decrease in 2024 and the eight months ended 31 August 2025 reflected the higher contribution from internet-hospital and related technical service income, which does not carry significant cost of sales as compared with product sales.

Gross profit increased from approximately HK\$4.2 million in 2022 to approximately HK\$26.5 million in 2023 (an increase of about 526%) and approximately HK\$49.5 million in 2024 (a further increase of about 87%), and amounted to approximately HK\$14.4 million for the eight months ended 31 August 2025 (a decrease of about 55.3% as compared with the corresponding period in 2024). The gross profit margin improved from approximately 27.7% in 2022 to approximately 44.6% in 2023 and approximately 64.0% in 2024, mainly due to the increasing proportion of revenue contributed by the Target Group's internet-hospital and related online healthcare services, which are service-based and generally carry lower direct costs, as well as an improved product mix in its healthcare business segment. For the eight months ended 31 August 2025, the gross profit margin was approximately 55.1%, lower than approximately 65.7% for the corresponding period in 2024, primarily because the revenue mix shifted towards healthcare business segment with higher cost of sales and the contribution from internet-hospital and related online healthcare services decreased as compared with the first half of 2024.

Segment information

The Target Group's principal operating segments are (i) healthcare business, which comprises the sale of health and wellness products through online and offline channels (including cross-border e-commerce), and (ii) technical services, which mainly relate to the operation of internet-hospital and other online medical service platforms.

Healthcare business segment

Revenue from the healthcare business increased from approximately HK\$14.8 million in 2022 to approximately HK\$54.0 million in 2023 (an increase of about 266%), mainly due to a significant increase in sales of Angong Niu Huang Wan (安宮牛黃丸), a well-known high-value TCM product, which contributed approximately HK\$22.8 million in 2023, together with the continued expansion of online sales channels and higher sales volumes of other health and wellness products. Segment revenue in 2024 decreased to approximately HK\$47.8 million (a decrease of about 11% as compared with 2023), mainly due to a decline in sales of Angong Niu Huang Wan (安宮牛黃丸) from approximately HK\$22.8 million in 2023 to approximately HK\$16.4 million in 2024, following an exceptionally strong sales performance in 2023. For the eight months ended 31 August 2025, segment revenue was approximately HK\$23.6 million, representing a decrease of about 17.1% from approximately HK\$28.5 million for the corresponding period in 2024, mainly due to decline in revenue from the continuing decline in sales of Angong Niu Huang Wan (安宮牛黃丸).

Internet hospital business segment (or technical services segment)

Revenue from the technical services segment, which mainly covers internet-hospital and related online medical service platforms, grew from approximately HK\$0.5 million in 2022 to approximately HK\$5.2 million in 2023 and further to approximately HK\$29.5 million in 2024, mainly driven by the overall growth in the Target Group's internet-hospital services, which included an increase in the volume of online consultation, follow-up and related health-management services provided to users and a broader range of service offerings available on its platforms. These services are reflected in the Target Group's financial statements with a relatively low level of cost of sales, as a significant portion of the related service costs is recorded as operating expenses rather than cost of sales. As a result, the increasing proportion of such service income helped the overall gross profit margin of the Target Group and supported the turnaround to profitability in 2024. For the eight months ended 31 August 2025, technical services revenue decreased to approximately HK\$2.4 million from approximately HK\$20.3 million for the corresponding period in 2024, mainly because the Target Group proactively scaled back certain low-margin, high-cost online services and shifted resources to higher-value health-management and chronic-disease management services. In addition, as demand for internet medical services returned to more typical levels after the pandemic and regulatory and compliance requirements in

the sector became more stringent, certain earlier services and pricing arrangements were adjusted or discontinued, resulting in a temporary drop in revenue during this transition. This also corresponded with the moderation of overall revenue noted above.

Overall impact of segment mix

From a market-conditions and product-strategy perspective, the Target Group has progressively broadened its health and wellness product portfolio while at the same time developing internet-hospital services such as online TCM consultation, remote follow-up and chronic-disease management packages. The evolution of the relative contribution of the healthcare and technical services segments has been a key driver of the changes in revenue, revenue mix and gross margin profile of the Target Group for each of the Reporting Periods.

Other income and gains

Other income of the Target Group mainly comprised interest income, government grants and sundry income, amounting to approximately HK\$81,000, HK\$629,000, HK\$726,000, HK\$477,000 and HK\$126,000 for 2022, 2023, 2024 and the eight months ended 31 August 2024 and 2025, respectively, representing less than about 2% of the Target Group's revenue for each of the periods indicated. In addition, the Target Group recorded other net gains/(losses) of approximately HK\$3.7 million, HK\$0.1 million, HK\$0.6 million, HK\$0.2 million and HK\$(0.7) million over the same periods, mainly arising from foreign exchange gains/(losses). Overall, other income and gains/(losses) did not constitute a principal source of revenue for the Target Group and their year-to-year fluctuations did not have a material impact on the Target Group's core operating performance.

Selling and marketing expenses

Selling and marketing expenses mainly comprised platform commissions, online advertising and promotion expenses, logistics and delivery charges, and staff costs for the sales and marketing teams. These expenses increased from approximately HK\$1.2 million in 2022 to approximately HK\$19.2 million in 2023 (an increase of about HK\$18.0 million, or over 14 times), and further to approximately HK\$37.3 million in 2024 (an increase of about HK\$18.1 million, or approximately 94.4%), mainly reflecting the Target Group's continued investment in online promotion, platform commissions and delivery costs to support the rapid expansion of its e-commerce and internet-hospital businesses.

For the eight months ended 31 August 2025, selling and marketing expenses decreased to approximately HK\$8.5 million from approximately HK\$24.0 million for the corresponding period in 2024 (a decrease of about HK\$15.6 million, or approximately 64.8%). This decrease was primarily due to a reduction in marketing and promotion expenses for the internet-hospital and related online healthcare services as service volumes and revenue decreased during the period.

General and administrative expenses

General and administrative expenses were approximately HK\$1.2 million, HK\$6.8 million and HK\$4.2 million for 2022, 2023 and 2024, respectively, and approximately HK\$3.0 million and HK\$3.7 million for the eight months ended 31 August 2024 and 2025, respectively. The increase from 2022 to 2023 (by about 4.5 times) was mainly due to the expansion of the Target Group's operations, including additional management and support staff, higher office and IT expenses and professional fees associated with the development of the e-commerce and internet-hospital platforms. The corresponding decrease in 2024 (by about 39%) reflected the Target Group's efforts to streamline certain administrative functions and tighten cost control while maintaining necessary support for its enlarged business scale. The increase for the eight months ended 31 August 2025 (by about 23% as compared with the corresponding period in 2024) was mainly attributable to continued investment in information systems and compliance-related professional fees.

Research and development expenses

Research and development expenses were approximately HK\$1.8 million, HK\$2.2 million and HK\$2.1 million for 2022, 2023 and 2024, respectively, and approximately HK\$1.5 million and HK\$1.3 million for the eight months ended 31 August 2024 and 2025, respectively. These expenses primarily related to the design, enhancement and optimisation of the Target Group's internet-hospital and related technology platforms. The overall trend reflected ongoing but disciplined investment in technology upgrades and new functionalities to support future business growth, while managing R&D spending at a relatively stable level.

Net impairment losses on financial assets

Net impairment losses on financial assets primarily represent expected credit loss provisions on trade receivables and other financial assets measured at amortised cost in accordance with HKFRS 9. During the Reporting Period, the Target Group recorded a net impairment loss of approximately HK\$6.0 million in 2022 (representing about 39% of its revenue for that year), mainly due to an impairment provision made in respect of certain receivables from a customer under its distribution business which had not been recovered. No material net impairment loss or reversal was recognised in 2023. In 2024, the Target Group recorded a net reversal of impairment losses of approximately HK\$2.6 million (representing about 3% of its revenue for that year), mainly as a result of the subsequent partial recovery of the other receivables for which impairment had been recognised in 2022. For the eight months ended 31 August 2024 and 2025, no net impairment losses or reversals were recognised. The Target Group continues to monitor the credit quality of its customers, places cash balances with reputable banks and financial institutions, and considers that it does not have significant concentrations of credit risk.

