**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your shares in EC Healthcare, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, licensed corporation, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



EC Healthcare
醫思健康
HKEx Stock Code: 2138

**EC Healthcare**

**醫思健康**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2138)**

# (1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 51% OF ISSUED SHARE CAPITAL IN THE TARGET COMPANY; (2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% OF ISSUED SHARE CAPITAL IN A NON-WHOLLY OWNED SUBSIDIARY AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board (as defined in this circular) is set out on pages 7 to 30 of this circular.

A notice convening the EGM of the Company to be held at 20/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, on Wednesday, 5 February 2025 at 10:30 a.m. is set out on pages EGM-1 and EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company (https://www.echealthcare.com/) and the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road, Central, Hong Kong as soon as possible and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM (i.e., not later than 10:30 a.m. on Monday, 3 February 2025 (Hong Kong Time)), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy previously submitted shall be deemed to be revoked.

20 January 2025

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*Page*

*In this circular, the following terms or expressions shall have the meanings set out below unless the context requires otherwise:*

| | |
|---|---|
| "Acquisition" | the acquisition of the 20% and 20% equity interests in HKMAI TST by the Target Company from each of Dr. Hui and Dr. Shum, respectively, pursuant to the terms and conditions of the Acquisition Agreements |
| "Acquisition Agreements" | the conditional share purchase agreements dated 6 November 2024 entered into between (1) Dr. Hui (as vendor) and the Target Company (as purchaser); and (2) Dr. Shum (as vendor) and the Target Company (as purchaser), respectively, in relation to the Acquisition |
| "Acquisition Consideration" | the consideration payable by the Target Company to Dr. Hui and Dr. Shum for the shares to be acquired by the Target Company pursuant to the Acquisition Agreements |
| "Affiliates" | means, with respect to a person, a person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person |
| "AIA" | AIA Group Limited (stock code: 1299), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange |
| "Board" | the board of directors |
| "Business Day" | Monday to Friday, excluding public holidays, in Hong Kong and excluding any day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. |
| "Company" | EC Healthcare (stock code: 2138), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| "Completion" | the completion of the Disposal pursuant to the Share Purchase Agreement |

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| "Completion Adjustment Amount" | the amount determined by Net Working Capital of the Target Group minus Target Net Working Capital of the Target Group plus Net Debt of the Target Group, in each case as set out in the Completion Statement |
| "Completion Date" | the date on which Completion is required to take place, being the last Business Day of the calendar month in which the last of the Conditions has been satisfied or waived (as the case may be), provided that (i) Completion shall not take place before 28 January 2025 and (ii) if such satisfaction or waiver (as the case may be) takes place less than ten (10) Business Days before the end of that calendar month, Completion shall take place at the same location and time on the last Business Day of the calendar month which immediately follows the calendar month in which such satisfaction or waiver takes place |
| "Completion Statement" | a statement setting out certain financial information (including a consolidated balance sheet of the Target Group) as at the Completion Date to be prepared, finalised and agreed after the Completion in accordance with the terms of the Share Purchase Agreement to be provided by the Purchaser on or before 60 Business Days after the Completion Date |
| "Conditions" | the conditions precedent to the Completion as stipulated under the Share Purchase Agreement |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Consideration" | the consideration payable by the Purchaser to the Sellers for the Sale Shares |
| "Control" | the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities or partnership or other equity interests, the right or ability to appoint directors, by contract or otherwise, provided that the indirect or direct ownership or control of more than 50% of the voting securities in such person shall be deemed to constitute Control; and "Controlled" shall be construed accordingly |
| "Director(s)" | the Director(s) of the Company |

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| "Disposal" | the disposal of Sale Shares (including the First Sale Shares by the First Seller), representing the entire equity interest in the Target Company, by the Sellers to the Purchaser pursuant to the terms and conditions of the Share Purchase Agreement |
| "Dr. Hui" | Dr. Hui Kei Tat, holder of 7,000,000 ordinary shares (representing 20% of its entire issued share capital) in HKMAI TST as at the Latest Practicable Date |
| "Dr. Shum" | Dr. Shum Sing Fai John, holder of 7,000,000 ordinary shares (representing 20% of its entire issued share capital) in HKMAI TST as at the Latest Practicable Date |
| "EGM" | an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereby |
| "First Sale Shares" | 5,100 Sale Shares held by the First Seller, representing 51% of the entire issued share capital of the Target Company, as at the Latest Practicable Date |
| "First Sale Shares Consideration" | HK$437,580,000, being the consideration for the sale of the First Sale Shares by the First Seller |
| "First Seller" | Jade Master International Limited, holder of the First Sale Shares, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company |
| "Group" | the Company and its subsidiaries |
| "HKMAI" | Hong Kong Medical Advanced Imaging Limited, a company incorporated in Hong Kong with limited liability |
| "HKMAI Transfer Shares" | 8,000,000 ordinary shares in HKMAI held by the Target Company, representing 10% of the issued shares of HKMAI, as at the Latest Practicable Date |
| "HKMAI Transfers" | the transfer of HKMAI Transfer Shares and HKMAI TST Transfer Shares collectively |

