



Business Valuation Report

Our Reference Code

BV10013-2311

Client Company Name

EC Healthcare

Subject of Valuation

Fair Value of 16,059,997 preference shares, 2,288,000 ordinary shares, 2,520,765 ordinary shares and 2,775,330 ordinary shares (55.26% Equity Interest as if diluted basis) in Pangenia and its subsidiaries

Report Date

11 June 2024

Valuation Date

30 September 2023

Standard

HKFRS 13 / IFRS 13 - Fair Value Measurement



Machine Learning



Global Thinking



Problem Solving



AI Valuation



Technology

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EC Healthcare
20/F, Devon House,
Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong

Dear Sir/Madam,

Valuation of Fair Value of 16,059,997 preference shares, 2,288,000 ordinary shares, 2,520,765 ordinary shares and 2,775,330 ordinary shares (55.26% Equity Interest as if diluted basis) in Pangenia and its subsidiaries

In accordance with the instructions from EC Healthcare (the "Company"), we have been engaged by the Company to assist to determine the fair value ("Fair Value") of following subject of valuation (the "Subject of Valuation") as at 30 September 2023 (the "Valuation Date") for transaction reference purpose.

- 16,059,997 preference shares (37.53% Equity Interest as if diluted basis) in Pangenia and its subsidiaries (the "Target Group");
- 2,288,000 ordinary shares (5.35% Equity Interest as if diluted basis) in the Target Group;
- 2,520,765 ordinary shares (5.89% Equity Interest as if diluted basis) in the Target Group; and
- 2,775,330 ordinary shares (6.49% Equity Interest as if diluted basis) in the Target Group.

Our analyses are substantially based on the information provided to us by the existing management of the Company (the "Management"). It is our understanding that our analyses, and the subsequent appraised estimation of Fair Value (as defined in the section Standard and Basis of Value), will be used by the Management solely for their purpose of transaction reference. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether the Target Group's presented financial information were constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Target Group's financial position. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Target Group, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Fair Value do not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist to determine the Fair Value of the preference shares and ordinary shares in the Target Group as at the Valuation Date. It is our understanding that our analysis will be used by the Management solely for their transaction reference purpose.

STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Fair Value. In accordance with HKFRS 13 / IFRS 13 - Fair Value Measurement, Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When appropriate, we might also make cross reference to the International Valuation Standards (“IVS”) published by the International Valuation Standards Council. The IVS details the general guideline on the basis and valuation approaches used in valuation.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

Highest and Best Use:	is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;
Current Use/Existing Use:	is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;
Orderly Liquidation:	describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and
Forced Sale:	is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Subject of Valuation should be prepared on a “Highest and Best Use” basis.

LEVEL OF VALUE

Current valuation theories suggest that there are at least four basic “levels” of value applicable to a business or business interest. The four most common levels of value are as follows:

Controlling Interest:	Value of the controlling interest, always evaluate an enterprise as a whole;
Non-controlling Interest:	Value of the non-controlling interest of a business;
As if Freely Tradable Interest:	Value of a business that or business interest enjoys the benefit of market liquidity; and
Non-marketable Interest:	Value of a business that or business interest lacking market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe Subject of Valuation should be valued and reported in this valuation as a Non-Controlling Interest and Non-marketable Interest.

SOURCE OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

- The group chart of the Target Group;
- The consolidated unaudited financial statements of the Target Group for the six months ended 30 September 2023, consolidated audited financial statements for the year ended 31 March 2021, 2022 and 2023;
- The consolidated revenue breakdown of the Target Group for the six months ended 30 September 2023, for the year ended 31 March 2021, 2022 and 2023;
- The consolidated property, plant and equipment breakdown as of 30 September 2022, 31 March 2023 and 30 September 2023;
- The Shareholders’ Agreement;
- The unaudited financial statements of Bio-Technology Limited for the six months ended 30 Sep 2023.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

ECONOMIC OVERVIEW

To substantiate the economic background of the country where the Target Group with principal place of business is located, we have reviewed the economic condition of the People’s Republic of China (“PRC”) and Hong Kong (“HK”) where the Target Group will derive its future income from.

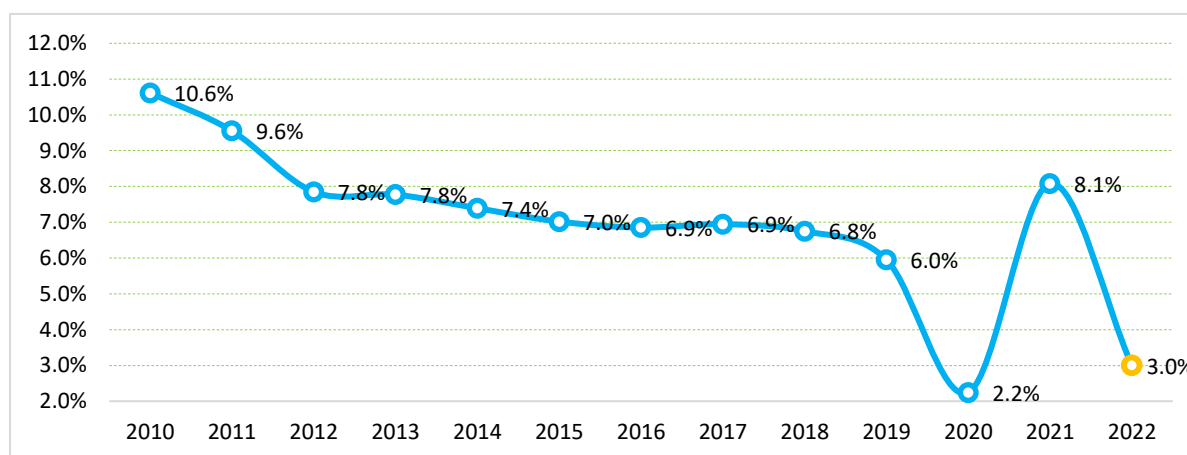
Economic Overview of the PRC

GDP Growth in the PRC

According to the draft proposal of the 14th Five-Year Plan (2021-2025) and Vision 2035(2021-2035), China aims on building a moderately prosperous society in all respects. Therefore, the economy growth is expected to be kept from high-speed growth to high-quality growth and rebalanced with supply-side structural reform.

The coronavirus outbreak is having a severe impact on economic activity in 2020, and the GDP growth was recorded by 2.2%. With the pandemic fading and containment efforts gradually unwound, the economy accelerated sharply to grow to 8.1% in 2021. However, the appearance of more contagious variants in 2022 has led to more frequent and longer lockdowns under the zero-COVID policy, with the restrictions and related uncertainty weighing on domestic demand. After a series of announcements, the zero-COVID strategy was relaxed in November and December 2022. According to World Economic Outlook Database published by International Monetary Fund(“IMF”) published in October 2023, the GDP recorded a 3.0% growth in 2022.

Real GDP Annual Growth Rate in the PRC, 2010 – 2022



Source: World Economic Outlook Database (October 2023), International Monetary Fund & National Bureau of Statistics of China

Real GDP Annual Growth Rate and Inflation Forecast of the PRC

	2023F	2024F	2025F	2026F	2027F
Real GDP Annual Growth Rate (%)	5.0	4.2	4.1	4.1	3.7
Inflation (%)	0.7	1.7	2.2	2.2	2.2

Source: World Economic Outlook Database (October 2023), International Monetary Fund

Growth in China will remain strong but is projected to decline gradually as the Chinese government’s intention to “de-lever” the economy through controlling credit growth in order to maintain a healthy growth of the economy in long run. Nevertheless, supply-side structural reforms as well as regulatory tightening to mitigate environmental and financial remain definite drags on growth. External uncertainty risks including trade frictions with the U.S. persist and real estate activity continues to show significant variations nationwide, although property market prudential measures have so far tamed volatility.

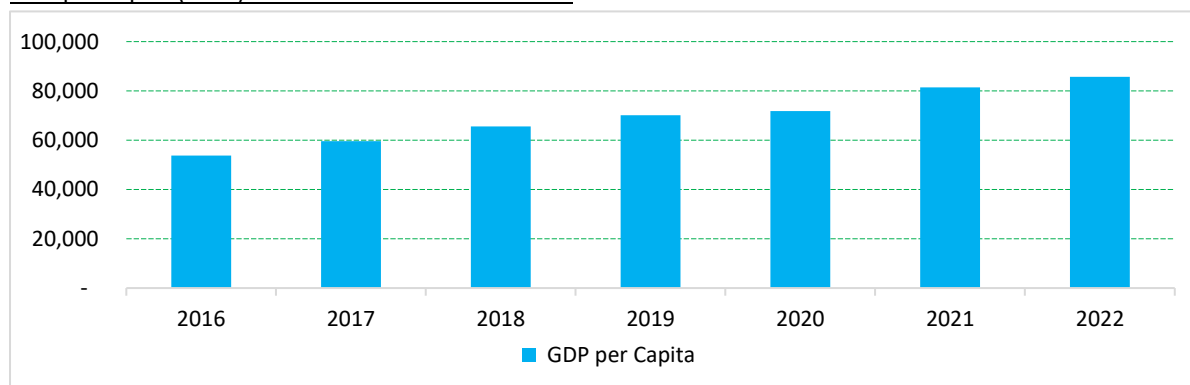
In the near term, the deep contraction in the real estate sector, and weaker global growth are the main drags, while a secular decline in productivity growth and demographic headwinds, amid geoeconomic fragmentation pressures, are weighing on medium-term growth prospects.