Finance costs

Finance costs of the Target Group during the Reporting Period mainly represented interest expenses on lease liabilities recognised under HKFRS 16. Such expenses increased from approximately HK\$8,000 in 2022 to approximately HK\$95,000 in 2023, and then decreased to approximately HK\$74,000 in 2024. For the eight months ended 31 August 2024 and 2025, finance costs amounted to approximately HK\$53,000 and HK\$27,000, respectively. The level and movement of finance costs primarily reflected changes in the average outstanding lease liabilities of the Target Group over the respective periods, and remained insignificant relative to the Target Group's total revenue and operating expenses.

(Loss)/profit before income tax

The Target Group recorded a loss before income tax of approximately HK\$2.3 million in 2022, which narrowed to a loss of approximately HK\$1.1 million in 2023 (a reduction of about 51%), and then turned around to a profit before income tax of approximately HK\$9.7 million in 2024. For the eight months ended 31 August 2024 and 2025, the Target Group recorded profit before income tax of approximately HK\$4.3 million and HK\$0.3 million, respectively. The losses in 2022 and 2023 were mainly attributable to the relatively small scale of operations during the early development stage, continued investments in online marketing, platform development and team build-up, and, in 2022, a net impairment loss of approximately HK\$6.0 million recognised in respect of certain long-outstanding trade receivables. The improvement to profit before income tax in 2024 was primarily driven by the increase in revenue and gross profit, in particular the higher contribution from internet-hospital and related online healthcare services and the absence of net impairment losses, partially offset by higher selling and administrative expenses incurred to support business growth. The lower profit before income tax for the eight months ended 31 August 2025, as compared with the corresponding period in 2024, mainly reflected the decrease in revenue and gross profit as income from internet-hospital and related online healthcare services declined, while operating expenses remained at a level necessary to support the Target Group's existing business scale.

Income tax expense/(benefit)

Income tax expense amounted to approximately HK\$0.08 million and HK\$0.03 million in 2022 and 2023, respectively, and turned to an income tax credit of approximately HK\$0.03 million in 2024. For the eight months ended 31 August 2024 and 2025, income tax expense amounted to approximately HK\$0.2 million and HK\$nil, respectively. The income tax expense/benefit primarily reflected PRC corporate income tax and Hong Kong profits tax calculated on the assessable profits of the relevant subsidiaries of the Target Group, taking into account the applicable preferential tax concessions for certain PRC entities as well as the utilisation of tax losses not previously recognised and non-taxable income items.

(Loss)/profit for the year/period

As a result of the above, the Target Group recorded net losses of approximately HK\$2.4 million and HK\$1.2 million for 2022 and 2023, respectively, before turning to a net profit of approximately HK\$9.7 million in 2024. For the eight months ended 31 August 2024 and 2025, the Target Group recorded net profit of approximately HK\$4.1 million and HK\$0.3 million, respectively. The narrowing of losses from 2022 to 2023 and the subsequent improvement to profitability in 2024 were mainly attributable to the scaling-up of the Target Group's health and wellness product and internet-hospital businesses, which led to higher revenue and an improved gross profit margin, together with more efficient cost management as the business expanded. The lower net profit for the eight months ended 31 August 2025 mainly reflected the reduction in profit before income tax discussed above, while income tax expense remained relatively insignificant.

Other comprehensive income and total comprehensive income

Other comprehensive income during the Reporting Period mainly represented exchange differences on translation of foreign operations. Such exchange differences amounted to approximately HK\$1.3 million, HK\$0.4 million and HK\$0.2 million for 2022, 2023 and 2024, respectively, and a loss of approximately HK\$0.06 million and HK\$0.2 million for the eight months ended 31 August 2024 and 2025, respectively, primarily due to movements in exchange rates between Renminbi and Hong Kong dollars. Taking into account the net (loss)/profit for the year/period and the above exchange differences, the Target Group's total comprehensive (loss)/income amounted to approximately HK\$(1.1) million, HK\$(0.7) million and HK\$9.9 million for 2022, 2023 and 2024, respectively, and approximately HK\$4.0 million and HK\$0.2 million for the eight months ended 31 August 2024 and 2025, respectively.

Capital expenditure

The Target Group's capital expenditure mainly related to leasehold improvements for its leased premises, and purchases of office and computer equipment in support of its e-commerce and internet-hospital operations. Payments for property, plant and equipment were approximately HK\$102,000, HK\$406,000, nil and HK\$5,000 for the years ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025, respectively, as shown in the combined statements of cash flows of the Target Group as shown in the Accountants' Report as set out in Appendix II to this circular. Overall, the level of capital expenditure remained modest relative to the scale of the Target Group's operations, and no major capital-intensive projects were undertaken during the Reporting Period.

Liquidity, financial resources and capital structure

The Target Group recorded net cash outflows from operating activities of approximately HK\$56.0 million and HK\$7.3 million in 2022 and 2023, respectively, mainly due to operating losses and working capital requirements during the initial ramp-up phase of the e-commerce and internet-hospital businesses. In 2024, it recorded a net cash inflow from operating activities of approximately HK\$30.5 million, reflecting improved profitability and more favourable working capital movements (including higher trade payables and contract liabilities). For the eight months ended 31 August 2025, it recorded a net cash outflow from operating activities of approximately HK\$20.5 million, primarily due to settlement of trade payables and increased working capital needs as the business continued to expand.

Net cash used in investing activities was relatively small, amounting to approximately HK\$0.1 million, HK\$0.4 million and nil for 2022, 2023 and 2024, respectively, and net cash generated from investing activities of approximately HK\$24,000 for the eight months ended 31 August 2025, primarily representing small proceeds from disposal of property, plant and equipment, net of insignificant purchases.

Net cash flows from financing activities mainly represented movements in amounts due to the immediate holding company and fellow subsidiaries, lease payments and deemed distributions to the immediate holding company. The Target Group recorded net cash inflows from financing activities of approximately HK\$62.2 million and HK\$14.6 million in 2022 and 2023, respectively, mainly arising from advances provided by the immediate holding company and fellow subsidiaries to fund business expansion and working capital. In 2024 and the eight months ended 31 August 2024 and 2025, the Target Group recorded net cash outflows from financing activities of approximately HK\$6.8 million, HK\$1.6 million and HK\$13.4 million, respectively, primarily due to repayments of amounts due to the immediate holding company and fellow subsidiaries and deemed distributions, partly offset by ongoing funding support.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group's cash and cash equivalents amounted to approximately HK\$18.3 million, HK\$25.3 million, HK\$48.7 million and HK\$15.0 million, respectively, mainly comprising cash at banks and short-term deposits. The Target Group did not have any bank borrowings during the periods indicated. Its capital structure primarily consisted of share capital and reserves (or capital deficiencies), together with interest-free, unsecured amounts due to the immediate holding company and related parties and lease liabilities arising from office premises.

Gearing ratio

As at 31 December 2022, 2023 and 2024, and 31 August 2025, the Target Group did not have any outstanding debt (including bank borrowings and notes payable) and accordingly the Target Group did not have any gearing ratio for each of the Reporting Periods.

Net liabilities and capital deficiency

As at 31 December 2022, 2023 and 2024, the Target Group had combined total assets of approximately HK\$39.7 million, HK\$36.9 million and HK\$62.0 million and combined net liabilities of approximately HK\$114.5 million, HK\$137.7 million and HK\$128.8 million, respectively. As at 31 August 2025, the Target Group had combined total assets of approximately HK\$27.1 million and combined net liabilities of approximately HK\$128.6 million.

The net liabilities position mainly reflected capital deficiencies arising from accumulated losses and the use of interest-free, unsecured advances from the immediate holding company and fellow subsidiaries as a principal source of funding. In preparing the combined historical financial information of the Target Group as set out above, the going-concern basis is adopted after taking into account (i) the undertaking of the existing immediate holding company to provide continuing financial support to enable the Target Group to meet its obligations and to continue its operations up to the completion of the Acquisition; and (ii) the Company's undertaking, upon becoming the immediate holding company of the Target Company, to provide ongoing financial support to the Target Group for at least twelve months after completion of the Acquisition.