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| "HKMAI TST" | Hong Kong Medical Advanced Imaging (TST) Limited (renamed as AcuScan Advanced Imaging Hong Kong Limited on 29 November 2024), a company incorporated in Hong Kong with limited liability |
| "HKMAI TST Transfer Shares" | 17,150,000 ordinary shares in HKMAI TST held by shareholders other than the Target Company, representing 49% of the issued shares of HKMAI TST, as at the Latest Practicable Date |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Third Party(ies)" | third party(ies) independent of and not connected with the Company and its connected persons |
| "Initial Consideration" | an amount equal to 90% of the Consideration |
| "Latest Practicable Date" | 13 January 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Long Stop Date" | the date falling three (3) months after the date of the Share Purchase Agreement or such other date as may be agreed in writing among the Sellers and the Purchaser |
| "Net Debt" | the aggregate of the line items, including (a) deferred tax assets, (b) tax payable, (c) deferred tax liabilities, (d) other payables and accruals, (e) reinstatement provision, (f) staff bonus accrual, (g) capex payable, (h) transaction expenses payable, (i) payables in relation to the settlement/waiver of balances due from/to related parties, (j) dividend payable and (k) payables in relation to the enablement of HKMAI TST as a standalone entity |
| "Net Working Capital" | the aggregate of the line items, including (a) rental and other deposits, (b) inventories, (c) trade receivables, (d) prepayments, deposits and other receivables, (e) trade payables and (f) other payables and accruals |

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| "Parties" | the Company, the First Seller, the Second Seller, the Third Seller and the Purchaser |
| "percentage ratio" | has the meaning ascribed to it under the Listing Rules |
| "Purchaser" | AIA Hong Kong Medical Services Limited, a company incorporated in Hong Kong with limited liability |
| "Remaining Group" | the Group immediately after the Completion |
| "Reporting Period" | the financial year ended 31 March 2024 |
| "Sale Shares" | the First Sale Shares, the Second Sale Shares and the Third Sale Shares collectively, which are equivalent to 10,000 ordinary shares and representing the entire issued share capital of the Target Company |
| "Second Sale Shares" | 4,800 Sale Shares held by the Second Seller, representing 48% of the entire issued share capital of the Target Company, as at the Latest Practicable Date |
| "Second Seller" | Dr. Ma Chi Min Effinie, holder of the Second Sale Shares and a director of the Target Company as at the Latest Practicable Date |
| "Sellers" | the First Seller, the Second Seller and the Third Seller collectively |
| "Services Agreement" | the services agreement dated 6 November 2024 entered into between the Target Company and the Company |
| "Share(s)" | ordinary share(s) of the Company |
| "Share Purchase Agreement" | the conditional share purchase agreement dated 6 November 2024 entered into between the Sellers, the Company and the Purchaser in relation to the Disposal |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "Target Company" | New Medical Centre Holding Limited, a company incorporated in Hong Kong with limited liability |

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|---|---|
| "Target Group" | the Target Company and its subsidiaries |
| "Target Net Working Capital" | HK$14,575,000 |
| "Third Sale Shares" | 100 Sale Shares held by the Third Seller, representing 1% of the entire issued share capital of the Target Company, as at the Latest Practicable Date |
| "Third Seller" | Ms. Wu Yun Chai, holder of the Third Sale Shares and a director of the Target Company as at the Latest Practicable Date |
| "Transaction Documents" | the Share Purchase Agreement and the Services Agreement |
| "UAIHL" | Union Advanced Imaging Holding Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company |
| "Valuation" | the appraisal of the entire issued share capital in the Target Group, as at the Valuation Date, as appraised by the Valuer |
| "Valuation Date" | 30 September 2024 |
| "Valuation Report" | the valuation report in relation to the Valuation prepared by the Valuer |
| "Valuer" | Valtech Valuation Advisory Limited, an Independent Third Party, engaged by the Company for the purpose of appraisal of the value of Target Group |
| "%" | per cent |

# EC Healthcare
# 醫思健康

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2138)**

*Executive Directors:*
TANG Chi Fai *(Chairman)*
LU Lyn Wade Leslie *(Chief Executive Officer)*
LEE Heung Wing *(Chief Financial Officer)*

*Non-Executive Directors:*
LUK Kun Shing Ben *(Chief Information Officer)*
LEUNG YANG, Shih Ti Marianne

*Independent Non-Executive Directors:*
MA Ching Nam
LOOK Andrew
AU Tsun

*Registered Office:*
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal Place of Business:*
20/F, Devon House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

20 January 2025

*To the Shareholders*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 51% OF ISSUED SHARE CAPITAL IN THE TARGET COMPANY;**
**(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% OF ISSUED SHARE CAPITAL IN A NON-WHOLLY OWNED SUBSIDIARY**
**AND**
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

## A. INTRODUCTION

### The Disposal of the Target Company

Reference is made to the announcement of the Company dated 6 November 2024. On 6 November 2024 (after trading hours), the Company, the First Seller (an indirect wholly-owned subsidiary of the Company), the Second Seller, the Third Seller and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and each of the First Seller, the Second Seller and the Third Seller has conditionally agreed to sell 51%, 48% and 1% of the issued share capital in the Target Company respectively, subject to the terms and conditions thereunder. The Sale Shares represent the entire issued share capital of the Target Company. Please refer to the paragraph headed "Information of the Parties Involved in the Disposal – The Target Company" below for a shareholding structure of the Target Company. The First Sale Shares Consideration payable by the Purchaser to the First Seller is HK$437,580,000 (subject to adjustments).