GDP per Capita in the PRC

The 13th Five-Year Plan adopted in 2016 mandated that China becomes a “moderately prosperous society” and doubles its real GDP between 2010 and 2020. The disposable income level, one of the good measures, has grown significantly over the past few years. According to the latest data from National Bureau of Statistics of China, annual disposable income per capita of urban households in China has increased from RMB 36,396 in 2017 to RMB 49,283 in 2022, representing a CAGR of approximately 6.25%; annual disposable income per capita of rural households has increased from RMB13,432 in 2017 to RMB20,133 in 2022, representing a CAGR approximate to 8.43%. In comparison to the inflationary figures, the annual inflation rate is between 0.9% and 2.2% during the period from 2017 to 2022. Hence, the living standard of Chinese people saw an overall improvement.

The following diagram shows the GDP per capita of the PRC from 2016 to 2022.

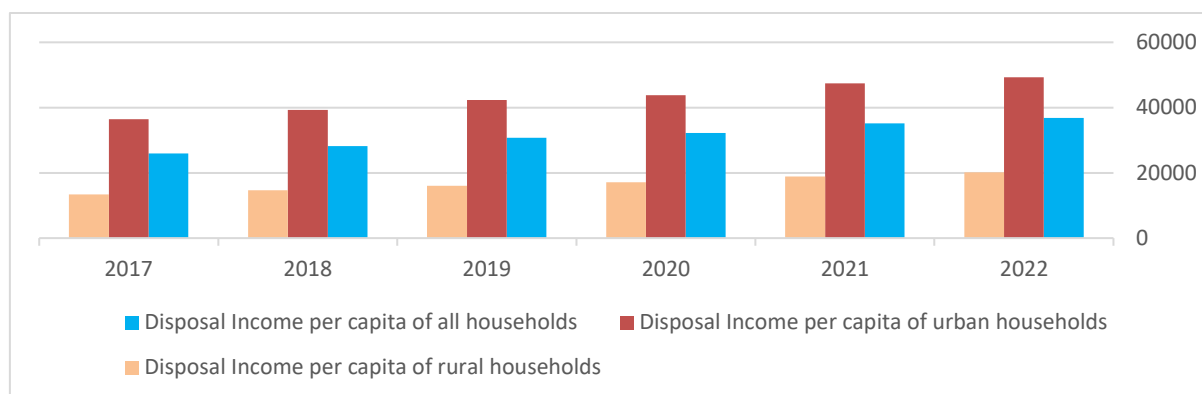
GDP per capita (RMB) of the PRC from 2016 to 2022



Source: National Bureau of Statistics of China

The following diagram shows the annual resident disposal income per capita from 2017 to 2022.

Disposal income per capita of the PRC from 2017 to 2022



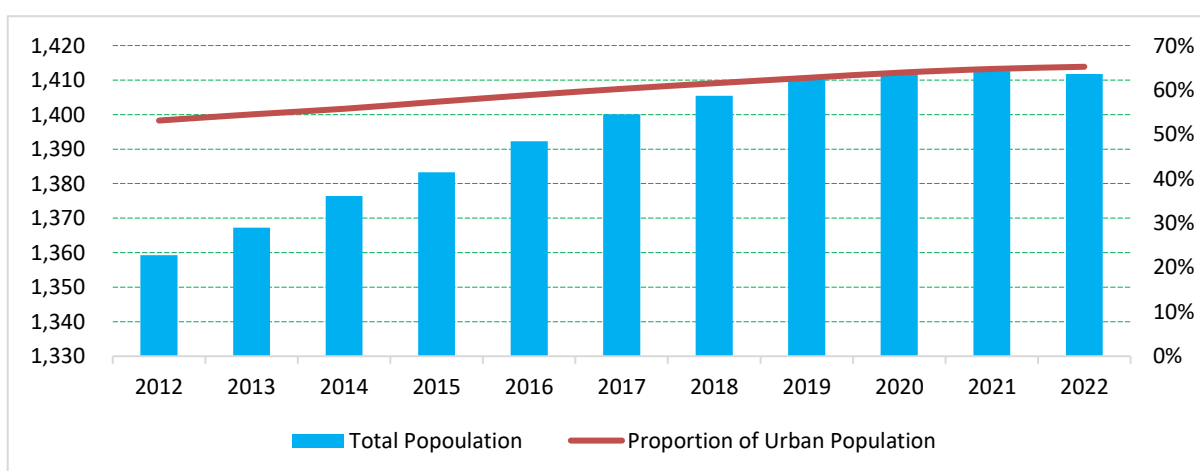
Source: National Bureau of Statistics of China

Population Growth

The population growth of the PRC has been slowing in recent years. According to the National Bureau of Statistics of China, the population has increased from 1.36 billion in 2012 to 1.41 billion in 2022, representing a CAGR of approximately 0.4%. Concurrently, the proportion of the urban population in the PRC has risen from 53% in 2012 to 65% in 2022.

The following diagram illustrates the population growth and corresponding urban population growth in the PRC from 2012 to 2022.

Population and Portion of Urban Population in the PRC



Source: National Bureau of Statistics of China

For the next ten years, population growth is expected to remain steady. The future growth of domestic demand is anticipated to depend on population growth, as well as increasing urbanization and the expansion of the middle class. Meanwhile, the unemployment rate has been recorded at around 4.0% for the past few years, and it is expected to gradually moderate to 3.6% during the period from 2023 to 2027.

The PRC's one-child policy, starting in 1979, has slowed down the birth rate, but the side effects of the policy are starting to take effect in the current decade. The number of elderly people is rising, and this age group is forecasted to grow in the next few decades. The government has recognized this trend and introduced the two-child policy since October 2015. As a result, the number of 0-to-14-year-olds has experienced a slight increase in the past 10 years.

Inflation

The inflation rate in the PRC has slightly decreased since 2011 and picked up in 2017. According to the IMF, the inflation rate was recorded at 1.9% in 2022 in the PRC and is estimated to decrease to 0.7% in 2023. Regarding 2023, inflation is expected to remain below the authorities' target of 3.0%. Near-term price pressures are expected to remain muted. With the modest growth pickup, the output gap will gradually close and still be large through much of 2023. Demand-supply imbalances are expected to remain small despite reopening, as the full lifting of COVID restrictions is anticipated to be gradual and result in a slow shift in demand toward contact-intensive sectors. However, the outlook for inflation in the PRC lags behind the inflation of the world's average and that of emerging and developing economies.

Annual Inflation Forecasts of the PRC versus World Economies

Inflation rate, average consumer prices (Annual percent change)					
	2023F	2024F	2025F	2026F	2027F
World	6.88	5.79	4.62	4.23	3.94
Emerging market and developing economies	8.48	7.78	6.24	5.68	5.22
The PRC	0.66	1.69	2.16	2.22	2.22

Source: World Economic Outlook Database (October 2023), International Monetary Fund

The RMB yuan has depreciated by around 10% against the U.S. dollar since March 2022, following the strongest U.S. dollar in decades. The authorities have taken steps to stabilize exchange rate expectations, including lowering the FX reserve requirement ratios in May and September to provide more onshore FX liquidity, tightening the reserve requirement on FX forwards in September, and raising the cross-border financing macroprudential adjustment parameter for financial institutions and enterprises in October.

US Dollar Versus RMB Yuan, 2017-2022



Source: Bloomberg

Government Policy

In the annual Central Economic Work Conference held in Beijing in December 2023, the authorities emphasized that China's economy achieved a recovery, with solid progress made in high-quality development in 2023. To further revive the economy, China still faces several difficulties and challenges, including a lack of effective demand, overcapacity in some sectors, lackluster social expectations, certain risks and hidden problems, bottlenecks in domestic circulation, as well as the rising complexity, severity, and uncertainty of the external environment.

The meeting listed priorities in nine aspects for the economic work in 2024 as follows:

- Sci-tech innovation should lead the development of a modern industrial system;
- Expanding more to domestic demand;
- Deepen Reforms in key areas;
- Expanding high-standard opening up;
- Prevented and defused Risks in key areas in a continuous and effective manner;
- Making sustained efforts to do a good job in the work related to agriculture, rural areas and farmers;
- Making efforts to facilitate integrated urban-rural development and coordinated regional development;
- Advance ecological conservation and promote green and low-carbon development; and
- Making efforts to secure and improve people's livelihoods.

