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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)

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

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



Ignite Capital

ACQUISITION OF THE TARGET COMPANY

The Board is pleased to announce that 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.

THE CONTRACTUAL ARRANGEMENT

Prior to entering into the Acquisition Agreement, the WFOE (an indirect wholly-owned subsidiary of the Target Company) has in place a series of Structured Contracts with Qianhai Co, Yinchuan Co and the Registered Shareholders (as the case may be) to acquire all the economic interests and benefits in the Consolidated Affiliated Entities. 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, which are subject to foreign ownership restrictions under the PRC laws and regulations described in the section headed “B. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this announcement.

Through the Contractual Arrangement, the WFOE will have effective control over the finance and operation of the Consolidated Affiliated Entities, and will enjoy 100% of the economic interests and benefits generated by the Consolidated Affiliated Entities. Upon Completion of the Acquisition under the Acquisition Agreement (which the Contractual Arrangement has already in place), 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, 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.

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 Company has appointed Ignite Capital (Asia Pacific) Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing, among other things, details of the Acquisition, details of the Contractual Arrangement, a letter of recommendation from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Acquisition, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, such other information as required under the Listing Rules and a notice of the EGM is expected to be despatched to the Shareholders on 27 February 2026.

A. ACQUISITION OF THE TARGET COMPANY

The Board is pleased to announce that 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. The principal terms of the Acquisition Agreement are summarised as follows:

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.

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 (i.e. 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 "A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group" in this announcement); and (c) other factors set out in the section headed "A. ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition" in this announcement.

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.

- (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 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.

(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 as comparable companies.

(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.

(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.

The Board considers that the comparable companies adopted for both the internet-hospital and nutritional supplement distribution 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. The EV/S multiples of the selected listed peer group are considered to most appropriately 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 listed peer group and, as advised by the Valuer, is consistent with commonly used valuation practices for private companies of a similar nature.

(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.

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, ecommerce 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
- 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 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

- (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.

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 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.

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 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 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.

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 “A. 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 date of this announcement. The Company has reviewed the unaudited management accounts of the Target Group for the period from 1 September 2025 to the date of this announcement 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.

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, which is based on appraised equity value of in the Target Group and the Valuation, is fair and reasonable and 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;
- (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;

- (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 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 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 “A. ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition” in this announcement.

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 hereto and represents a discount to the appraised equity value, is on normal commercial terms, is 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;
- (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.

As at the date of this announcement, 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.

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 "B. THE CONTRACTUAL ARRANGEMENT – Consolidation of the financial results of the Consolidated Affiliated Entities" in this announcement.

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 date of the announcement, 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 on 20 March 2015 with limited liability and is an investment holding company.

HK Co is a company incorporated in Hong Kong on 2 April 2015 with limited liability 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.

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 "B. THE CONTRACTUAL ARRANGEMENT" in this announcement.

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 date of this announcement, Ms. Deng and Ms. Wang 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 "B. THE CONTRACTUAL ARRANGEMENT – Structure of the Target Group and structure of the Contractual Arrangement" in this announcement 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 8 months ended
	2022	2023	2024	31 August 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(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.

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, certain 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, where the following steps will be taken:

- (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;
- (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 the Company and 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
- (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.

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 8 months ended 31 August
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts” in this announcement.

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.

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, joined since 16 April 2015, and served as a finance manager of its PRC subsidiaries.

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.

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.

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 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 "A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group" of this announcement. 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 "A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group" in this announcement.

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. 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.

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 date of this announcement, 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.

As at the date of this announcement, 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 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.

B. 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 “A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – *Business information of the Target Group*” in this announcement for further details of the PRC Business.

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.

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.