Moreover, pursuant to the Share Purchase Agreement:

(i) the Company will procure UAIHL (an indirect wholly-owned subsidiary of the Company) and the other two shareholders of HKMAI TST (namely, Dr. Hui and Dr. Shum) to transfer in aggregate 49% issued shares of HKMAI TST (representing 9%, 20% and 20%, respectively) to the Target Company (the "**HKMAI TST Transfer**", which includes the Acquisition (as defined and described below)). The consideration payable by the Target Company to each of UAIHL, Dr. Hui and Dr. Shum for the HKMAI TST Transfer shall be HK$3,814,000, HK$8,471,000 and HK$8,471,000, respectively; and

(ii) the Sellers shall procure the Target Company to transfer 5.1% and 4.9% issued shares of HKMAI to UAIHL and the Second Seller, respectively (the "**HKMAI Transfer**", and together with the HKMAI TST Transfer, the "**HKMAI Transfers**". The transfer of 4.9% issued shares of HKMAI from the Target Company to the Second Seller alone shall be referred to as the "**Second Seller HKMAI Transfer**"). The consideration payable to the Target Company by each of UAIHL and the Second Seller for the HKMAI Transfer shall be nil.

After the completion of the HKMAI Transfers, the Group will cease to own any shares in HKMAI TST whereas the Target Company will cease to own any shares in HKMAI. Please refer to the paragraph headed "C. Acquisition of Shares in a Non-Wholly Owned Subsidiary" below for the key terms of the Acquisition Agreements for the HKMAI TST Transfer, and "Reorganisation of HKMAI TST and HKMAI – HKMAI Transfer" for the key terms of the HKMAI Transfer.

Upon completion of the Disposal, the Target Group will include 100% of the issued shares in HKMAI TST and exclude any interests in HKMAI, and will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Group. Furthermore, the Company and the Target Company have entered into a Services Agreement, pursuant to which the Company will provide the Services (as defined therein) to HKMAI TST for three years after the Completion. Please refer to the paragraph headed "Reorganisation of HKMAI TST and HKMAI – Services Agreement" below for the key terms of the Services Agreement.

**The Acquisition of Shares in HKMAI TST, a non-wholly owned subsidiary**

On 6 November 2024 (after trading hours), (1) Dr. Hui (as vendor) and the Target Company (as purchaser); and (2) Dr. Shum (as vendor) and the Target Company (as purchaser), respectively, entered into the Acquisition Agreements, pursuant to which the Target Company has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively, subject to the terms and conditions thereunder. The Acquisition Consideration payable by the Target Company to Dr. Hui and Dr. Shum is HK$16,942,000 in aggregate. Upon the completion of the Acquisition and the HKMAI TST Transfer, HKMAI TST will be a wholly-owned subsidiary of the Target Company.

The Acquisition (and the HKMAI TST Transfer) are part and parcel of the Disposal, as they constitute the reorganisation as required under the conditions precedent to the Share Purchase Agreement. Please refer to the paragraph headed "B. Disposal of the Target Company – Conditions Precedent" below for the key terms of the Acquisition Agreements further details.

The purpose of this circular is to provide you with, among others, (i) further details on the Disposal and the Acquisition; (ii) the financial information of the Group and the Target Group; (iii) the Management discussion and analysis of the Remaining Group; (iv) the unaudited pro forma financial information of the Remaining Group; and (v) a notice of the EGM to consider and, if thought fit, to approve the Disposal and the Acquisition and the transactions contemplated thereunder.

## B. DISPOSAL OF THE TARGET COMPANY

### Principal Terms of the Share Purchase Agreement

***Date***

6 November 2024

*Parties*

The parties to the Share Purchase Agreement are as follows:

(i) Jade Master International Limited as the First Seller;

(ii) Dr. Ma Chi Min Effinie as the Second Seller;

(iii) Wu Yun Chai as the Third Seller;

(iv) the Company as the guarantor of the First Seller; and

(v) AIA Hong Kong Medical Services Limited as the Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

***The Sale Shares***

Pursuant to the Share Purchase Agreement, each of the Sellers has conditionally agreed to sell their respective Sale Shares, and the Purchaser has conditionally agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company) in accordance with the terms and conditions thereunder.