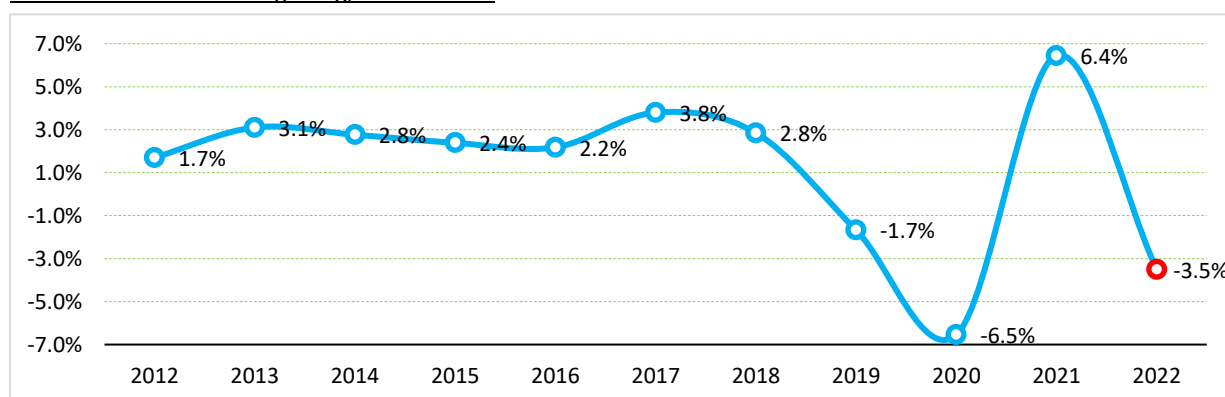
Economic Overview of Hong Kong

Hong Kong is widely recognized as the world’s freest economy and the most services-oriented economy, with the services sector accounting for more than 90% of Gross Domestic Product (“GDP”). It is also an important financial center in the Asia Pacific region and ranks as the 6th leading global financial center, according to the Global Financial Centre Index. Additionally, Hong Kong serves as a global offshore RMB business hub and the largest offshore RMB clearing center, processing approximately 74% of the world’s RMB payments.

GDP Growth of Hong Kong

Hong Kong’s economy contracted visibly by over 4% year-on-year in the second half of 2022. This economic contraction primarily reflected sizable declines in merchandise exports and aggregate investment, alongside a weaker global economy and tightened financial conditions. However, private consumption remained supportive to growth, and exports of services improved slightly following the relaxation of compulsory quarantine requirements for overseas visitors since late September 2022. For 2022 as a whole, real GDP fell by 3.5%, contrasting with the 6.4% growth in 2021, according to the World Economic Outlook Database published by the IMF. Riding on the reopening of PRC and Hong Kong, economic growth for 2023 is expected to recover from a low base. The IMF forecasts that the economy will grow by 4.4% and 2.9% in 2023 and 2024, respectively.

Real GDP Growth in Hong Kong, 2012 – 2022



Source: World Economic Outlook Database (October 2023), International Monetary Fund

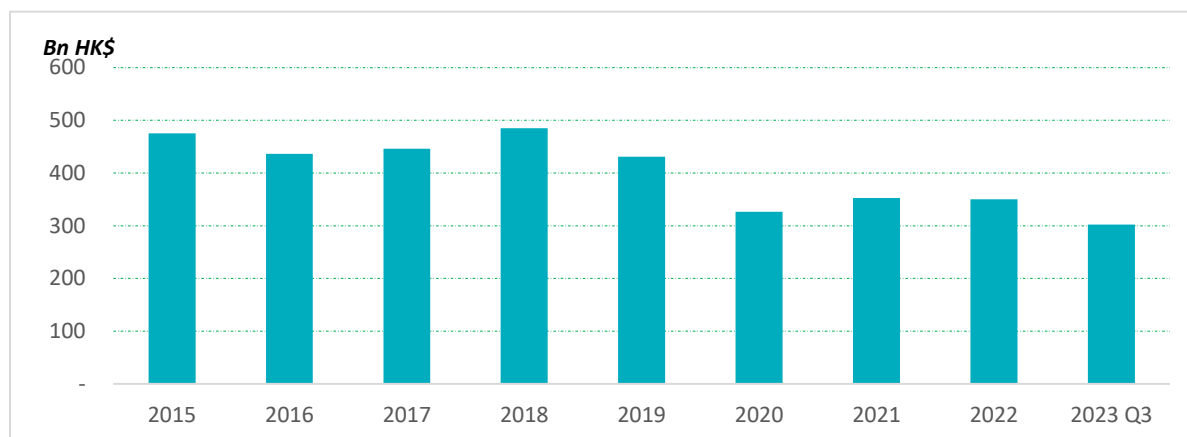
Real GDP Annual Growth Rate and Inflation Forecast of Hong Kong

	2023F	2024F	2025F	2026F	2027F
Real GDP Annual Growth Rate (%)	4.4	2.9	2.9	2.7	2.6
Inflation (%)	2.2	2.3	2.4	2.5	2.5

Source: World Economic Outlook Database (October 2023), International Monetary Fund

Visitor arrivals have picked up especially after Mainland China’s reopening since January 2023, and inbound tourism is still likely to take time to recover. The value of retail sales, in nominal terms, contracted by 0.9% year-on-year in 2022 over a year earlier.

Retail Sales in Hong Kong, 2015 – 2023 Q3

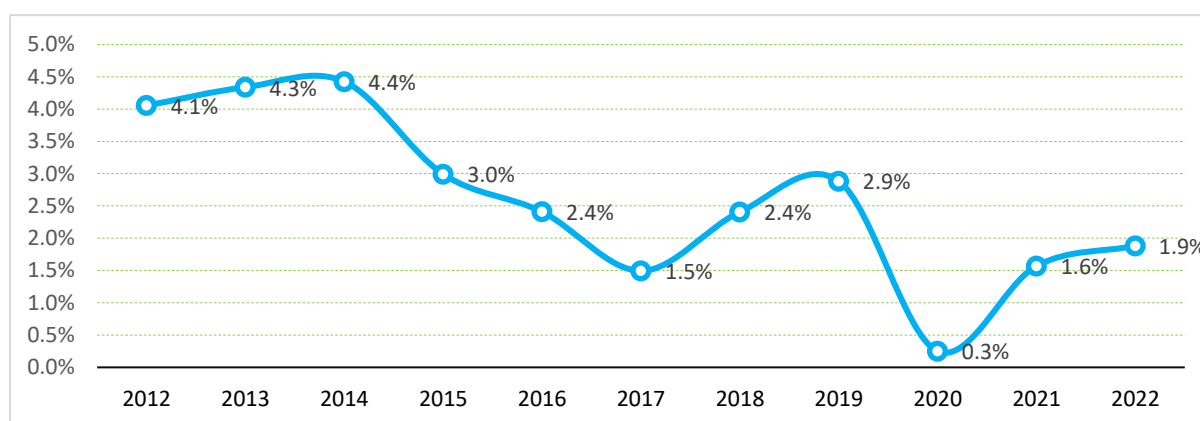


Source: Census and Statistics Department of Hong Kong

Inflation

Local inflationary pressures remained moderate in 2022. The year-on-year underlying composite consumer price index (“CCPI”) increased by 1.8% in both the third and fourth quarters of 2022, mainly driven by prices of energy-related items, food, clothing and footwear. Inflation momentum, as measured by the annualised three-month-on-three-month underlying inflation rate, also stayed mild recently. In conjunction with the soft housing market, the housing rental component of the CCPI has exerted downward pressure on overall inflation. In the near term, local inflation is expected to edge up, but should stay mild reflecting offsetting forces. For 2023, the Government projects the underlying inflation rate to be 2.0% and the estimates by IMF analysts was around 2.2%.