Significant investments, material acquisitions and disposals

As part of the internal reorganisation of the Vendor Group, in October 2025, the entire equity interests in Beijing Co were transferred from HK Co to a Hong Kong company under the common control of Cayman Co. In the same month, the entire equity interests in Hangzhou Co were transferred from HK Co to a Hong Kong company under the common control of Cayman Co.

Beijing Co and Hangzhou Co primarily focus on product development and customised health food formulations for the PRC domestic market, working with upstream manufacturers to design and procure bespoke health and wellness products for sale under the Vendor Group's domestic brands through membership-based and other sales channels. The above companies will therefore be retained by the Vendor Group following Completion and are excluded from the Target Group. The Acquisition is focused on the Target Group's cross-border e-commerce and internet-hospital platform businesses, which align with the Group's digital healthcare strategy as described in the section headed "B. MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition" in this circular.

Other than the corporate reorganisation of the Vendor Group as described above, the Target Group did not have any significant investments or material acquisitions or disposals of subsidiaries or affiliated companies during the Reporting Period and up to the Latest Practicable Date.

Charges on assets

The Target Group did not have any material charges on its assets during each of the Reporting Periods.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 August 2025, the Target Group did not have any contingent liabilities.

Foreign exchange risk

The Target Group's operations are primarily carried out in the PRC and Hong Kong and its revenue and major costs are mainly denominated in Renminbi and Hong Kong dollars. During the Reporting Period, the Target Group did not enter into any foreign exchange hedging arrangements and managed its foreign currency exposure through regular monitoring of its currency risk profile.

Employees and remuneration policy

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group had 7, 7, 10 and 11 employees, respectively. The staff costs of the Target Group, including directors' remuneration, primarily comprised salaries, allowances, discretionary bonuses and contributions to defined contribution retirement schemes.

The Target Group's remuneration policy is determined with reference to individual performance, responsibilities, qualifications and experience, as well as prevailing market conditions. The Target Group also provides on-the-job training to its employees to enhance their technical knowledge and service quality. The Target Group did not maintain any share option scheme or other share-based incentive scheme during the Reporting Period.

Future plans and prospects

Looking forward, the Target Group intends to continue expanding its health and wellness product portfolio and optimising its presence on major e-commerce platforms, while further enhancing the service offerings and technology capabilities of its internet-hospital platform. Management will focus on deepening the integration between product sales and online healthcare services, improving user experience and customer retention, and strengthening cost control and working capital management, with a view to improving profitability and supporting the long-term development of the Enlarged Group's digital healthcare business following Completion.

Introduction to the Pro forma financial information

In connection with the acquisitions of 100% equity interest in Top Eminent II Limited (the “**Target Company**”) (the “**Acquisition**”), the unaudited pro forma statement of assets and liabilities of the Enlarged Group (as defined in this Circular) has been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Rules governing the Listing of the Securities on the Stock Exchange of Hong Kong Limited and is solely for the purpose to illustrate the effect of the Acquisition on the Group’s assets and liabilities as at 30 June 2025 as if the Acquisition had been completed on 30 June 2025.

The unaudited pro forma financial information has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the published unaudited condensed consolidated financial statements for the six months period ended 30 June 2025 (the “**Interim Report**”) and the audited combined financial information of the Target Company and its subsidiaries (collectively referred to as the “**Target Group**”) as set out in the Accountants’ Report of the Target Group in Appendix II to this Circular, after giving effects to the pro forma adjustments relating to the Acquisition that are factually supportable and directly attributable to the Acquisition described in the notes below.

The unaudited pro forma financial information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the unaudited pro forma financial information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2025. Neither does the unaudited pro forma financial information purports to predict the future financial position of the Enlarged Group.

The unaudited pro forma financial information should be read in conjunction with the published financial information of the Group, the audited combined financial information of the Target Group as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

**1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE ENLARGED GROUP**

	The Group as	The Target	Pro forma adjustments			The Enlarged	
	at 30 June	Group as at 31				Group as at 30	
	2025	August 2025	HK\$'000	HK\$'000	HK\$'000	HK\$'000	June 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
ASSETS							
Non-current assets							
Property, plant and equipment	69	124			(44)		149
Right-of-use assets	-	678					678
Intangible assets	-	1,204			22,980		24,184
Goodwill	-	-			130,333		130,333
	<u>69</u>	<u>2,006</u>					<u>155,344</u>
Current assets							
Inventories	17,239	5,116			(2)		22,353
Trade receivables	28,838	854					29,692
Other receivables, prepayments and deposits	1,239	4,161					5,400
Tax prepayment	258	-					258
Cash and bank balances and client trust bank balances	<u>218,597</u>	<u>14,984</u>			(100,300)	(2,531)	<u>130,750</u>
	<u>266,171</u>	<u>25,115</u>					<u>188,453</u>
Total assets	<u><u>266,240</u></u>	<u><u>27,121</u></u>					<u><u>343,797</u></u>
LIABILITIES							
Non-current liabilities							
Lease liabilities, non-current	-	75					75
Deferred tax liabilities	-	-			5,733		<u>5,733</u>
	<u>-</u>	<u>75</u>					<u>5,808</u>
Current liabilities							
Trade and other payables	16,907	13,733					30,640
Clients' balances	1,087	-					1,087
Contract liabilities	-	3,769					3,769
Amount due to the immediate holding company	-	64,147	(64,147)				-
Amounts due to related parties	-	73,474		(17,247)			56,227
Lease liabilities, current	<u>-</u>	<u>551</u>					<u>551</u>
	<u>17,994</u>	<u>155,674</u>					<u>92,274</u>
Total liabilities	<u><u>17,994</u></u>	<u><u>155,749</u></u>					<u><u>98,082</u></u>
Net assets/(liabilities)	<u><u>248,246</u></u>	<u><u>(128,628)</u></u>					<u><u>245,715</u></u>

Notes:

- (1) The unaudited consolidated statement of financial position of the Group as at 30 June 2025 is extracted from the published interim condensed consolidated statement of financial position of the Group for the six months ended 30 June 2025.
- (2) The combined statement of financial position of the Target Group as at 31 August 2025 is extracted from the accountant's report of the Target Group as set out in Appendix II to this Circular. For the purpose of preparing the unaudited pro forma financial information, the Acquisition is assumed to have been completed on 30 June 2025. No adjustment has been made to the assets and liabilities of the Target Group to reflect the difference between 30 June 2025 and 31 August 2025, as the directors consider that such difference is not material and the business of the Target Group is not subject to material seasonal fluctuation.
- (3) The adjustments represent settlement of the amount due to the immediate holding company of approximately HK\$64.1 million before the completion of the Acquisition. The immediate holding company assigned its right to the amount due from the Target Group of approximately HK\$64.1 million to its wholly owned subsidiary (the "Assignee"). The Target Company settled this entire amount due to the Assignee through issuance of 10,100 shares of the Target Company to the Assignee. The settlement of amount due to the immediate holding company involves no actual cash out flow.
- (4) The adjustment represents a pre-completion dividend of RMB15.8 million (equivalent to HK\$17.2 million) to be declared by a subsidiary of the Target Company that was excluded from the Acquisition which is settled through a debit to the amounts due to related parties prior to completion of the Acquisition. The translation of Renminbi amounts into Hong Kong dollars was at the rate of RMB1.00 to HK\$1.09. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.
- (5) The adjustments represent the acquisition of the entire share capital of the Target Company at the consideration of approximately HK\$100.3 million. For the purpose of preparing the pro forma financial information, the Acquisition is assumed to have been completed on 30 June 2025, and the consideration is assumed to be settled by cash and bank balances of the Group.

The Acquisition is accounted for as an acquisition of business. Accordingly, identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at their fair values under the acquisition method of accounting in accordance with International Financial Reporting Standard 3 (Revised) "Business Combinations".