The table below sets forth the number of issued shares and the corresponding percentage of shareholdings in the Target Company to be disposed of by each of the Sellers:

| **Sellers** | **Number of issued shares in the Target Company to be disposed of** | **Percentage of shareholdings in the Target Company to be disposed of** |
|---|---:|---:|
| First Seller | 5,100 | 51% |
| Second Seller | 4,800 | 48% |
| Third Seller | 100 | 1% |
| **Total** | 10,000 | 100% |

***Consideration***

The Consideration for the Disposal is HK$858,000,000 (subject to the adjustments as stated below). The Consideration shall be payable to the Sellers in the respective proportion as set out below, subject to such adjustments:

| **Sellers** | **Respective amount (and proportion) of Consideration** *HK$* |
|---|---|
| First Seller (a wholly-owned subsidiary of the Company) | 437,580,000 (51%) |
| Second Seller | 411,840,000 (48%) |
| Third Seller | 8,580,000 (1%) |

The First Sale Shares Consideration was determined after arm's length negotiation between the Company, the First Seller and the Purchaser on normal commercial terms after taking into account (a) the preliminary value of the Target Group as at the Valuation Date appraised by the Valuer, which is within a difference of 5% in relation to the Consideration when calculated on a pro rata basis; (b) the financial performance of the Target Group; (c) industry benchmarks and comparable transactions to ensure that the agreed-upon price reflected a fair and equitable assessment of the shares' worth. The Valuation Report of the Target Company is set out in Appendix III to this circular; and (d) the waiver of the amount due from the Target Group which had arisen from the historical acquisition cost of The New Medical Center Limited as detailed in Note 6(a) of the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this circular, which is accounted for as a liability in the calculation of the Target Group's net assets.

The Valuation was based on the market approach. The Target Group is principally engaged in the provision of medical services and medical imaging services. The Target Group was profit-making for the last financial year and the profitability is widely accepted as the primary value driver of a business.

The Valuer adopted a market approach based on the comparable companies in the market, which can better reflect the industry situation and objectively reflect the value of the Target Group. The Company considers that the market approach is appropriate as it can reflect the current market's investment preferences and provide a mark-to-market value comparison. In addition, the Company was able to identify sufficient comparable companies with similar scope of business in the market to facilitate a meaningful comparison. The Company has identified a list of comparable companies based on the following screening criteria:

– the comparable companies are listed on the Stock Exchange (such that relatively accurate and reliable financial information would be readily available from the relevant regulatory filings);

– the comparable companies should be principally engaged in the health care industry with over 50% of revenue generated from this business segment. This business is benchmarked because the Target Group derives a majority of its revenue from the healthcare industry;

– the comparable companies' primary operations should be based in Hong Kong. This geographical location is chosen because the Target Group derives a majority of its revenue from Hong Kong;

– the comparable companies' securities should be actively traded and have sufficient listing and operating histories; and

– the comparable companies should have recorded positive EBITDA and profit in the latest published financial period.

The above screening criteria were devised with a view to identifying a sufficiently representative number of comparable companies that have a business profile similar to that of the Target Group (in terms of line of principal business and geographical locations) to yield an acceptable indication of value for the purpose of the market approach. The Valuer identified five comparable companies and excluded four of them because they recorded a negative EBITDA in the latest published financial period. To ensure a fair and reasonable sample size of comparable companies and the availability of the valuation multiples for the valuation, the Valuer deployed a broader selection criteria, including comparable companies that engage in the health care provision in the PRC. Although the selection criteria have been expanded, the core attributes of the companies, such as the listing location, business segment and profitability, remain unchanged. As such, an addition of eight comparable companies were identified, constituting a total of nine comparable companies that operate in a similar principal activity, geographic operation segment, and profitability as the Target Group. Accordingly, the Company considers that the selection criteria are fair and reasonable.

The Company considered the EV to EBITDA ratio to determine the consideration under the Share Purchase Agreement. 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 Company is under normal operation and profitable. Considering that the depreciation and amortisation, and the financing structures of the comparable companies are not similar to those of the Target Company, EBITDA excludes the impact of tax, depreciation and amortisation, and financing cost on profitability and thus can directly reflect the operating performance of a company.

The Board had also reviewed and discussed with the Valuer the criteria for selecting the comparable transactions as set out in Appendix III to this circular. The comparable transactions were selected based on the comparability of the overall industry sector of the relevant target companies of the comparable transactions with reference to the following selection criteria: (i) the transaction was announced within two years prior to the Valuation Date; (ii) the transaction has been completed as of the Valuation Date; (iii) the target is principally engaged in the health care industry (i.e. over 50% of total revenue generated from this business segment); (iv) the financial information of the transaction is available to the public. Taking into account the selection criteria, the characteristics of the relevant target companies of the comparable transactions, and the number of comparable transactions selected, the Directors consider the comparable transactions to be fair and representative for the purpose of the valuation of the Target Group.

90% of the Consideration payable by the Purchaser to the Sellers shall be settled by the Purchaser by wire transfer or delivery of other immediately available funds to the respective bank accounts of the Sellers at Completion and the remaining 10% shall be subject to adjustment and payment as set out below.