Year-over-Year CPI Inflation in Hong Kong, 2012 – 2022

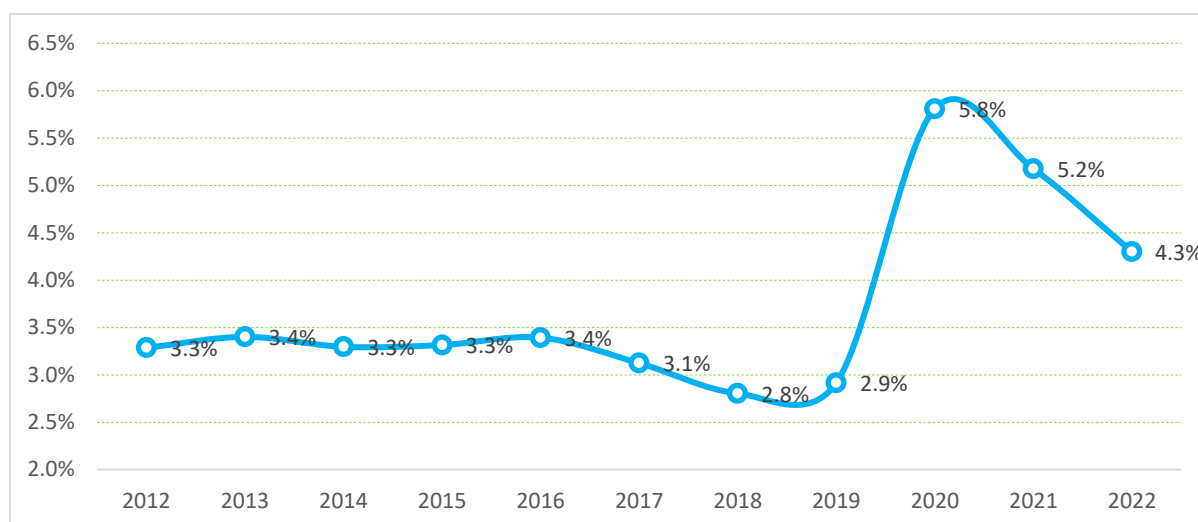


Source: World Economic Outlook Database (October 2023), International Monetary Fund

Labour Market Conditions

Alongside the further relaxation of social distancing measures, local labor market conditions continued to improve in the second half of 2022 and early 2023. The seasonally adjusted unemployment rate declined further to 3.3% in February 2023. Total employment also rebounded from a recent low in May 2022, although it remains below its pre-pandemic level. Looking ahead, the labor market is likely to continue improving as local economic activities return to normal.

Unemployment Rate (Seasonally Adjusted) in Hong Kong, 2012 – 2022



Source: World Economic Outlook Database (October 2023), International Monetary Fund

Monetary Policy

The Hong Kong dollar softened during the review period amid risk-off sentiment in the local equity market and concerns over US monetary policy normalization. Despite this, with abundant Hong Kong dollar liquidity, the HIBORs continued to stay at low levels. Overall, the Hong Kong dollar exchange and money markets continued to trade in a smooth and orderly manner. In the near term, while the expectation of a stronger US dollar, along with the Fed's hawkish shift in its monetary policy outlook, and the ongoing pandemic, as well as rising geopolitical tensions, may heighten volatility in fund flows, Hong Kong is well-positioned to withstand such volatility given its ample foreign reserves and robust banking system.

Government Initiatives

The Financial Secretary, Mr. Paul Chan, unveiled his 2023-24 Budget on 22 February 2023. Below are some highlights:

- Issue electronic consumption vouchers with a total value of HK\$5,000 by instalment to each eligible Hong Kong residents.
- Provide additional funding of HK\$550 million in total to the HKTDC in the five fiscal years starting from 2023-24 to facilitate Hong Kong entrepreneurs in seizing opportunities arising from the B&R Initiative and the GBA development and tapping into emerging markets.
- Further inject HK\$500 million into the Branding, Upgrading and Domestic Sales (BUD Fund) and launch "BUD Easy" to expedite the processing of applications.
- \$6 billion for universities and research institutes to set up thematic research centres related to life and health technology.
- Establish a Microelectronics Research and Development Institute to enhance collaboration among universities, R&D centres, and the industry, expediting "1 to N" transformation.
- Step up investment in technology start-ups, the HKSTPC will inject HK\$400 million into its Corporate Venture Fund.
- Earmark HK\$265 million for Cyberport to launch a dedicated incubation programme for smart living startups, under which a maximum grant of HK\$500,000.

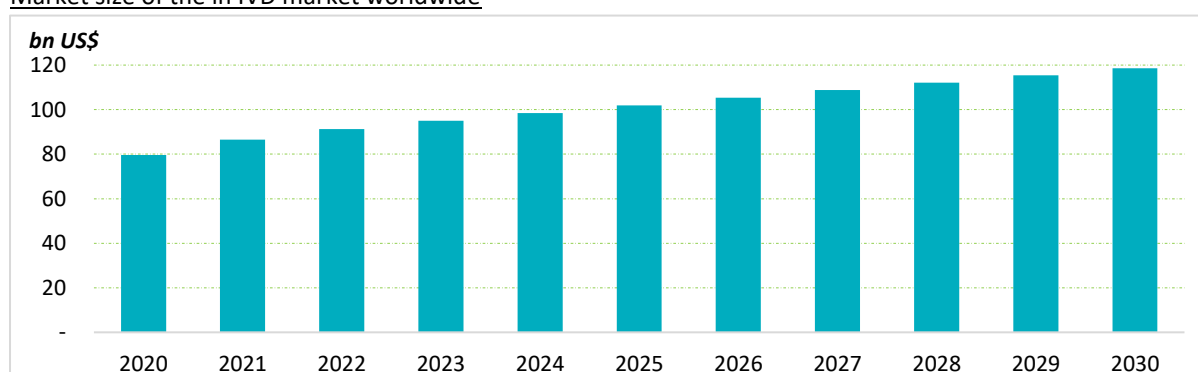
- Provide \$100 million to InvestHK to attract more family offices to Hong Kong.
- Plan to issue no less than HK\$50 billion of Silver Bond and HK\$15 billion of retail green bonds in the next fiscal year.
- Introduce a listing regime for advanced technology companies in the first quarter of 2023.
- Set up a Green Technology and Finance Development Committee to formulate an action agenda covering green technology, green finance, green standard certification, etc.
- Allocate more than \$150 million to support Hong Kong artists in taking part in performances and productions in the GBA, and to organise the GBA Culture and Arts Festival in 2024.
- Inject an additional HK\$500 million into the CreateSmart Initiative (“CSI”) to support the development of creative industries.

INDUSTRY OVERVIEW

In Vitro Diagnostics Market

The In vitro diagnostics (“IVD”) industry stands at the forefront of revolutionizing healthcare by providing precise and timely diagnostic solutions. Driven by an increasing emphasis on personalized medicine, rising healthcare awareness, and a growing aging population, the IVD market has witnessed exponential growth in recent years, Reagents, the critical components of diagnostic tests, are experiencing heightened demand as they are integral to the accuracy and reliability of diagnostic results. Particularly, the COVID-19 pandemic has brought positive impact to this industry and enhanced the industry development. According to Statista and Grandview Research, the global IVD market was worth approximately 91.2 billion U.S. dollars as at 2022, of which the reagents products segment accounted for the largest revenue share of more than 65.00%. By 2030, the IVD market was forecast to be worth over 118.6 billion U.S. dollars with a CAGR (between 2023 and 2030) of 3.2%.

Market size of the in IVD market worldwide



Source: Statista

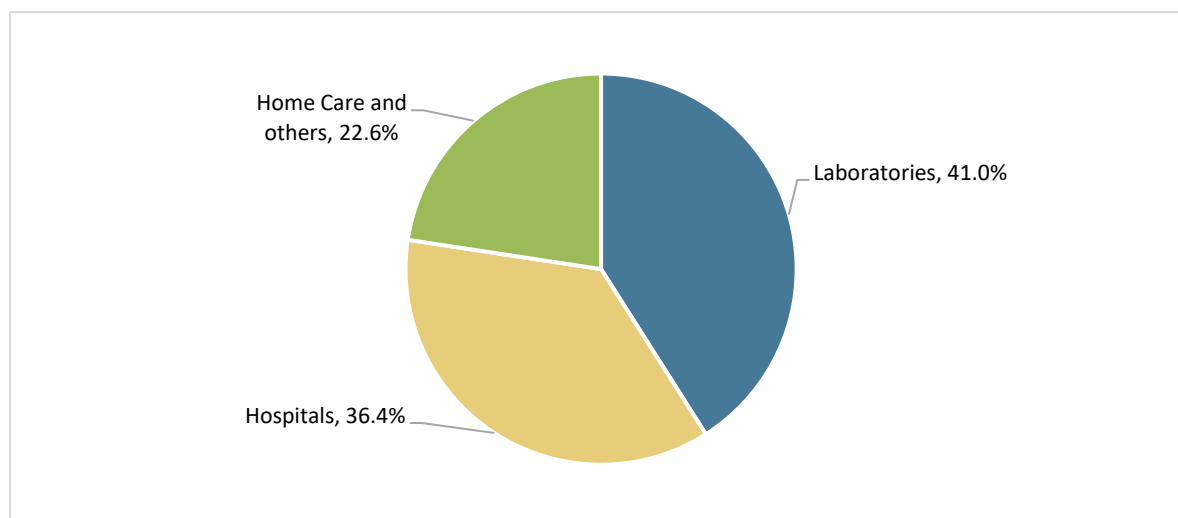
The IVD market is diversified, with segments ranging from immunoassays and clinical chemistry to molecular diagnostics. Immunoassays, for instance, utilize reagents to detect and quantify biomolecules, such as antibodies or antigens, offering a versatile platform for diagnosing infectious diseases, autoimmune disorders, and cancer. Clinical chemistry reagents are critical for analyzing blood and bodily fluids, providing insights into organ function, metabolic processes, and disease markers. Molecular diagnostics, on the other hand, rely on nucleic acid-based reagents to identify genetic variations, aiding in the diagnosis of genetic disorders and infectious

diseases. The COVID-19 outbreak has diverted the focus of major market players toward the development of rapid detection test kits such as molecular diagnostic test kits, anti-body test kits, and antigen test kits.