For the purpose of the unaudited pro forma financial information of the Enlarged Group, the allocation of the purchase consideration is determined based on the estimates of the fair values of the identifiable assets and liabilities of the Target Group made by the directors of the Company, and by reference to a valuation report issued by BonVision International Appraisals Limited, an independent qualified valuer, using the financial information of the Target Group as at 31 August 2025. No adjustment has been made to reflect the changes in the assets and liabilities of the Target Group between 30 June 2025 and 31 August 2025, as such changes are not material and the Target Group does not have material seasonal business patterns.

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The recognition of goodwill on Acquisition is as follows:

	<i>Notes</i>	HK\$'000
Cash consideration	<i>(a)</i>	100,300
Less: Net identifiable assets acquired:	<i>(b)</i>	
Net liabilities of the Target Group		(47,234)
Fair value adjustments on intangible assets		22,980
Fair value adjustments on property, plant and equipment		(44)
Fair value adjustments on inventories		(2)
Effect of deferred tax liabilities		(5,733)
Net Identifiable assets acquired		<u>(30,033)</u>
Goodwill arising from the Acquisition		<u><u>130,033</u></u>

(a) Pursuant to Sale and Purchase Agreement, the cash consideration for the Acquisition amounted to HK\$100,300,000.

(b) Fair value of the identifiable assets acquired and liabilities assumed of the Target Group are as follows:

	<i>Notes</i>	Carrying amount	Adjustment	Net identifiable assets acquired
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	<i>(i)</i>	124	(44)	80
Right-of-use assets		678		678
Intangible assets	<i>(ii)</i>	1,204	22,980	24,184
Inventories	<i>(iii)</i>	5,116	(2)	5,114
Trade receivables		854		854
Other receivables, prepayments and deposits		4,161		4,161
Cash and cash equivalents		14,984		14,984
Lease liabilities		(626)		(626)
Trade and other payables		(13,733)		(13,733)
Contract liabilities		(3,769)		(3,769)
Amounts due to related parties		(56,227)		(56,227)
Deferred tax liabilities	<i>(ii)</i>	<u>-</u>	<u>(5,733)</u>	<u>(5,733)</u>
Net liabilities		<u>(47,234)</u>	<u>17,201</u>	<u>(30,033)</u>

(i) This represents fair value adjustment for the Target Group's property, plant and equipment, which amounted to approximately HK\$44,000.

(ii) This represents fair value adjustment for the Target Group's business license, which amounted to approximately HK\$22,980,000.

(iii) This represents fair value adjustment for the Target Group's inventories, which amounted to approximately HK\$2,000.

- (iv) Deferred tax liabilities amounting to approximately HK\$5,733,000 on the fair value adjustment on the intangible assets, property, plant and equipment and inventories are calculated at the applicable People's Republic of China enterprise income tax rate of 25%.

For the purpose of preparing the unaudited pro forma financial information, fair values of the identifiable assets and liabilities of the Target Group as at 31 August 2025 were used to determine the goodwill of the Acquisition. The fair values of identifiable assets and liabilities of the Target Group are subject to change upon completion of the valuation of the fair value of identifiable assets and liabilities of the Target Group at the date of completion. Consequently, the resulting goodwill, the actual allocation of purchase price at the date of completion will likely result in different amounts than those stated in this pro forma financial information.

- (6) The adjustment represents the settlement of the estimated transaction costs of approximately HK\$2.53 million, which are mainly professional fees in connection with the Acquisition, by cash and bank balances.



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors
Top Eminent Healthcare Group Limited
Suite 5406, 54/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Top Eminent Healthcare Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), and Top Eminent II Limited and its subsidiaries (the “**Target Group**”) (collectively the “**Enlarged Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and related notes as set out on pages IV-1 to IV-5 of Appendix IV of the Company’s circular dated 27 February 2026 the “**Circular**”) in connection with the proposed acquisition of the Target Group (the “**Acquisition**”) by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Acquisition on the Group’s financial position as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2025 as set out in the interim report of the Company dated 11 August 2025, on which no auditor’s report or review report have been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 1 January 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

IP Ka Ming

Practising Certificate no. P08322

Hong Kong

27 February 2026

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular dated 27 February 2026, received from BonVision International Appraisals Limited, an independent valuer, in connection with its business valuation of 100% equity interest in Top Eminent II Limited and its subsidiaries as at 31 August 2025 (the “Date of Valuation”).



**Room 1205-06, 12/F, Tai Yau Building,
181 Johnston Road, Wan Chai, Hong Kong
Phone: (852) 2916 2188
Email: info@bonvision.com**

27 February 2026

Top Eminent Healthcare Group Limited

Suite 5406, 54/F,
Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong

Dear Sir/Madam,

Re: Business Valuation in relation to 100% Equity Interest in Top Eminent II Limited and its subsidiaries

In accordance with the instructions from Top Eminent Healthcare Group Limited (hereinafter referred to as the “**Company**”) to us to conduct a business valuation in relation to 100% equity interest in Top Eminent II Limited and its subsidiaries (hereinafter collectively referred to as the “**Business Enterprise**”). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our valuation as at 31 August 2025 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, economic overview, industry overview, overview of the Business Enterprise, basis of valuation, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and presents our opinion of value.

1. PURPOSE OF VALUATION

This valuation report has been prepared exclusively for the use of the directors and management of the Company. Additionally, BonVision International Appraisals Limited (hereinafter referred to as “**BVIA**”) acknowledges that this report may be made available to the Company for public documentation purpose.

BVIA does not assume any responsibility beyond the Company for the contents of this report. If any other parties choose to rely on the information and findings presented in this report, they do so entirely at their own risk and BVIA bears no liability for such third-party usage.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the “**Management**”).

In preparing this report, we have undertaken the necessary steps to facilitate the valuation for the Business Enterprise. We have engaged in detailed discussions with the Management. We have coordinated with the Company’s representatives to obtain all the required information and supporting documents pertaining to the Business Enterprise. We have conducted market research on comparable companies and performed data analysis on the market trends.

Based on the research and information, we have selected an appropriate valuation method to conduct the valuation of the Business Enterprise and compiled this report.

3. ECONOMIC OVERVIEW

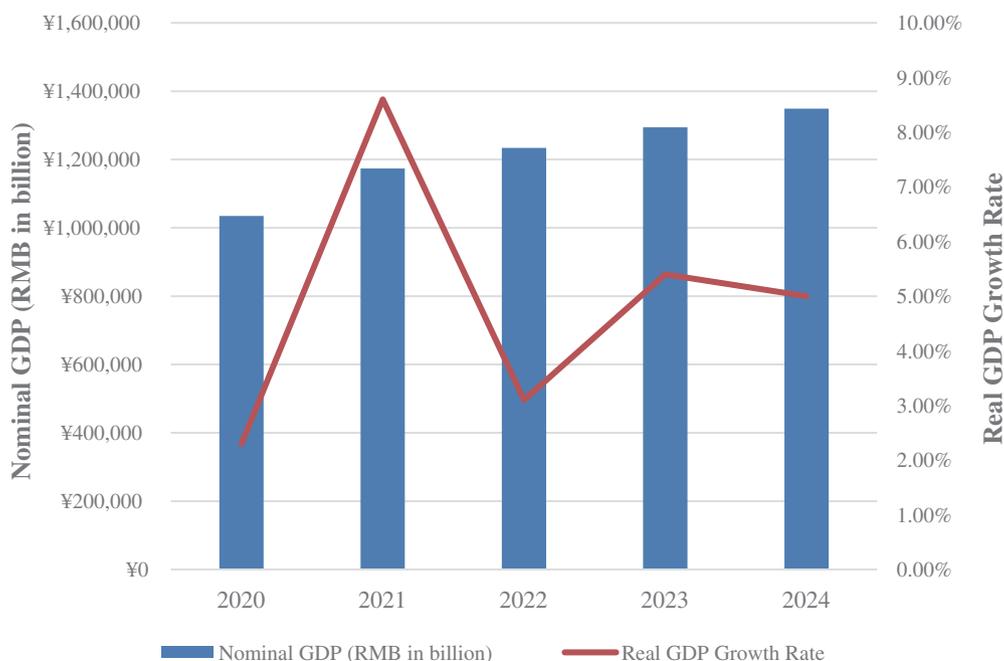
As the world’s second largest economy, the development in the People’s Republic of China (“**China**” or “**PRC**”) has significant implications for businesses, investors, and policymakers worldwide. This overview will delve into key aspects of China’s economy, including Gross Domestic Product (“**GDP**”) growth and inflation levels measured by the Consumer Price Index (“**CPI**”).