***Adjustment of Consideration***

The Consideration shall be adjusted based on the Completion Statement provided by the Purchaser on or before the date that is 60 Business Days after the Completion Date in the following manner:

(a) if the amount determined by Consideration minus Initial Consideration plus the Completion Adjustment Amount is a positive number, the Purchaser shall pay such amount to the Sellers; or

(b) if the amount determined by Consideration minus Initial Consideration plus the Completion Adjustment Amount is a negative number, the Sellers shall, on a joint and several basis, pay such amount to the Purchaser.

The adjustment payment shall be made from or to, as applicable, the Sellers (in the respective proportion as set out in the paragraph headed "Consideration" above).

***Earn-out Adjustment***

Subject to the requirements and thresholds set out in the Share Purchase Agreement and further described below, the Purchaser shall pay to the Sellers (in the respective proportion as set out in the paragraph headed "Consideration" above) the earn-out consideration ("**Earn-out Consideration**") for each of the earn-out years, being the 2025, 2026 and 2027 calendar years (each an "**Earn-out Year**") within 10 Business Days after the date on which the respective earn-out statement is determined pursuant to the Sale and Purchase Agreement.

The Earn-out Consideration shall be determined as follows:

**Earn-Out Consideration = (A – B) ÷ (C – B) × HK$36,400,000**

where:

A = The gross profit amount generated by the two existing premises (with no change to the existing premises nor addition of new premises) operated by the Target Company as set out in the final earn-out statement (as agreed by the Parties in accordance with the Sale and Purchase Agreement) calculated in accordance with the same accounting principles as the previous financial year ("**Earn-out Gross Profits**")

B = The earn-out threshold for such Earn-out Year (as determined in accordance with the Sale and Purchase Agreement) ("**Earn-out Threshold**"), being HK$132,000,000, HK$145,000,000 and HK$167,000,000 for 2025, 2026 and 2027, respectively

C = The earn-out target for such Earn-out Year (as determined in accordance with the Sale and Purchase Agreement), being HK$145,000,000, HK$167,000,000 and HK$200,000,000 for 2025, 2026 and 2027, respectively

The Earn-out Consideration in respect of any Earn-out Year shall not exceed HK$36,400,000 and shall be determined on or before 60 Business Days after 31 December of each of the 2025, 2026 and 2027 calendar years. If the Earn-out Gross Profits in respect of any Earn-out Year does not exceed the Earn-out Threshold for such Earn-out Year, the Sellers shall lose the right to any Earn-out Consideration for such Earn-out Year.

The Earn-out Consideration will be paid to the Sellers (in the respective proportion as set out in the paragraph headed "Consideration" above).

The Company will disclose the Earn-out Consideration for each of the year 2025, 2026 and 2027 in the annual report of the relevant year.

***Guarantee***

Pursuant to the Share Purchase Agreement, the Company, as the guarantor of the First Seller, guarantees to the Purchaser the due and punctual performance and observance by the First Seller of all its obligations thereunder, and agrees to indemnify the Purchaser against all losses which the Purchaser suffers arising under, relating to or resulting from any act or omission constituting a breach by the First Seller thereunder.

***Conditions Precedent***

Completion is conditional upon the following Conditions being satisfied (or waived by the Purchaser and/or by the Purchaser and the Sellers, as the case may be):

(a) where required by the Listing Rules, the Shareholders having approved the transactions contemplated by the Transaction Documents in accordance with the Listing Rules;

(b) the HKMAI Transfers having been completed in accordance with the Share Purchase Agreement (please refer to the paragraph headed "Reorganisation of HKMAI TST and HKMAI" below for further details);

(c) the actions in relation to the separation of HKMAI TST required to be taken under the Share Purchase Agreement prior to Completion having been taken, comprised of handover activities for the operation of HKMAI TST between the First Seller and the Purchaser in relation to information technology, human resources, finance and operations, customer services, marketing and medical equipment of HKMAI TST;

(d) the lease of the premises of HKMAI TST having been renewed and novated, and the change of control consents in relation to the premises of The New Medical Center Limited having been obtained;

(e) no order or injunction having been issued by any court of competent jurisdiction or governmental authority and no ruling having been issued, or action taken, by any relevant stock exchange that, in each case, is in effect at Completion and prevents or materially hinders completion of the transactions contemplated by the Transaction Documents;

(f) no material adverse change having occurred after the date of the Share Purchase Agreement which is continuing;

(g) a certain medical practitioner having the right to practise medicine in Hong Kong without suspension by the Medical Council of Hong Kong;

(h) each member of the Target Group having positive retained earnings;

(i) each Seller not being in material breach of any undertaking or covenant given under the Share Purchase Agreement; and

(j) each representation or warranty given by a Seller under the Share Purchase Agreement as at Completion being materially correct, complete and not misleading.

The Company shall use its best endeavours to ensure that the Conditions (a), (b), (c) and (d) are fulfilled as soon as reasonably practicable and, in any event, by the Long Stop Date. The Purchaser may waive Conditions (b), (c), (d), (f), (g), (i), (j) by notice in writing to the Sellers. The Sellers and the Purchaser may waive Condition (e) by mutual consent.