Based on end-uses, the global market has been further sub-segmented into hospitals, laboratories, home care, and others. The laboratory end-use segment led the global market in 2022 and accounted for the highest revenue share of more than 41%. An increase in awareness about personalized medicine, a rise in demand for affordable services, and technological advancements are some of the key factors expected to boost the growth of the laboratory segment. This is one of the major revenue-generating segments in the market owing to the large volume of testing conducted in the laboratories.

The hospitals segment held a significant market share of 36.4% in 2022, owing to a rise in the rate of hospitalizations that require support from faster diagnostics. Moreover, the ongoing development of healthcare infrastructure is anticipated to enhance the existing hospital facilities. Thus, the demand for hospital-based IVD tests is increasing. Most of the IVD devices are purchased by hospitals and are used in significant volumes.

Market Share of the in IVD market Based on End-uses



Source: Grandview Research

Challenges and Opportunities

While the industry presents lucrative opportunities, there are still existing some challenges such as stringent regulatory requirements, particularly in the context of reagent development and approval, which necessitate substantial investments in research and development. Companies that can navigate these regulatory landscapes effectively, ensuring compliance while expediting product development, stand to gain a competitive edge. In conclusion, the In vitro diagnostics industry, with a specific focus on reagents, is poised for continued growth and innovation. Companies operating in this space are integral to advancing healthcare outcomes by providing accurate, reliable, and efficient diagnostic solutions. As technological advancements continue to reshape the landscape, the strategic development and deployment of high-quality reagents will remain central to the industry's success.

COMPANY OVERVIEW

EC Healthcare

The Company is an investment holding company principally engaged in the provision of aesthetic medical services. The Company operates business through three business segments. The Aesthetic Medical, Beauty and Wellness and Sale of Skincare, Healthcare and Beauty Products segment provide aesthetic medical services including medical aesthetics and dental services; beauty and wellness services including traditional beauty, haircare and ancillary wellness services; as well as sells skincare, healthcare and beauty products. The Medical segment is engaged in the provision of medical services including but not limited to pediatric and cardiology. The Performance Marketing segment is involved in the provision of performance marketing solutions and related services.

Jade Master International Limited

Jade Master International Limited is an indirect wholly-owned subsidiary of the Company, a company incorporated in the British Virgin Islands. It is an investment holding company.

Pangenia Group

Pangenia is incorporated in the British Virgin Islands with limited liability. The Pangenia Group is principally engaged in the business of, among others, (a) the provision of medical laboratory testing to doctors and medical related institutions; and (b) the distribution of medical laboratory equipment and devices. The Pangenia Group commenced business in 1993.

The following table sets out the shareholding structure of Pangenia as at the date of this transaction to the best of the Directors' knowledge, information and belief:

	Shareholders of Pangenia	Percentage of shareholding in Pangenia (as if diluted basis)
Series A Preferred Shares *Note 1	Victor Mind International Limited (one of the Target Companies)	37.53%
Ordinary Shares	Active Compass Limited (one of the Target Companies)	5.35%
Ordinary Shares	Bio-Gene Limited (one of the Target Companies)	5.89%
Ordinary Shares	Success Synergy Limited (one of the Target Companies)	6.49%
Ordinary Shares	Other shareholders of Pangenia	44.74%

Note 1: Victor Mind holds series A preferred shares of Pangenia, which entitle it to specific special rights in Pangenia. These include the rights to appoint directors, receive liquidation preference, and approve certain transactions and corporate actions of Pangenia. Victor Mind also has the option to convert its series A preferred shares into ordinary shares on a 1:1 basis at no additional cost, subject to adjustment for share-split, share dividend, recapitalization, or other similar events.

Victor Mind International Limited (“Victor Mind”)

Victor Mind is incorporated in the British Virgin Islands with limited liability and is an investment holding company. Immediately before Completion, Victor Mind was wholly owned by Full Joyous International Limited. Victor Mind is an investment holding company whose only asset is 16,057,997 series A preferred shares in Pangenia, representing 37.53% issued share capital of Pangenia as if diluted basis.

Active Compass Limited (“Active Compass”)

Active Compass is incorporated in Samoa with limited liability and is an investment holding company. Active Compass is an investment holding company whose only asset is 2,288,000 ordinary shares in Pangenia, representing 5.35% issued share capital of Pangenia as if diluted basis.

Bio-Gene Limited (“Bio-Gene”)

Bio-Gene is incorporated in Hong Kong with limited liability and is an investment holding company. Bio-Gene is an investment holding company whose only asset is 2,520,765 ordinary shares in Pangenia, representing 5.89% of the issued share capital of Pangenia.

Success Synergy Limited (“Success Synergy”)

Success Synergy is incorporated in Samoa with limited liability and is an investment holding company. Success Synergy is an investment holding company whose only asset is 2,775,330 ordinary shares in Pangenia, representing 6.49% of the issued share capital of Pangenia.

TRANSACTION OVERVIEW

The Company, Jade Master International Limited (the “Purchaser”), Mason and Full Joyous International Limited (the “Seller”) entered into the sale and purchase agreement dated 30 November 2023, pursuant to which, among others, the Purchaser agreed to purchase, and the Seller agreed to sell, the Sale Shares, representing all shares of each of Victor Mind and Active Compass, which in turn hold an aggregate of 42.88% of the issued share capital of the Target Group, for the Consideration of HK\$115,000,000 payable in cash, subject to the terms and conditions of the Agreement.

On 4 January 2024, the Company has entered into sale and purchase agreements with certain other beneficial owners of the Target Group to further acquire an aggregate of 12.38% of the issued share capital of the Target Group for an aggregate Consideration of HK\$33,200,000 in cash. Upon Completion, The Target Group will be held as to approximately 55.26% by the Company.

After the Acquisition, the Target Group will become a subsidiary of the Company.

VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the price of two alike and similar items should be approximate to one another.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate.

Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the Target Group operates, and other risks specific to the asset being valued.

Valuation of the Equity Interest in the Target Group

Methodology Analysis	Reasons for Applying or not Applying
Cost Approach Is Rejected	Participants would not be able to recreate an asset with substantially the same utility as the Target Group, without regulatory or legal restrictions.
Income Approach Is Rejected	There is significant uncertainty regarding the amount and timing of future income to the Target Group.
Market Approach Is Accepted	<p>The market approach referred to the public information of the market participants, which involve fewer assumptions on the input in the valuation and reflecting the market expectation and view on the industry.</p> <p>There are sufficient numbers of comparable public companies available in markets which facilitate a meaningful comparison and provide inputs for determining the valuation multiple. Guideline Publicly-traded Comparable (“GPTC”) Method under the market approach is applied and considered as appropriate and reliable.</p>

Valuation of the Series A Preferred Shares and Ordinary Shares

Option Pricing Model is adopted. The option pricing model is a method for allocating equity value to multiple classes of securities in a company’s capital structure. The option pricing model works by treating each class of security as a call option on the total equity value of the Company. To accomplish this, the Black-Scholes model is adopted to value the call options. The Black-Scholes model incorporates the parameters of stock price, exercise price, time, volatility, and risk-free rate to determine the price of a European call option.

Though there are different exit options for the equity classes of the Target Group, it is considered appropriate to evaluate possible scenario with reference to current equity value of the Target Group. The option pricing model will then be performed in the most probable scenario to reflect the most probable value of respective equity classes of the Target Group.

GENERAL ASSUMPTIONS

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Group currently operates in and in new markets that the Target Group may potentially expand into as proposed by Management;
- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Group;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Group operates in or the Target Group may potentially operate in;
- All relevant legal approvals, business certificates, trade and import permits, and bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Group under the normal course of business;
- The Target Group will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and
- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Target Group is or will be carrying on business.

MAJOR ASSUMPTIONS

A number of major assumptions were established to sufficiently support our application of the GPTC Method. The major assumptions adopted are:

- The normalized management accounts of the Target Group can better reflect the long term sustainable financial position as at the Valuation Date;
- Performance of the Target Group would not deviate from the performance of its industry peers;
- Median multiple assumed to reflect a fair and objective market expectation on the industry; and
- The Guideline Public Companies with similar business exposure (although not exactly the same) provided a reasonable benchmark of valuation that could be applied to the Target Group.

VALUATION OF THE EQUITY INTEREST IN THE TARGET GROUP

Guideline Publicly-traded Comparable Method

Under the GPTC Method, the value is derived from last trading multiples of a selected set of comparable companies ("Guideline Public Companies"). Trading multiples, which are measures of relative value, are computed by dividing the market capitalizations (or sometimes enterprise value) of the Guideline Public Companies by some identified value-driving economic variable(s) observed or calculated from their latest published fundamental data, being typically their financial data (such as revenue, earnings before interests and taxes, net profit, book equity) or other industry-specific value drivers as at the Valuation Date. A typical challenge in applying the GPTC Method is to identify a sufficient pool of relevant and sufficient Guideline Public Companies that are comparable to the target and the subject companies in terms of their business models, underlying business risks and prospects.