3.1 Gross Domestic Product of China

China’s economy has been characterized by rapid growth in recent decades. According to the International Monetary Fund, China’s real GDP grew at an average annual rate of 5.8% from 2015 to 2024, surpassing the global average of 3.15%. This remarkable growth was primarily driven by domestic consumption, infrastructure investment, and exports.

In recent years, due to factors such as the COVID-19 pandemic and mounting geopolitical tensions, China’s GDP growth rate has followed a clear downward trend. As shown in Figure 1, which presents China’s nominal GDP and real GDP growth rates from 2020 to 2024, growth plummeted in 2022 but has since stabilized at a steady real rate of approximately 5%. According to the National Bureau of Statistics of China, the economy expanded from RMB 129 trillion in 2023 to RMB 135 trillion in 2024.

Figure 1 – GDP and Growth Rates of China from 2020 to 2024

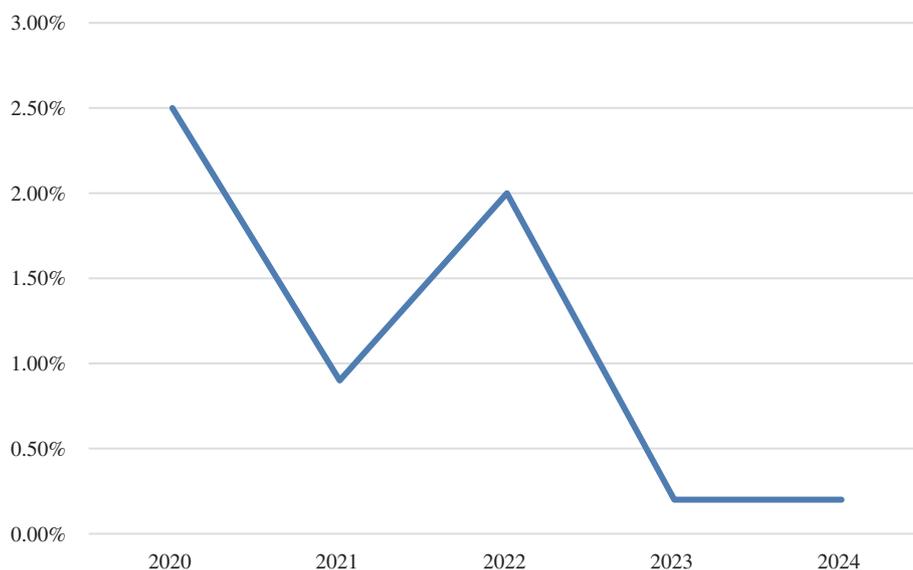


Source: National Bureau of Statistics of China & International Monetary Fund

3.2 Inflation in China

In China, the CPI serves as a crucial indicator of price stability and the overall cost of living. From 2015 to 2024, China experienced moderate inflation, typically ranging between 1% and 3%, with an average of 2%.

Since 2020, China's CPI has exhibited significant volatility. Following a sharp contraction in 2021 and a notable rebound in 2022, annual CPI growth has remained persistently low, staying below 1%. Amid the lingering effects of the COVID-19 pandemic and increasingly complex geopolitical environment, Chinese policymakers have introduced a range of measures to bolster domestic demand and stabilize price levels. These initiatives have produced gradual but limited success, supporting a modest recovery in consumer inflation. According to the National Bureau of Statistics of China, headline CPI inflation returned to positive territory, recording an annual increase of approximately 0.2% in 2023 and a similar year-on-year rise of around 0.2% in 2024. Figure 2 illustrates CPI of China from 2020 to 2024.

Figure 2 – Consumer Price Index of China from 2020 to 2024

Source: National Bureau of Statistics of China

3.3 Structural Reforms and Shift to Quality Future Growth

Apart from impact of the pandemic and geopolitical affairs, China has embarked on a path of economic transformation, transitioning from a model driven by investment and exports to one that prioritizes quality future growth, consumption, and innovation, with a promising future. This transition is part of the effort to achieve sustainable and balanced economic development. To facilitate this shift, China has implemented a range of structural breakdowns and reforms, including the reduction of excess industrial capacity, the enhancement of the role of market forces in resource allocation, and the promotion of innovation and technological advancements. These reforms are aimed at fostering a more efficient and dynamic economy that is less dependent on traditional industries and more focused on innovation and domestic consumption as key drivers of future growth.

4. INDUSTRY OVERVIEW

4.1 Internet Hospital

Internet hospital is a digital medical institution that delivers healthcare services entirely online. It enables patients to consult doctors, receive diagnoses, obtain electronic prescriptions, and manage follow-up care without ever visiting a physical facility. In the Chinese market, internet hospitals are regulated under the 《互聯網醫院管理辦法(試行)》 and are classified into two main types: entity-based and platform-hosted. The entity-based model is established by a physical medical institution to extend its medical services online, while the platform-hosted model is set up by a third party in cooperation with a physical medical institution, primarily serving as an intermediary platform. Both models ensure that the internet hospital is linked to a licensed physical hospital, thereby guaranteeing accountability and continuity of care.

4.1.1 Growth of the Internet Hospital in China

In alignment with the State Council’s policies to promote the integration of internet technology and healthcare, as outlined in the “Healthy China 2030” blueprint and broader healthcare system reforms, demand for internet hospitals in China has grown significantly in recent years. The COVID-19 pandemic accelerated this trend, prompting wider use of internet hospitals, especially for chronic disease follow-ups and non-urgent consultations. Advances in big data and artificial intelligence have improved the accessibility and efficiency of medical information, contributing to more streamlined diagnostic and treatment processes. With continued government support and increasing public and professional exposure to online medical services, internet hospitals have expanded rapidly and become more structured. As supporting technologies mature, these platforms are gradually gaining broader acceptance and are viewed by many as an important direction for future healthcare delivery in China.

4.1.2 Regulatory Supervision on Internet Hospital

Internet hospitals in China are governed by three key regulations: 《互聯網診療管理辦法(試行)》, 《互聯網醫院管理辦法(試行)》, and 《遠程醫療服務管理規範(試行)》. These regulations aim to standardize remote medical consultations while improving the efficiency and quality of healthcare services. An internet hospital must be established by or co-operated with a licensed physical medical institution that holds a valid 《醫療機構執業許可證》. For prescription-related activities, internet hospitals are required to comply with the 《處方管理辦法》. Only prescriptions electronically signed by qualified and registered physicians can be used for subsequent medication dispensing and delivery, thereby facilitating a more streamlined end-to-end treatment process.

4.2 Nutritional Supplement Distribution Service

The distribution of medical and nutritional supplements in China encompasses the supply chain for over-the-counter (OTC) pharmaceuticals and health foods/dietary supplements, including Chinese herbal supplements. This sector bridges traditional pharmaceutical logistics with e-commerce-driven consumer health, serving a population increasingly focused on preventive care amid an aging demographic and post-COVID health consciousness. Distribution services involve wholesalers, pharmacies, online platforms, and direct-to-consumer models, with e-commerce now accounting for about half of sales.

4.2.1 Growth of the Nutritional Supplement Distribution Service

The medical and nutritional supplement distribution sector in China is currently in a phase of strong growth, driven by rising health awareness, an aging population, and the shift toward preventive care under the “Healthy China 2030” initiative. E-commerce has become the dominant channel, now accounting for over half of sales through platforms, while traditional pharmacies are adapting via online-to-offline models. Consumer preferences are moving toward functional products such as probiotics, immunity boosters, and beauty-from-within supplements, with imported brands retaining strong trust. Recent regulatory updates emphasize safety, traceability, and clearer boundaries between health foods and medicines, supporting continued orderly expansion of both domestic and cross-border distribution.