As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

In the event that any of the Conditions has not been fulfilled or waived prior to the Long Stop Date, the Purchaser may on that date, at its option, by notice in writing to the Sellers:

(a) postpone the Long Stop Date to such other date as agreed among the Parties in writing; or

(b) terminate the Share Purchase Agreement.

***Completion***

Subject to the satisfaction or waiver (as the case may be) of all Conditions, Completion shall take place on the Completion Date.

If a party fails to comply with any obligations at Completion under the Share Purchase Agreement, the compliant Parties are entitled by written notice to the non-compliant party:

(a) if the Long Stop Date has passed, to terminate the Share Purchase Agreement;

(b) to effect Completion so far as practicable having regard to the defaults which have occurred, including by exercising any right to specific performance; or

(c) to fix a new date for Completion (not being more than one month after the agreed date for Completion).

Following the Completion, the Purchaser will hold the entire issued share capital of the Target Company, and the First Seller will not hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Prior to the completion of the Disposal, the Target Group is included in the medical business segment of the Group, providing medical services in general surgery, medical imaging diagnostic and other medical specialties. Upon the Disposal, the remaining principal business operations of the Company after the Disposal shall remain unchanged, and shall be the provision of medical services, aesthetic medical and beauty and wellness services, and veterinary and other services. In particular the Group will continue to offer the same medical services (including medical specialty services) and medical imaging diagnostic services through other subsidiaries after the Disposal.

Pursuant to the terms of the Share Purchase Agreement, the Group shall not (and shall procure its Affiliates not to), except for the operation of twelve permitted facilities currently in operation or to be established and operated (including a medical complex of over 100,300 square feet which entails various brands of the Group on Cameron Road, Tsim Sha Tsui), medical facilities which may be acquired but do not directly compete with the Target Group as specified in the Share Purchase Agreement, and such other medical facilities which may be approved by the Purchaser (collectively, the "**Permitted Facilities**") in Tsim Sha Tsui, for two years after the Completion Date, directly compete with the Target Group in terms of providing certain specialty medical services (namely, general surgery (including surgical subspecialties), gastroenterology, cardiology, orthopaedics, gynecology or neurology) or certain medical imaging services (namely, X-ray, ultrasound, magnetic resonance imaging, mammogram or computed tomography) within 500 metres and one kilometre, respectively to medical centre(s) of the Target Group in Tsim Sha Tsui. Such restriction does not affect the current business operations or business plan of the Group since such restriction does not affect the Group's business in other areas of Kowloon, Hong Kong Islands or the New Territories, which are outside of the restricted area in Tsim Sha Tsui, and, as at the Latest Practicable Date, the Group can continue to operate an extensive network of medical facilities and centres which are the Permitted Facilities in Tsim Sha Tsui and there was no plan to establish any new service centres in Tsim Sha Tsui in addition to the Permitted Facilities.

As, to the best information and knowledge of the Directors, it is common market practice that the above restrictions constitute an integral term of transfers on arm's length basis such as the Disposal for the Purchaser to protect their legitimate interests, and for reasons as set out above and in the paragraph headed "Reasons for and Benefits of the Disposal", the Directors are of the view that the above restrictions are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

As (1) the Group has already established its brand image and reputation in the field of medical services over the years, (2) the Group will continue to operate over 160 service centres after the Disposal and (3) the Disposal shall not affect or reduce the service scope offered by the Group, the Directors consider that the Disposal will not have a material adverse effect on the business operations of the Group.

***Reorganisation of HKMAI TST and HKMAI***

*HKMAI TST*

As of the Latest Practicable Date, HKMAI TST is an indirect non-wholly owned subsidiary of the Company in which 51% and 9% of its issued share capital are held by the Target Company and UAIHL, respectively, and the remaining 40% of its issued share capital are held by two other individual shareholders, namely Dr. Hui and Dr. Shum, who are registered medical practitioners.

HKMAI TST is principally engaged in provision of medical imaging services, including MRI, CT scan, 3D mammogram, ultrasound scan, transient elastography and X-ray examination and is operating one imaging centre in Tsim Sha Tsui, Hong Kong.

As set out in the paragraph headed "Conditions Precedent" above, the Company shall procure UAIHL and the two other shareholders of HKMAI TST (namely, Dr. Hui and Dr. Shum) to transfer the HKMAI TST Transfer Shares, representing 49.0% of the issued shares of HKMAI TST, to the Target Company prior to Completion.

The consideration payable by the Target Company to each of UAIHL, Dr. Hui and Dr. Shum for the HKMAI TST Transfer shall be HK$3,814,000, HK$8,471,000 and HK$8,471,000, respectively. The consideration payable by the Target Company to UAIHL for the HKMAI Transfer, which shall be settled by cheque or wire transfer on or before the Completion Date, was determined after arm's length negotiations among UAIHL and the Target Company having taken into account of, among other things, the net asset value of HKMAI TST, and the benefits that would be brought to the Group by the Acquisition and the Disposal as explained in more detail in the sections headed "Reasons for and Benefits of the Disposal" and "Reasons for and Benefits of the Acquisition" below. For the basis of the consideration payable to each of Dr. Hui and Dr. Shum (namely, the "**Acquisition Consideration**") and the payment terms under the HKMAI TST Transfer, please refer to the section headed "C. Acquisition of Shares in a Non-wholly Owned Subsidiary – The Acquisition Agreements – Consideration and Payment Terms" below.