Selection of the Guideline Public Companies

The application of the GPTC Method depends on the selection of the Guideline Public Companies that shared sufficient similarities to underlying business of the Target Group so as to provide meaningful comparisons. We exercised due care in the selection of the Guideline Public Companies by using multiple screening criteria in deciding whether or not the business model of a particular Guideline Public Company is relevant.

The Target Group is primarily engaged in two principal activities: (a) the provision of medical laboratory testing to doctors and medical related institutions, and (b) the distribution of medical laboratory equipment and devices, primarily reagents. For the six months ended 30 September 2023, 86% of the revenue was generated from the sale of medical equipment and devices. In terms of geographical analysis, revenue generated from the PRC and Hong Kong accounted for the majority of the Target Group's revenue for the same period.

In selecting the Guideline Public Companies, we considered multiple screening criteria including, but not limited to, descriptions of potential companies in terms of lines of business, operating locations, major revenue by geographical location, financial results, and other criteria. To comprise a representative set of Guideline Public Companies to derive the valuation result, we performed our comparable search based on the following processes in the selection of the Guideline Public Companies.

The selection is mainly based on searching through the Bloomberg terminal and online resources. Criteria had to be set to ensure similarity between the Guideline Public Companies and the Target Group as follows:

1. Principal Activity: Engaged in the medical equipment and reagent business, with the majority (i.e., over 80%) of revenue generated from the sale of medical equipment and reagents;
2. Principal Activity Location: The main business (i.e., over 80% of revenue) is operated in Hong Kong and/or China; and
3. Profit-making in the latest published financial period.

To compute quantitative benchmarks, we referred to the largest revenue percentage of the Target Group by products and geographical location segment. Given that roughly 86% of revenue is generated from the

distribution of medical laboratory equipment and devices, primarily reagents, within the Target Group, and that the PRC and Hong Kong are the main geographical locations for the provision of medical equipment and reagent business, we considered adopting two quantitative benchmarks:

1. Comparable companies with over 80% revenue generated from the provision of medical equipment and reagent business shall be accepted.;
2. Comparable companies with over 80% revenue generated from the PRC and Hong Kong shall be accepted.

We initiated our comparable search based on the above selection criteria. A pool of 17 related companies that are operating in a similar principal activity, geographic operation segment, and product mix as the Target Group were identified. We consider the list of Guideline Public Companies to be exhaustive based on our research and selection criteria on a best-effort basis. The comparable pool has represented a complete comparable pool sufficient to form a fair and reasonable valuation opinion. The following list shows the Guideline Public Companies that we have identified in connection with this valuation.

Selected Guideline Public Companies

	Company Name	Revenue by Business Segment	Revenue by Geographical Location
1	Biosino Bio-Technology & Science Inc (8247 HK Equity) Biosino Bio-Technology & Science, Inc. is a biotechnology company. The Company develops, manufactures, and markets protein-based in-vitro diagnostic reagents and biochemical drugs.	In-vitro Diagnostic Reagent and Instrument: 100%	PRC: 100%
2	Shanghai Universal Biotech Co Ltd (301166 CH Equity) Shanghai Universal Biotech Co., Ltd. operates as a medical antibody supplier. The Company develops and markets antibodies, recombinant proteins, cytokines, flow cytometry reagents, and other products. Shanghai Universal Biotech also supplies life science instruments and consumables.	Life Science Reagent, Instruments & Consumables: 97.3% Integrated Technical Services: 2.7%	PRC: 100%
3	Medicalsystem Biotechnology Co Ltd (300439 CH Equity) Medicalsystem Biotechnology Co., Ltd operates as a clinical diagnostics instruments development company. The Company develops and sells clinical diagnostics reagents, clinical analyzers, and other products.	IVD Reagents and Instrument, and Medical Diagnostic Services: 99.3% Other Business: 0.7%	PRC: 99.4% Rest of World: 0.6%
4	Tellgen Corp (300642 CH Equity) Tellgen Corporation researches, manufactures, and distributes in vitro diagnostic reagents. The Company produces tumor marker testing series, human papillomavirus detection products, gene mutation detection products, and more.	In Vitro Diagnostic Reagents and Instruments: 99.4% Others: 0.6%	PRC: 98.3% Overseas: 1.7%
5	Beijing Strong Biotechnologies Inc (300406 CH Equity) Beijing Strong Biotechnologies, Inc. operates in the IVD industry, where they specialize in the	Reagents and Medical Equipment: 99.0% Others: 1.0%	PRC: 98.1% Rest of World: 1.9%

	Company Name	Revenue by Business Segment	Revenue by Geographical Location
	manufacturing of clinical chemistry liquid reagents.		
6	IVD Medical Holding Ltd (1931 HK Equity) IVD Medical Holding Limited focuses on distribution of IVD products including analysers, reagents, and other consumables.	IVD Instrument, reagents and consumables: 93.7% Maintenance Services: 6.1% Self-Branded Products Business: 0.2%	PRC: 100%
7	Beijing Succeeder Technology Inc (688338 CH Equity) Beijing Succeeder Technology Inc. manufactures medical products. The Company produces antithrombin kits, coagulation reagents, hemorheology reagents, erythrocyte sedimentation reagents, in vitro diagnostic reagents, and other products. Beijing Succeeder Technology also produces medical equipment, medical supplies, and other products.	Reagent, Consumables and Instrument: 99.7% Other Business: 0.3%	PRC: 100%
8	Shanghai ZJ Bio-Tech Co Ltd (688317 CH Equity) Shanghai ZJ Bio-Tech Co., Ltd. operates biotechnology businesses. The Company produces genetic diagnostic reagents, nucleic acid detection kits, molecular diagnostic instruments, and others.	Nucleic Acid Detection Kit, Molecular Diagnostic Instruments and other: 97.3% Other Business: 2.7%	PRC: 94.8% Overseas: 5.2%
9	Shanghai Runda Medical Technology Co Ltd (603108 CH Equity) Shanghai Runda Medical Technology Co., Ltd. distributes medical instruments. The Company markets In vitro diagnostic equipment, supporting reagents, and other products.	Reagents, Other Consumables & Equipment: 98.8% Others: 1.2%	PRC: 100%
10	Wuhan Easydiagnosis Biomedicine Co Ltd (002932 CH Equity) Wuhan Easydiagnosis Biomedicine Co., Ltd researches and develops POCT rapid diagnostic reagents and other related equipment.	Rapid Diagnostic Reagents and Rapid Detection Equipment: 94.2% Inspection Services: 4.0% NT-proBNP Detection kit: 1.3% Other: 0.5%	PRC: 100%
11	Autobio Diagnostics Co Ltd (603658 CH Equity) Autobio Diagnostics Co., Ltd. manufactures medical reagents and equipment. The Company designs, produces, and sells clinical diagnostic products, rapid test devices, and other related instruments.	Reagents and Instruments: 95.7% Others: 4.3%	PRC: 95.4% Overseas: 4.6%
12	Shanghai Kehua Bio-Engineering Co Ltd (002022 CH Equity) Shanghai Kehua Bio-Engineering Co., Ltd. develops and manufactures bio-chemical reagents, medical equipment, diagnostic reagents, and genetic engineering pharmaceuticals.	Reagents and Instruments: 98.7% Other Business: 1.3%	PRC: 90.5% Overseas: 9.5%
13	Daan Gene Co Ltd (002030 CH Equity) Daan Gene Co., Ltd operates as a molecular diagnostic technology company. The Company researches, develops, manufactures, and sells fluorescence polymerase chain reaction diagnostic kits and related medical equipment.	Sales of Reagent and Instrument: 95.91% Provision Of Labor Services: 3.36% Financial Service: 0.61% Other Business: 0.12%	PRC: 100%

	Company Name	Revenue by Business Segment	Revenue by Geographical Location
14	Maccura Biotechnology Co Ltd (300463 CH Equity) Maccura Biotechnology Co., Ltd. specializes in the research, development, manufacturing, sales, and service of in-vitro diagnostic products.	Reagent and Instrument: 98.8% Other Business: 1.2%	PRC: 97.0% Rest of World: 3.0%
15	Sansure Biotech Inc (688289 CH Equity) Sansure Biotech Inc. operates as an in vitro diagnostic solution provider. The Company develops and sells upstream nucleic acid extraction kits, novel coronavirus nucleic acid detection kits, and other products.	Diagnostic Reagents and Instrument: 94.0% Testing Services: 3.7% Other Business: 2.3%	China: 91% Overseas: 9%
16	Innovita Biological Technology Co Ltd (688253 CH Equity) Innovita Biological Technology Co., Ltd. develops rapid diagnostic products. The Company develops and produces respiratory pathogen detection products, enzyme-linked immunoassay detection products, and other products.	In Vitro Diagnostic Reagents: 99.96% In Vitro Diagnostic Testing Devices: 0.04%	China: 94.24% Overseas: 5.76%
17	JIANGSU BIOPERFECTUS TECHN-A (688399 CH Equity) Jiangsu Bioperfectus Technologies Company, Ltd operates as a biotech company. The Company develops and sells influenza virus kits, rapid test kits, salmonella and shigella real time kits, and other products.	Reagent, Instrument and other: 96.26% Testing Service: 3.72% Other: 0.02%	China: 98.09% Overseas: 1.91%