5. OVERVIEW OF THE BUSINESS ENTERPRISE

The core business activities of the Business Enterprise are conducted through its subsidiaries, which primarily engage in internet hospital and overseas branded nutritional supplements distribution service in China. In the internet hospital segment, the Business Enterprise leverages advanced data collection technologies to deliver personalized healthcare services. The internet hospital combines preventive medicine, traditional Chinese medicine (TCM), and Western medicine within a unified ecosystem, offering comprehensive services such as health consultation, online diagnosis, pharmaceutical support, and health insurance. The online platform facilitates direct interaction between patients and medical specialists, and AI-driven smart diagnostic devices enable remote consultation with traditional Chinese medicine specialists. It offers extensive collaboration with general, specialty, and community traditional Chinese medicine clinics to deliver remote medical service. In the supplement distribution segment, it offers comprehensive support in global logistics and engages in e-commerce marketing campaigns for branded products, including dietary supplements, proprietary Chinese medicines and other healthcare products, in Hong Kong and Mainland China. Acting principally as a holding entity, the Business Enterprise deploys capital, executes strategic investments, and provides management oversight and operational support to its subsidiaries within the Chinese healthcare sector.

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2024, **market value** is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

7. VALUATION METHODOLOGY

There are three well-established approaches that can be used to determine the market value of the Business Enterprise: the Market-Based Approach, the Income-Based Approach, and the Asset-Based Approach. The appropriateness of each approach depends on the specific circumstances and the nature of the business entity being valued.

Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm’s length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm’s length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalising the economic benefits to be received in the next period at an appropriate capitalisation rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (“**equity and long term debt**”). Under the Asset-Based Approach, the market value of equity of a business entity refers to the market values of various assets and liabilities on the statement of financial position of the business entity as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

Selection of Valuation Approach

In the process of valuing the Business Enterprise, we have taken into account the Business Enterprise’s operations, financial information, and the nature of the business.

The Income-Based Approach was not adopted because the Management was unable to provide a financial forecast beyond one year along with a concrete business plan. Making numerous assumptions would have been necessary, which could have significantly influenced the valuation outcome. The Asset-Based Approach was not chosen, as it would not have captured the future earnings potential of the business and, therefore, could not accurately reflect the market value.

Consequently, we have decided to adopt the Market-Based Approach to arrive at the market value of the 100% equity interest in the Business Enterprise. Under this approach, we had to determine the appropriate valuation multiples of comparable companies, considering price-to-book (P/B) ratio, price-to-sales (P/S), price-to-earnings (P/E), and enterprise value-to-sales (EV/S) multiples.

The P/B multiple was not adopted, as it would not have captured the future earnings potential of the Business Enterprise. The P/E multiple was also not selected given the Business Enterprise was merely breakeven for the 2 operation segments. We considered adopting the EV/S multiple to calculate the market value of the Business Enterprise as the revenue is predominantly derived from the internet hospital and distribution segments. While the comparable companies exhibit varying levels of indebtedness, we have elected to adopt the Enterprise Value to Sales (EV/S) multiple rather than the Price to Sales (P/S) multiple to account for the differences in capital structure across the peer group. The EV/S multiple considers the capital structure of the Business Enterprise by incorporating adjustments for cash, debt, net debt and other non-operating assets and liabilities.

Comparable Companies

We adopted several listed companies with similar business nature and operations similar to those of the Business Enterprise as comparable companies.

Internet Hospital Segment

The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are listing in Hong Kong and PRC;
- The companies are primarily engaged in internet and cloud hospitals, and online medical consultation services;
- The companies are primarily engaged in telehealth, and telemedicine services through the online medical platform;
- The companies have over 50% revenue from China;
- The companies have sufficient operating histories; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description
Xikang Cloud Hospital Holdings Inc.	SEHK:9686	Hong Kong	Xikang Cloud Hospital Holdings Inc., an investment holding company, primarily provides cloud hospital platform services in PRC and internationally.
Ping An Healthcare and Technology Company Limited	SEHK:1833	Hong Kong	Ping An Healthcare and Technology Company Limited, together with its subsidiaries, operates an online healthcare services platform in China.
Longmaster Information & Technology Co., Ltd.	SZSE:300288	China	Longmaster Information & Technology Co., Ltd. operates as an Internet medical company in China.

Source: S&P Capital IQ.

The major business segment and geographical segment of the comparable companies were listed as below:

Company Name	Major Business Segment	Major Geographical Segment
Xikang Cloud Hospital Holdings Inc.	Health Management Services – 45.6%	China
Ping An Healthcare and Technology Company Limited	Health Services – 49.0%	China
Longmaster Information & Technology Co., Ltd.	Medical Services – 57.04%	China

Source: S&P Capital IQ.

The financial information of the comparable companies was listed as below:

Company Name	Revenue <i>HKD mil'</i>	Net Income <i>HKD mil'</i>	Debt <i>HKD mil'</i>	Net Profit Margin %	Debt/Total Assets %
Xikang Cloud Hospital Holdings Inc.	544	(90)	612	(16.56%)	45.64%
Ping An Healthcare and Technology Company Limited	5,215	88	59	1.69%	0.33%
Longmaster Information & Technology Co., Ltd.	411	(555)	28	(135.09%)	2.01%

Source: S&P Capital IQ.

The EV/S multiple of the internet hospital segment comparable companies were listed as below:

Company Name	Stock Code	EV/S Multiple
Xikang Cloud Hospital Holdings Inc.	SEHK:9686	1.19
Ping An Healthcare and Technology Company Limited	SEHK:1833	6.33
Longmaster Information & Technology Co., Ltd.	SZSE:300288	14.34
	Average (Rounded)	7.29

The EV/S multiple adopted was the average of the EV/S multiples of the above comparable companies as at the Date of Valuation as extracted from S&P Capital IQ.

Nutritional Supplement Distribution Service Segment

The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are listing in Hong Kong;
- The companies are primarily engaged in nutritional supplement distribution services;
- The companies have major operation in nutritional supplement distribution services among all operating segments and with over 50% revenue from China and Hong Kong;
- The companies are not engaging in the manufacturing process, and are not primarily focus in cosmetic and beauty products;
- The companies have sufficient operating histories; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description
Numans Health Food Holdings Co., Ltd.	SEHK:2530	Hong Kong	Numans Health Food Holdings Company Limited, an investment holding company, engages in the marketing, sale, and distribution of nutritional products in the People's Republic of China.
Herbs Generation Group Holdings Limited	SEHK:2593	Hong Kong	Herbs Generation Group Holdings Limited engages in the development, marketing, and sale of health supplements, cosmetics, and skincare products in Hong Kong.
Ausupreme International Holdings Limited	SEHK:2031	Hong Kong	Ausupreme International Holdings Limited, an investment holding company, engages in the retail and wholesale of health and personal care products in Hong Kong, Mainland China, Macau, and Singapore.

Company Name	Stock Code	Listing Location	Business Description
Tycoon Group Holdings Limited	SEHK:3390	Hong Kong	Tycoon Group Holdings Limited, an investment holding company, distributes and retails a suite of health and well-being related products in Mainland China, Hong Kong, Macau, Singapore, Malaysia, and internationally.

Source: S&P Capital IQ.

The major business segment and geographical segment of the comparable companies were listed as below:

Company Name	Major Business Segment	Major Geographical Segment
Numans Health Food Holdings Co., Ltd.	Sale of Algal Oil DHA Products – 96.1%	China
Herbs Generation Group Holdings Limited	Sale of Health Supplements – 100%	Hong Kong
Ausupreme International Holdings Limited	Health Supplement Products – 95.4%	Hong Kong
Tycoon Group Holdings Limited	Health Supplements Distribution – 79.9%	Hong Kong

Source: S&P Capital IQ.

The financial information of the comparable companies was listed as below:

Company Name	Revenue	Net Income	Debt	Net Profit Margin	Debt/Total Assets
	<i>HKD mil'</i>	<i>HKD mil'</i>	<i>HKD mil'</i>	<i>%</i>	<i>%</i>
Numans Health Food Holdings Co., Ltd.	301	81	5	26.99%	1.07%
Herbs Generation Group Holdings Limited	245	13	32	5.28%	13.31%
Ausupreme International Holdings Limited	270	28	20	10.35%	8.96%
Tycoon Group Holdings Limited	876	3	331	0.37%	32.91%

Source: S&P Capital IQ.