Upon completion of HKMAI TST Transfer, UAIHL will cease to own any shares in HKMAI TST, and HKMAI TST will be wholly owned by the Target Company.

*HKMAI*

As of the Latest Practicable Date, HKMAI is owned as to 10%, 26.5%, 20%, 3.5%, 20% and 20% by the Target Company, UAIHL, Honour Year Limited (an indirect non-wholly owned subsidiary of the Company), HKOCM Holdings Limited (an indirect non-wholly owned subsidiary of the Company), Dr. Hui and Dr. Shum, respectively. HKMAI is a subsidiary of the Company as the Company effectively holds 60% of HKMAI's issued shares via the Target Company, UAIHL, Honour Year Limited and HKOCM Holdings Limited, each being a subsidiary of the Company.

HKMAI is principally engaged in provision of medical imaging services, including MRI, CT scan, PET scan, EOS imaging, 3D mammogram, ultrasound scan, transient elastography, X-ray examination, and bone densitometry, and is operating one imaging centre in Mong Kok, Hong Kong.

As set out in the paragraph headed "Conditions Precedent" above, the Company shall procure the Target Company to transfer the HKMAI Transfer Shares, representing 10% of the issued shares of HKMAI, of which 5.1% shall be transferred to UAIHL and of which 4.9% shall be transferred to the Second Seller (namely, the Second Seller HKMAI Transfer), prior to Completion.

The consideration payable to the Target Company by each of UAIHL and the Second Seller for the HKMAI Transfer shall be nil. There is no consideration payable by the UAIHL to the Target Company for its transfer under the HKMAI Transfer as it only constitutes an internal reorganisation within the Group. No consideration is payable for the Second Seller HKMAI Transfer as it is already factored into the consideration payable to the Second Seller under the Disposal.

Upon completion of the HKMAI Transfer, the Target Company will cease to own any shares in HKMAI. HKMAI will be owned as to 31.5%, 3.5%, 20%, 20%, 20% and 5% by UAIHL, HKOCM Holdings Limited, Honour Year Limited, Dr. Hui, Dr. Shum and the Second Seller, respectively. As such, the Company will effectively hold 55% of HKMAI's issued shares via UAIHL, HKOCM Holdings Limited and Honour Year Limited, and HKMAI will remain a subsidiary of the Company after completion of the HKMAI Transfer.

*Services Agreement*

On 6 November 2024, the Company has also entered into a Services Agreement with the Target Company, pursuant to which the Company will provide certain operational management services to HKMAI TST ("**Services**") for three years after the Completion ("**Services Period**") in accordance with the terms and conditions thereto. The Company will provide the Services with regard to six core functional areas of HKMAI TST, including (a) radiologist services, (b) customer services, (c) human resources services, (d) marketing and referral services, (e) IT and imaging equipment and (f) finance, operational and procurement services during the Services Period, subject to the termination provisions under the Services Agreement.

The Company will provide the Services in accordance with the service levels specified in the Services Agreement or, where no such service levels are specified, use commercially reasonable efforts to provide the Services in the same manner (including as regards their nature, quality and timeliness) in which they are provided by the Group to HKMAI TST prior to Completion. Notwithstanding the provision of Services to HKMAI TST, the Company will have no charge, management, control or responsibility of HKMAI TST.

**Financial Impacts of the Disposal and intended use of Proceeds**

Upon completion of the Disposal, the Target Group will include 100% of the issued shares in HKMAI TST and exclude any interests in HKMAI, and will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Group.

Pursuant to the Share Purchase Agreement, the Group shall agree to waive the current accounts between the Target Group and the Group in the net amount of HK$92,741,000 owed by the Target Group to the Group prior to Completion. As detailed in the Note 6(a) of the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this Circular, these current accounts mainly represented the historical acquisition cost of The New Medical Center Limited by the Target Company financed by the Group. Therefore. the aforementioned waiver of the current accounts between the Target Group and the Group has already been taken into account in determining the Consideration, and the Board is of the view that the Disposal, including the Consideration and its terms, are fair and reasonable.

***Potential financial impacts of the Disposal***

*(i) Pro-forma financial position of the Remaining Group*

(a) Net asset position

As disclosed in the annual report of the Group for the year ended 31 March 2024, (i) the audited consolidated total assets of the Group were approximately HK$5,373 million; (ii) the audited consolidated total liabilities of the Group were approximately HK$2,970 million; and (iii) the consolidated net assets of the Group were approximately HK$2,403 million as at 31 March 2024. The net assets per Share was approximately HK$2.027 per Share as at 31 March 2024.