Selection of Valuation Multiple

Selection of the valuation multiple are typically cited on the market capitalizations or enterprise values (“EV”) of a set of identified Guideline Public Companies. Valuation multiples are computed from dividing the valuations by certain operating or financial results of the Guideline Public Companies. We have naturally selected the valuation multiples cited on the ratio of market capitalizations or enterprise value to either key operating or financial indicator of the Guideline Public Companies. Once a valuation multiple is selected later and is computed based on the Guideline Public Companies, the fair value of the Subject Valuation can be subsequently computed by the following formula:

$$\text{Fair Value} = \text{Valuation multiple} \times \text{Key operating or financial indicator of the Target Group}$$

EV to EBITDA multiple is a metric that looks at a company’s wholistic worth relative to a proxy for cash flow that is available to investors. The Target Group is under normal operation and profitable. Considering that the operations of the selected Guideline Public Companies are located at different countries which under different tax jurisdictions, depreciation and amortization, and the financing structures are not similar as the Target Group, EBITDA excludes the impact of tax, depreciation and amortization, and financing cost on profitability can directly reflect the operating performance of a company. As such, EV to EBITDA is considered as an appropriate valuation multiple in this valuation. We have considered EV to EBITDA multiple as our preferred valuation multiple, and Price to Earnings multiple was applied for cross-checking purposes.

Computation of the Valuation Multiple

After identifying the Guideline Public Companies and determining the valuation multiple, the next step is to compute the EV to EBITDA multiples on a reliable and consistent approach across all Guideline Public Companies. The process of computing the valuation multiple in this valuation consists of the following 2 procedures:

- Determination of the EV of each Guideline Public Companies as at the Valuation Date. EV is multiplying their share prices by the number of shares outstanding as at the Valuation Date in order to obtain the market capitalization of the Guideline Public Companies. Secondly, add back company's interest-bearing debt, minority interest and preferred equity interest. Finally, subtract cash and cash equivalent items to obtain the EV of each of the Guideline Public Companies. The formula for calculating EV is summarised as below:

$$\text{EV} = \text{market value of common stock} + \text{market value of preferred equity} + \\ \text{market value of debt} + \text{minority interest} - \text{cash and cash equivalents}$$

- Determination of the measure of operating results i.e., EBITDA, which represents the denominators of the multiple. The formula for calculating EBITDA is:

$$\text{EBITDA} = \text{Operating Income or Losses} + \text{Depreciation \& Amortization}$$

Implied EV to EBITDA multiple for the Guideline Public Companies

	Name	Ticker	EV (HKD million)	EBITDA (HKD Million)	EV/EBITDA (rounded)
1	Biosino Bio-Technology & Science Inc	8247 HK Equity	258	49	5.24x
2	Shanghai Universal Biotech Co Ltd	301166 CH Equity	2,290	101	22.77x
3	Medicalsystem Biotechnology Co Ltd	300439 CH Equity	4,129	517	7.99x
4	Tellgen Corp	300642 CH Equity	2,889	183	15.77x
5	Beijing Strong Biotechnologies Inc	300406 CH Equity	13,394	698	19.18x
6	IVD Medical Holding Ltd	1931 HK Equity	1,113	492	2.26x
7	Beijing Succeeder Technology Inc	688338 CH Equity	2,463	119	20.64x
8	Shanghai ZJ Bio-Tech Co Ltd	688317 CH Equity	1,855	365	5.08x
9	Shanghai Runda Medical Technology Co Ltd	603108 CH Equity	17,064	1,568	10.88x
10	Wuhan Easydiagnosis Biomedicine Co Ltd	002932 CH Equity	4,128	2,154	1.92x
11	Autobio Diagnostics Co Ltd	603658 CH Equity	29,662	1,814	16.35x
12	Shanghai Kehua Bio-Engineering Co Ltd	002022 CH Equity	4,661	2,665	1.75x
13	Daan Gene Co Ltd	002030 CH Equity	14,199	3,160	4.49x
14	Maccura Biotechnology Co Ltd	300463 CH Equity	9,809	952	10.30x
15	Sansure Biotech Inc	688289 CH Equity	5,418	1,247	4.35x
16	Innovita Biological Technology Co Ltd	688253 CH Equity	1,460	152	9.59x
17	Jiangsu Bioperfectus Technologies Company	688399 CH Equity	862	880	0.98x
Mean (rounded):					9.38x
Median (rounded):					7.99x
Selected multiple (rounded):					7.99x

We have taken the median, being 7.99x of the 17 Guideline Public Companies, as the adopted EV to EBITDA multiple for our valuation analysis. The median serves as a better reflection of the central tendency of the sample if the distribution is not roughly identified as normally distributed. We believe the median rule can better take into consideration of the side effect of the skewed data points than the average rule.

Discount for Lack of Marketability

Discount for lack of marketability (“DLOM”) reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. For example, publicly-traded securities can be bought and sold nearly instantaneously while shares in a private company may require a significant amount of time to identify potential buyers and complete a transaction. Many bases of value allow the consideration of restrictions on marketability that are inherent in the subject asset but prohibit consideration of marketability restrictions that are specific to a particular owner. DLOM may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering.

In this valuation, EV/EBITDA multiple of the Guideline Public Companies are computed. Guideline Public Companies are listed companies, while the Target Group is a non-marketable interest. As such, DLOM is considered as a downward adjustment on the value of the Target Group, which is a privately owned equity, when comparing with listed companies.

We have made reference to the average of two DLOMs which derived from different databases, i) Pluris DLOM Database, studying DLOM from actual transactions in restricted stock private placements and ii) FactSet Mergerstat Review Database, studying 2023 median P/E offered for both private and public companies and exercised professional judgment to arrive at DLOM of 33.00%.

Summary of Fair Value of the Target Group

As the final step of our valuation, we consolidated our above findings and discussions into the following summary of fair value of the Target Group:

Valuation Summary for the Target Group

Market Approach - GPTC Method		30 September 2023 HKD
Selected Valuation Multiple (rounded)	EV/EBITDA	7.99x
Financial Result of the Target Group:		
Sustainable EBITDA as at 30 September 2023		36,443,500
Implied Value of 100% Equity Interest in the Target Group, before Adjustment		291,183,565
Add: Cash and Bank <Note 1>		143,702,000
Less: Amount Due to Related Parties <Note 1>		(1,727,000)
Less: Non-Controlling Interest <Note 2>		(2,380,000)
Less Debt <Note 1>		(5,284,000)
		425,494,565
Less: DLOM	-33%	(140,413,206)
Implied Equity Value of 100% Equity Interest in the Target Group		285,081,359
Implied Equity Value of 100% Equity Interest in the Target Group (rounded)		285,081,000

Note 1. Cash and Bank, Amount Due to Related Parties and Debt are referring to the unaudited consolidated figures of the Target Group as at the Valuation Date.

Note 2. Non-Controlling Interest represents 20% equity interest in Bio-Technology Limited, one of the company in the Target Group. It is stated at fair value by individual valuation under the market approach:

Market Approach - GPTC Method		30 September 2023 HKD
Selected Valuation Multiple (rounded)	EV/EBITDA	7.99x
Sustainable EBITDA as at 30 September 2023		1,605,388
Implied Value of 100% Equity Interest, before Adjustment		12,827,050
Add: Cash and Bank		3,512,814
Add: Amount Due from Related Parties		1,420,390
		17,760,255
Less: DLOM	-33%	(5,860,884)
Implied Equity Value of 100% Equity Interest		11,899,371
Implied Equity Value of 20% Equity Interest (rounded)		2,380,000

Cross-Check by Other Valuation Multiple

As aforesaid, we considered EV to EBITDA multiple as the most appropriate valuation multiple and applied in the valuation of the Target Group. As the Target Group is under operation and profitable, price to earnings multiple is also a relevant multiple of valuation. To access the reasonableness of the valuation result, we also performed cross-check of our result by price to earnings multiples of the Guideline Public Companies.

We have calculated the implied Price to Earnings (P/E) multiple of the Target Group based on the valuation result (i.e. Implied Equity Value of the Target Group). Then, we obtained the P/E multiple of the Guideline Public Companies and compared with that of the Target Group.