The EV/S multiple of the nutritional supplement distribution service segment of comparable companies were listed as below:

Company Name	Stock Code	EV/S Multiple
Numans Health Food Holdings Co., Ltd.	SEHK:2530	0.62
Herbs Generation Group Holdings Limited	SEHK:2593	0.51
Ausupreme International Holdings Limited	SEHK:2031	0.83
Tycoon Group Holdings Limited	SEHK:3390	0.75
	Average (Rounded)	0.68

The EV/S multiple adopted was the average of the EV/S multiples of the above comparable companies as at the Date of Valuation as extracted from S&P Capital IQ.

7.1 Business Valuation Details

We obtained the market value of the Business Enterprise as at 31 August 2025 by applying the average EV/S multiple to the revenues of the 2 segments. We applied the annualized revenue HKD9,734,352 from the internet hospital segment and HKD28,522,021 from the distribution segment of the Business Enterprise based on the financial performance of first 8-month of 2025. The market value of the Business Enterprise was then arrived by applying the control premium, and adjusting with the net cash or debt, and the marketability discount.

Segmented financial performance of the Business Enterprise were listed as below:

Internet Hospital Segment

	Jan 2025-Aug 2025 HKD	Annualised Figures HKD
Revenue	6,489,568	9,734,352
EBITDA	145,201	217,802
EBIT	145,201	217,802
Net Profit	147,475	221,212

Nutritional Supplement Distribution Service Segment

	Jan 2025-Aug 2025 HKD	Annualised Figures HKD
Revenue	19,014,681	28,522,021
EBITDA	(672,227)	(1,008,342)
EBIT	(672,227)	(1,008,342)
Net Profit	325,695	488,542

Surplus Cash and Lease Liabilities

The enterprise value produced by a market multiple reflects the value of a company's operating business to all capital providers. To determine the value attributable to shareholders, non-operating assets such as surplus cash must be added and financial obligations such as debt, lease liabilities and other claims must be subtracted. These adjustments convert the multiple-based enterprise value into an equity value and ensure the valuation reflects the actual residual amount available to shareholders rather than the operating business value.

Control Premium

As we are considering the market value of the Business Enterprise from the perspective of controlling interest, the median control premium for 2025 1st Quarter of 39.00% has been adopted in calculating the equity value of the Business Enterprise to reflect the higher premium amount a buyer is willing to pay in excess of the fair market value of shares of the Business Enterprise in order to gain controlling ownership interest with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

The equity control premium reported in the Mergerstat Control Premium Study is appropriate as the adopted control premium since it is derived from a large, continuously updated sample of completed transactions and provides transaction-level detail; its transparent methodology and empirical focus reflect premiums actually paid for control in the market, and its broad acceptance among valuation professionals, investment bankers, and courts makes it a defensible, market-based benchmark for private company valuations.

Marketability Discount

Compared to ownership interests in public companies, shares in closely-held companies are not readily marketable. As a result, the value of a share of stock in a privately-held company is typically less than a comparable share in a publicly-traded company.

Referencing the findings from the “Stout Restricted Stock Study” published by Stout Risius Ross, LLC, we adopted a discount for lack of marketability of 15.60% in determining the market value of the Business Enterprise. The restricted stock study provided empirical data on the discounts applied to the fair market value of shares in privately-held companies to account for their lack of marketability compared to publicly-traded shares.

The Stout Restricted Stock Study is an appropriate basis for determining a discount for lack of marketability since it is built on a large, regularly updated database of restricted stock and private placement transactions, documents deal and company attributes relevant to marketability, and provides a transparent methodology and to quantify discounts with empirical support. Its broad acceptance among practitioners makes it a defensible, market-based reference for private company valuations.

Calculation of the Market Value of 100% equity interest in the Business Enterprise

The calculation details of the market value of 100% equity interest in the Business Enterprise were illustrated as follows:

	Internet Hospital	Distribution
Revenue (HKD)	9,734,352	28,522,021
Enterprise Value to Sales Multiple	7.29x	0.68x
Market Value before Adjustment	70,948,615	19,303,106
Combined Market Value before Control Premium and Marketability Discount		90,251,721
x Control Premium		1 + 39.00%
Market Value after Control Premium		125,449,892
+ Adjustment to Surplus Cash		14,984,017
- Adjustment to Lease Liabilities		(625,949)
Market Value before Marketability Discount		139,807,960
x Marketability Discount		1-15.60%
Market Value of 100% Equity Interest in the Business Enterprise (HKD)		117,997,918
Market Value of 100% Equity Interest in the Business Enterprise (Rounded) (HKD)		118,000,000

8. KEY ASSUMPTIONS

In arriving at our opinion of value, we have adopted certain specific assumptions in our valuation and the major ones are as follows:

- As advised by the Management, the consolidated unaudited financial statements of the Business Enterprise as at 31 August 2025 can reasonably represent the Business Enterprise's financial positions as at the Date of valuation, since the audited financial statements as at the Date of valuation were not available;
- As advised by the Management, the annualized revenue amounts dated from 1 January to 31 August 2025 would represent the sustainable sales trend for both internet hospital and distribution segments;
- As advised by the Management, the Management considered that the amount due to immediate holding company of HKD64,146,728.93 was considered to be capitalized, and amount due to fellow subsidiaries of HKD74,138,831 was considered as operating in nature, these are therefore not considered as non-operating liabilities in the calculation in arrival of the market value of the equity interest;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industries in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and
- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

9. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to, the following:

- The consolidated unaudited financial statement of the Business Enterprise as at 31 August 2025;
- Historical financial information of the Business Enterprise;
- International Valuation Standards 2024 issued by International Valuation Standards Council;
- Group chart of the Business Enterprise;
- General descriptions in relation to the Business Enterprise;
- Economic outlook in China; and
- Industry outlook in China's internet hospital, and nutritional supplement distribution sectors.

We have discussed the details with the Management regarding the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background, business nature and business projection of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise Unit and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except BVIA. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of BVIA through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of BVIA.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, and their associate companies, subsidiaries or the values reported herein.

12. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interest in the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as **HKD118,000,000 (HONG KONG DOLLARS ONE HUNDRED AND EIGHTEEN MILLION ONLY)**.

Yours faithfully,

For and on behalf of

BonVision International Appraisals Limited

Kwan Nga Chung, CFA

Chief Executive Officer

Ms. Kwan is a charterholder of Chartered Financial Analyst (CFA) and a holder of Master Degree of Finance (Investment Management). She is also a holder of the Certificate in ESG Investing under CFA Institute, a regular member of the Hong Kong Society of Financial Analysts, a member of The Hong Kong Institute of Directors (MHKIoD), and an associate member of The Hong Kong Independent Non-Executive Director Association Limited (HKiNEDA). She has over 15 years of experience in providing professional valuation and consultancy services for listed and private companies in Hong Kong, the PRC, and worldwide, for accounting, financing, investment, merger and acquisition, initial public offering and spin-off purposes.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in the Listing Rules, are set out below.