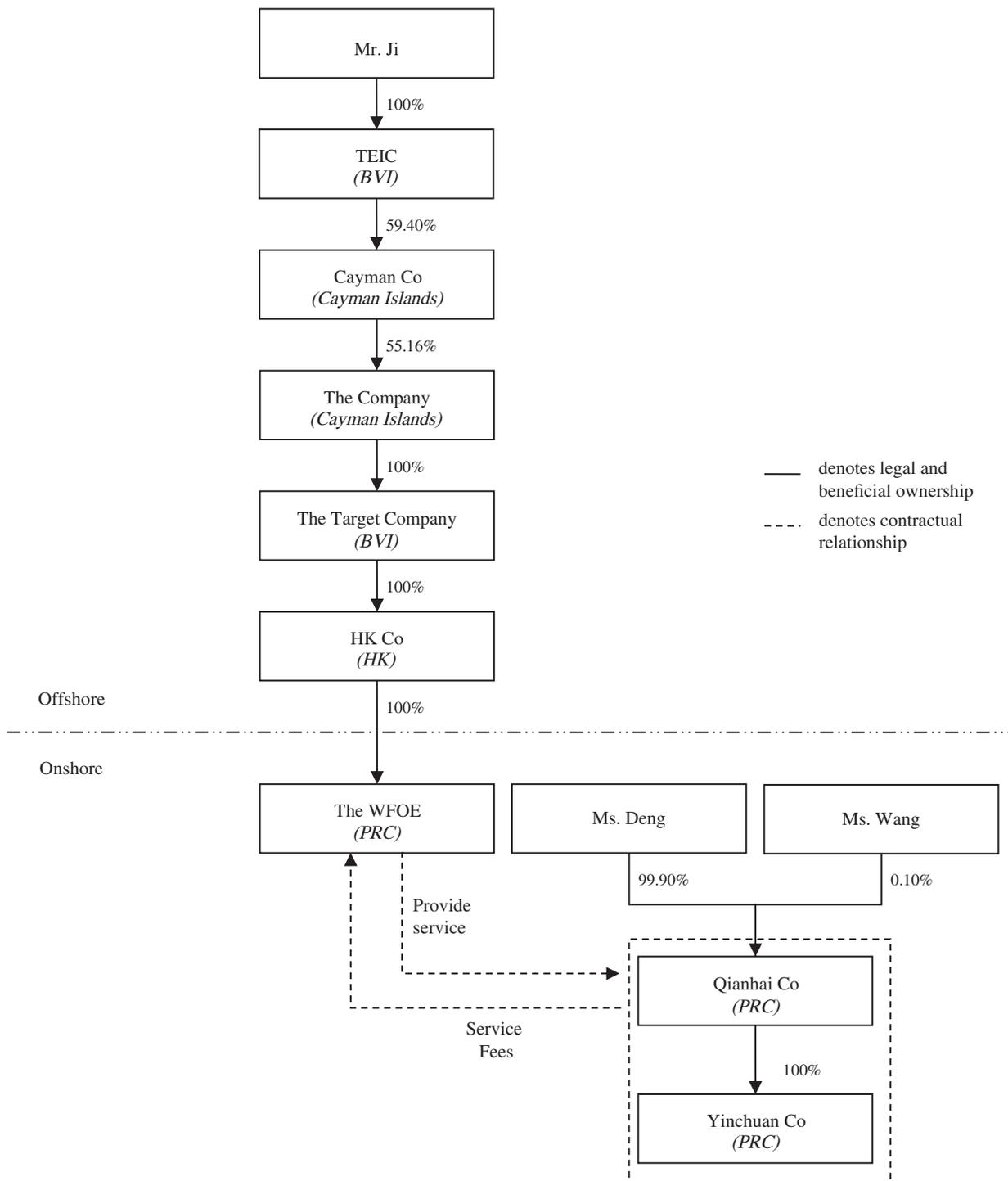
In Yinchuan, the Yinchuan Health Commission is designated under the Yinchuan Internet Hospital Administrative Measures as the authority responsible for approving and supervising internet hospitals. The PRC Legal Adviser is therefore of the view that the relevant interviewee is capable of confirming the 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 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.

Structure of the Target Group and structure of the Contractual Arrangement

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



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.

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

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.

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.

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.

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.

(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).

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;
- (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.

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.

(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, de-merger, 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;
- 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 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.

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;

- (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
- (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.

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.

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.

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 "B. THE CONTRACTUAL ARRANGEMENT" in this announcement 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;
- (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.

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.

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.

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.

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).

Reasons for the use of the Contractual Arrangement

As disclosed under the section headed “A. ACQUISITION OF THE TARGET COMPANY – Reasons for and Benefits of the Acquisition” in this announcement, 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 “B. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this announcement, 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.

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 announcement, 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 date of the announcement, 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.

C. 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 Company has appointed Ignite Capital (Asia Pacific) Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

D. 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 date of this announcement, 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 circular containing, among other things, details of the Acquisition and the Contractual Arrangement; a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Acquisition; a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its opinions in respect of the Acquisition; such other information as required under the Listing Rules; and a notice of the EGM, is expected to be despatched to the Shareholders on 27 February 2026.

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.

E. DEFINITIONS

“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
“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 “A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group” in this announcement

“Capitalisation Shares”	has the meaning given to it in the section headed “A. ACQUISITION OF THE TARGET COMPANY – Information on the Target Group – Details of Outstanding Balances Owed by the Target Group” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts” in this announcement
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (ii) <i>Exclusive Purchase Option Agreement</i> ” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (iv) <i>Equity Pledge Agreement</i> ” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (i) <i>Exclusive Management Consultancy Services Agreement</i> ” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (ii) <i>Exclusive Purchase Option Agreement</i> ” in this announcement
“FITE Regulations”	has the meaning given to it in the section headed “B. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Risks and limitations in relation to the Contractual Arrangement” in this announcement
“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, 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)
“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
“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))
“Party(ies)”	the parties to the Acquisition Agreement, being the Company as purchaser and the Vendor as vendor
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (iii) Powers of Attorney on Shareholder Rights” in this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement 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 “B. THE CONTRACTUAL ARRANGEMENT – Background and reasons for the use of the Contractual Arrangement” in this announcement
“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)
“Spouse”	has the meaning given to it in the section headed “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (v) Spouse Consent” in this announcement
“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 “B. THE CONTRACTUAL ARRANGEMENT – Details of the Structured Contracts – (v) Spouse Consent” in this announcement
“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
“Target Company”	Top Eminent II Limited, a company limited by shares incorporated in the BVI 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
“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

For the purpose of this announcement, 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.

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

Hong Kong, 26 February 2026

As at the date of this announcement, 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.