P/E Multiple of the Guideline Public Companies

	Name	Ticker	P/E Multiple, after DLOM (rounded)
1	Biosino Bio-Technology & Science Inc	8247 HK Equity	55.61x
2	Shanghai Universal Biotech Co Ltd	301166 CH Equity	34.02x
3	Medicalsystem Biotechnology Co Ltd	300439 CH Equity	13.08x
4	Tellgen Corp	300642 CH Equity	25.69x
5	Beijing Strong Biotechnologies Inc	300406 CH Equity	15.44x
6	IVD Medical Holding Ltd	1931 HK Equity	5.01x
7	Beijing Succeeder Technology Inc	688338 CH Equity	21.93x
8	Shanghai ZJ Bio-Tech Co Ltd	688317 CH Equity	17.23x
9	Shanghai Runda Medical Technology Co Ltd	603108 CH Equity	14.05x
10	Wuhan Easydiagnosis Biomedicine Co Ltd	002932 CH Equity	6.99x
11	Autobio Diagnostics Co Ltd	603658 CH Equity	14.67x
12	Shanghai Kehua Bio-Engineering Co Ltd	002022 CH Equity	3.28x
13	Daan Gene Co Ltd	002030 CH Equity	10.33x
14	Maccura Biotechnology Co Ltd	300463 CH Equity	15.66x
15	Sansure Biotech Inc	688289 CH Equity	9.82x
16	Innovita Biological Technology Co Ltd	688253 CH Equity	16.69x
17	Jiangsu Bioperfectus Technologies Company	688399 CH Equity	71.06x
		Upper Quartile:	21.93x
		Median (rounded):	15.44x
		Lower Quartile:	10.33x
		Implied P/E Multiple of the Target Group:	11.48x

The above analysis shows the median P/E multiples of the Guideline Public Companies was 15.44x. The implied P/E multiple of the Target Group was 11.48x which is within the range of the lower quartile (i.e., 10.33x) and upper quartile (i.e., 21.93x). Such cross-check result suggests that the valuation result derived from EV to EBITDA multiple is fair and falls within a reasonable range.

VALUATION OF THE SERIES A PREFERRED SHARES AND ORDINARY SHARES

After determining the fair value of the Target Group as at the Valuation Date, we can then determine the fair value of the Subjects of Valuation. We have considered the liquidation scenario based on calculated fair value of the 100% equity interest in the Tagert Group and the terms of the equity classes.

In the liquidation scenario, we adopted the option pricing model following the below procedures:

1. Identify the critical terms of the series A preferred shares, including the liquidation preferences, the conversion rights, and the participation rights.
2. Determine the breakpoints, the point at which each class of equity reaches in-the-money status.
3. Determine the parameters that would be adopted in the Black-Scholes model, including stock price (equity value of the Target Group), exercise price (the breakpoints determined in step 2), time to settlement, volatility, and risk-free rate.
4. Calculate the breakpoint value by the Black Scholes model.
5. Allocate the incremental option values to respective equity classes.

To facilitate the valuation under Black-Scholes model, the following major assumptions are made:

- i. The expected liquidity date is assumed to be 30 September 2033, which is 10 years from the series A preferred share acquisition date as the Company has expected investment horizon in the Target Group for over 10 years.
- ii. The short-term interest rates are known and constant through time;
- iii. There is no arbitrage opportunity;
- iv. The stock price of the Target Group follows a continuous-time random walk;
- v. The variance of the rate of return on the stock is constant;
- vi. The stock returns resemble a log-normal distribution;
- vii. There are no taxes, commissions, or other transaction costs in buying or selling the stock or option.

Black-Scholes Formula

The Black-Scholes formula is shown as follows:

$$C(S_t, t) = N(d_1)S_t - N(d_2)PV(K)$$

The parameters d1, d2 and PV(K) is calculated as follows:

$$d_1 = \frac{1}{\sigma\sqrt{T-t}} \left[\ln\left(\frac{S_t}{K}\right) + \left(r + \frac{\sigma^2}{2}\right)(T-t) \right]$$

$$d_2 = d_1 - \sigma\sqrt{T-t}$$

$$PV(K) = Ke^{-r(T-t)}$$

Where:

St = Equity Value of the Target Group as at the Valuation Date

K = Exercise price, which are the breakpoints

σ = Volatility

r = Risk-free Rate

T-t = time to liquidity (in years)

N() = Cumulative distribution function of the standard normal distribution

Major Valuation Parameters

Valuation Date	30 September 2023
Equity Value (HKD)	285,081,000
Exercise Price (HKD)	Breakpoint #1: 150,000,372 Breakpoint #2: 399,702,881
Maturity Date	30 September 2033
Volatility <Note 1>	58.87%
Risk-free Rate <Note 2>	4.10%
Dividend Yield <Note 3>	0.00%

Note 1. It made reference to historical volatilities of Guideline Public Companies adopted in the market approach in determination of fair value of the Target Group that matches with time to maturity.

Note 2. Risk-free rate adopted data of HKD Hong Kong Government BVAL Curve extracted from Bloomberg terminal.

Note 3. There is no historical dividend payout record nor dividend payout policy of the Target Group, no dividend yield is assumed in the valuation.

Summary of fair value of equity classes of the Target Group

Equity Class	Series A Preferred Share	Ordinary Share	Ordinary Share	Ordinary Share
Number of shares acquired by the Company	16,059,997	2,288,000	2,520,765	2,775,330
% as if diluted basis	37.53%	5.35%	5.89%	6.49%
Share price (HKD)	7.81	5.97	5.97	5.97
Fair value of Subject of Valuation (HKD)	125,445,000	13,662,000	15,052,000	16,572,000

STATEMENT OF LIMITING CONDITIONS

- Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Target Group or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.
- The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.
- All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.
- Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.
- We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.
- The report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.
- The valuation analysis and conclusion of value presented in the report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom the report is addressed.
- The opinion of value expressed in this report does not obligate us to attend court proceedings with regard to the subject business assets, properties or business interests, unless such arrangements have been made previously.
- Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.
- We have only considered circumstances existing as at the Valuation Date. An event that could affect the value may occur subsequent to the Valuation Date. Such an occurrence is referred to as a subsequent event which is not considered in the valuation.

CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the fair value of 16,059,997 preference shares, 2,288,000 ordinary shares, 2,520,765 ordinary shares and 2,775,330 ordinary shares in Pangenia and its subsidiaries as at 30 September 2023 are as follows.

Subject of Valuation	Valuation Result (HKD)
Fair value of 16,059,997 preference shares in Pangenia and its subsidiaries	125,445,000
Fair value of 2,288,000 ordinary shares in Pangenia and its subsidiaries	13,662,000
Fair value of 2,520,765 ordinary shares in Pangenia and its subsidiaries	15,052,000
Fair value of 2,775,330 ordinary shares in Pangenia and its subsidiaries	16,572,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained. We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to the any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,

For and on behalf of

VALTECH VALUATION ADVISORY LIMITED

For and on behalf of
Valtech Valuation Advisory Limited
方 程 評 估 有 限 公 司
Valtech Valuation Advisory Ltd
.....
Authorized Signature(s)

INVOLVED STAFF BIOGRAPHY

Marvin Wong, CPA

Mr. Wong has over ten years of experience in the professional service industry, including auditing, internal control advisory, financial due diligence, and with a focus on business valuation services. Mr. Wong is experienced in performing business valuation for State-owned enterprises, private and public companies. He provides valuation services mainly to support the purpose of financial reporting, mergers and acquisitions, tax filing and fund raising. He has performed valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC, listed companies' circular filing in Hong Kong and Singapore.

He has earned valuation experience in industries including but not limited to food and beverage, education, financial service, hotel, toll road, mining, ship building, pharmacy, agriculture, trading, e- platform, marketing, person-to-person microlending, waste management, intelligent parking, etc. He is also experienced in intangible asset valuation including customer relationship, trademark, franchise agreement, mining right, patent, distribution network and concession right.

Keith Lui, CFA, FRM

Mr. Lui is a Bachelor of Science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He is also experienced in valuation of overseas projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. The valuation reports prepared by Mr. Lui has been referenced by Hong Kong listed companies in their circulars, including companies in agriculture, mining, internet and real estate sectors.

Bobby Zhu

Mr. Zhu has valuation experiences in various industries including but not limited to clean energy, manufacturing, utility and infrastructure, mining, etc. Prior to joining Valtech Valuation, he worked in another valuation firm where he participated in many business valuation projects to support clients for the purpose of financial reporting, mergers and acquisitions. He has also gained experiences in performing valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. Earlier to that, he worked as Corporate Financial analyst in Sony and Dell and Corporate Auditor in Natuzzi China. Bobby earned his Financial Management Degree from Shanghai University of Finance & Economics.

Carmen Goh

Ms. Goh completed her Financial Services Degree with various internships and academic experience in Hong Kong, Shanghai, and Germany. Before joining the valuation field, she gained experience in the Corporate Development department, responsible for market research and financial analysis, supporting business development for new ventures. Since joining Valtech Valuation, she gained experience in different industries but not limited to food and beverage, sports, lighting, financial services, etc. She is accumulating and enriching her experience in providing valuation services for public and private companies in China and Hong Kong.

GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us are assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown to the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

End of Report