Name of Director	Capacity/Nature of interest	Total number of Shares held ^(note 1)	Approximate % of shareholding
Mr. Ji ^(note 2)	Interest of controlled corporation	1,121,561,000 (L)	55.16%

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) Cayman Co beneficially owns 1,121,561,000 Shares. Approximately 59.40% of the issued shares of Cayman Co is held by TEIC, which is ultimately beneficially owned by Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company. By virtue of the SFO, Mr. Ji is deemed to be interested in the 1,121,561,000 Shares held by Cayman Co.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had or were deemed to have any interests or short positions in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO to be entered in the register referred to therein, or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save for Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company, who is also a director of Cayman Co, none of the other Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had or were deemed to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of substantial shareholders	Capacity/Nature of interest	Total number of Shares held ^(note 1)	Approximate % of shareholding
Cayman Co	Beneficial owner	1,121,561,000 Shares (L)	55.16%
TEIC ^(note 2)	Interest of controlled corporation	1,121,561,000 Shares (L)	55.16%
CITIC Securities International Company Limited (“CSI”) ^(note 3)	Beneficial owner	386,994,001 Shares (L)	19.03%
CITIC Securities Company Limited (“CITIC Securities”) ^(note 3)	Interest of controlled corporation	386,994,001 Shares (L)	19.03%

Name of substantial shareholders	Capacity/Nature of interest	Total number of Shares held ^(note 1)	Approximate % of shareholding
Calypso International Investment Co., Limited ("Calypso") ^(note 4)	Beneficial owner	106,355,000 Shares (L)	5.23%
Hainan Province Cihang Foundation ^(note 4)	Interests of controlled corporation	106,355,000 Shares (L)	5.23%
Cihang Sino-Western Cultural and Educational Exchange Foundation Limited ^(note 4)	Interests of controlled corporation	106,355,000 Shares (L)	5.23%

Notes:

- (1) The letter "L" denotes the person's long positions in the Shares.
- (2) Cayman Co beneficially owns 1,121,561,000 Shares. Approximately 59.40% of the issued shares of Cayman Co. is held by TEIC, which is ultimately beneficially owned by Mr. Ji, the controlling shareholder, the chairman of the Board, the chief executive officer and an executive Director of the Company. By virtue of the SFO, Mr. Ji and TEIC are deemed to be interested in the Shares held by Cayman Co.
- (3) CSI beneficially owns 386,994,001 Shares. CSI is wholly and beneficially owned by CITIC Securities. By virtue of the SFO, CITIC Securities is deemed to be interested in the Shares held by CSI.
- (4) Calypso is a wholly-owned subsidiary of HNA Express Investment (Shanghai) Co., Ltd.* (海航速運投資(上海)有限公司), which is in turn wholly-owned by HNA Group Co., Ltd. HNA Group Co., Ltd. is owned as to 70% by Hainan Traffic Administration Holding Co., Ltd., which is in turn owned as to 50% by Sheng Tang Development (Yangpu) Co., Ltd. Sheng Tang Development (Yangpu) Co., Ltd. is owned as to 65% by Hainan Province Cihang Foundation and 35% by Tang Dynasty Development Co., Ltd., of which Tang Dynasty Development Co., Ltd. is in turn owned as to 98% by Pan-American Aviation Holding Company. Pan-American Aviation Holding Company is wholly-owned by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited. Accordingly, both Cihang Sino-Western Cultural and Educational Exchange Foundation Limited and Hainan Province Cihang Foundation are deemed to be interested in the entire 106,355,000 Shares held by Calypso under the SFO.

Save as disclosed above, as at the Latest Practicable Date, to the best of the knowledge of the Directors, none of any other person (other than the Directors and chief executives of the Company) had or were deemed to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS

So far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and their respective associates is or was interested in any business that competes or is likely to compete, either directly or indirectly, with the Enlarged Group's businesses.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save as disclosed in this circular and in the section titled "Related Party Transactions and Balances" in the Notes to the Interim Financial Information within the Company's interim report for the six months ended 30 June 2025, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group taken as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group which does not expire or is not determinable by such member of the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL LITIGATION

On 6 May 2020, the Company received a writ of summons together with an indorsement of claim dated 6 May 2020 issued in the High Court of Hong Kong by Banclogix System Co., Limited ("**Banclogix**") against the Company. The proceedings are to be heard together with the High Court legal action started in 2019 by the Company (joined subsequently by its three subsidiaries as plaintiffs) against Banclogix. As at the Latest Practicable Date, the two legal proceedings with Banclogix remain ongoing, with the trial scheduled for January 2026. For further details, please refer to the section titled "Litigations and Contingent Liabilities" in the Notes to the Interim Financial Information within the Company's interim report for the six months ended 30 June 2025.

Save as disclosed above, as at the Latest Practicable Date, as far as known to the Directors, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the Acquisition Agreement; and
- (b) the Structured Contracts.

8. MATERIAL ADVERSE CHANGE

As disclosed in the announcement of the Company dated 4 February 2026 regarding an update on the Group's financial information, based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the year ended 31 December 2025 and other information currently available to the Board, compared to the audited results for the year ended 31 December 2024, the Group is expected to record a consolidated net loss attributable to the Shareholders of approximately HK\$7.1 million for the year ended 31 December 2025, as compared to a consolidated net profit attributable to Shareholders of approximately HK\$11.3 million for the year ended 31 December 2024. Such expected net loss for the year ended 31 December 2025 was mainly attributable to (i) a substantial increase in administrative and operating expenses associated with the Group's continued expansion of its B2C sales channels and digital marketing activities; (ii) higher professional and legal expenses during the year, including non-recurring costs relating to corporate transactions and ongoing litigation matters; and (iii) lower level of foreign exchange gains and interest-related income.

Save as disclosed above, the Board confirms that there has not been any material adverse change in the financial or trading positions of the Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The following sets forth the qualification of the experts who have given opinions contained in this circular:

Name	Qualification
Ignite Capital (Asia Pacific) Limited (燃亮資本(亞太)有限公司)	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BonVision International Appraisals Limited	independent valuer
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above experts: (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letters, reports, and references to its name and advice in the form and context in which they respectively appear; (ii) did not have any shareholding in any member of the Group directly or indirectly or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) did not have any direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

10. MISCELLANEOUS

- (a) The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The Company's head office and principal place of business in Hong Kong is Suite 5406, 54/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Shek Wing Wa. He is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language translation.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.tehealth.com>) within 14 days from the date of this circular:

- (a) the Acquisition Agreement;
- (b) the Structured Contracts;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 70 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 71 to 91 of this circular;
- (e) the Accountants' Report on the Target Group as set out in Appendix II to this circular;
- (f) the report on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;
- (g) the written consents referred to in the section headed "GENERAL INFORMATION – 9. EXPERTS' QUALIFICATIONS AND CONSENTS" in this Appendix VI;
- (h) the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024;
- (i) the interim report of the Company for the six months ended 30 June 2025;
- (j) the Valuation Report as set out in Appendix V to this circular;
- (k) the legal opinion issued by the PRC Legal Adviser; and
- (l) this circular.

NOTICE OF THE EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



Top Eminent Healthcare Group Limited **(卓著健康集團有限公司)***

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6877)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Top Eminent Healthcare Group Limited (the “Company”) will be held at 10:30 a.m. on Monday, 30 March 2026 at Suite 5406, 54/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (1) the entering into and the performance of the sale and purchase agreement (the “**Acquisition Agreement**”) dated 26 February 2026 by the Company and Top Eminent I Limited in relation to the acquisition of all the issued shares of Top Eminent II Limited at a consideration of HK\$100.3 million on and subject to the terms and conditions of the Acquisition Agreement, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (2) any one or more of the directors of the Company be and are hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents which in their opinion may be necessary or desirable and take all steps which in their opinion may be necessary, desirable or expedient.”

By order of the Board
Top Eminent Healthcare Group Limited
Ji Guangfei
Chairman

Hong Kong, 27 February 2026

* For identification purpose only

NOTICE OF THE EGM

Principal Place of Business in Hong Kong

Suite 5406, 54/F, Central Plaza,

18 Harbour Road, Wanchai,

Hong Kong

Notes:

1. Details of the above resolution is set out in the circular of the Company dated 27 February 2026 (the “**Circular**”). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Circular.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on behalf of him/her. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 25 March 2026 to Monday, 30 March 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be Monday, 30 March 2026 and in order to be eligible to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 24 March 2026.
4. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the EGM (i.e. before 10:30 a.m. on Saturday, 28 March 2026) or any adjournment thereof.
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/she 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 holding of such share.
6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM.

As at the date of this notice, the Board comprises three Executive Directors, namely Mr. Ji Guangfei (Chairman and Chief Executive Officer), Ms. Li Jiang (Deputy Chairman) and Mr. Zhang Huanping; three Non-Executive Directors, namely Mr. Li Jiong, Mr. Yuan Feng and Mr. Chung Cheuk Fan Marco; and three Independent Non-Executive Directors, namely Mr. Zhou Jiannan (Lead INED), Ms. Hu Zhaoxia and Mr. Lyu Aiping.