According to the "Unaudited pro forma financial information of the Remaining Group" as set out in Appendix V to this circular, assuming Completion has taken place on 31 March 2024, (i) the unaudited pro-forma consolidated total assets of the Remaining Group would be approximately HK$5,489 million; (ii) the unaudited pro-forma consolidated total liabilities of the Remaining Group would be approximately HK$2,935 million; and (iii) the unaudited pro-forma consolidated net assets of the Remaining Group would be approximately HK$2,554 million. The unaudited pro-forma net assets per Share would be approximately HK$2.16 per Share. The aforesaid amount of the estimated net assets per Share is for illustration only.

(b) Indebtedness and gearing position

As at 31 March 2024, the Group had audited total debts (total debt refers to the aggregate sum of bank borrowings and convertible bonds excluding leasing liabilities relating to the properties leased for own use) of approximately HK$920.7 million and the Group's gearing ratio, calculated based on total debts divided by total equity, was approximately 38.4%.

According to the "Unaudited pro forma financial information of the Remaining Group" as set out in Appendix V to this circular, assuming Completion has taken place on 31 March 2024, the unaudited pro-forma total debts of the Remaining Group would be HK$920.7 million and the Remaining Group's gearing ratio would be approximately 36.0%.

(c) Current assets position

The audited net current liabilities of the Group as at 31 March 2024 amounted to approximately HK$112 million.

According to the "Unaudited pro forma financial information of the Remaining Group" as set out in Appendix V to this circular, assuming the Completion has taken place as at 31 March 2024, the unaudited pro-forma net current assets of the Remaining Group amounted to HK$245 million. Such improvement was mainly due to the gain on the Disposal.

The aforesaid unaudited pro-forma financial position of the Remaining Group is for illustrative purpose only.

*(ii) Gain on Disposal*

Based on the First Sale Shares Consideration of HK$437,580,000, the Group expects to record an expense of approximately HK$1.5 million from the Disposal in total comprehensive income, representing a net gain of approximately HK$272 million recognised in profit or loss, which is calculated based on (i) the First Sale Shares Consideration; (ii) the estimated unaudited net asset value of the Target Group attributable to the First Sale Shares as at the Completion Date; and (iii) transaction costs (including third party professional costs) of the Disposal attributable to the First Sale Shares, and which is calculated after the waiver of the current accounts between the Target Group and the Group in the net amount of HK$92,741,000 owed by the Target Group to the Group as detailed in the section headed "Financial Impacts of the Disposal and intended use of Proceeds" in this Circular. Please also refer to Note 5(b)(ii) of the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this Circular for the explanatory note of the calculation of the estimated gain of the Disposal.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain or loss eventually to be recognised by the Group is subject to review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

*Intended use of Proceeds*

The Company intends to apply the entire net proceeds of the Disposal of approximately HK$436 million towards the general working capital requirements of the Group, of which 70% of the net proceeds will be applied to operational expenditure and 30% of the net proceeds will be used for capital expenditure.

**Information of the Parties Involved in the Disposal**

*The Company*

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of medical services, aesthetic medical and beauty and wellness services, and veterinary and other services.

*The First Seller*

The First Seller, an indirect wholly-owned subsidiary of the Company, is a company incorporated under the laws of the British Virgin Islands with limited liability. The First Seller is principally engaged in investment holding.

*The Second Seller*

The Second Seller is a registered medical practitioner on the Specialist Registration in general surgery of the Medical Council of Hong Kong and founder of the Target Company. The Second Seller is also a director of the Target Company, and holds 48% equity interest in the Target Company as at the Latest Practicable Date.

*The Third Seller*

The Third Seller is an individual and senior management of the Target Company. The Third Seller is also a director of the Target Company, and holds 1% equity interest in the Target Company as at the Latest Practicable Date.

*The Purchaser*

The Purchaser, an indirect wholly-owned subsidiary of AIA, is a company incorporated under the laws of Hong Kong with limited liability. The Purchaser is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties of the Group.

***The Target Company***

The Target Company is a company incorporated on 2 May 2018 under the laws of Hong Kong with limited liability and is principally engaged in investment holding. The New Medical Center Limited is a private company incorporated under the laws of Hong Kong on 11 November 2015. Founded by the Second Seller together with the Third Seller and other acquaintances, The New Medical Center Limited was principally engaged in provision of medical services.

On 18 May 2020, the Company, the First Seller, the Target Company (the purchasing vehicle served as the acquirer in this transaction) entered into a sale and purchase agreement with the Second Seller, the Third Seller and three other individuals who were Independent Third Parties at that time, to acquire the entire share capital of The New Medical Center Limited, for the consideration comprising:

i. a total amount of HK$100,000,000 payable to the above mentioned five sellers;

ii. at the completion of the acquisition, in exchange of 4,800 shares of the Target Company, representing 48.0% of the entire issued share capital of the Target Company, to be allotted and issued to the Second Seller and 100 shares of the Target Company, representing 1.0% of the entire issued share capital of the Target Company, to be allotted and issued to the Third Seller;

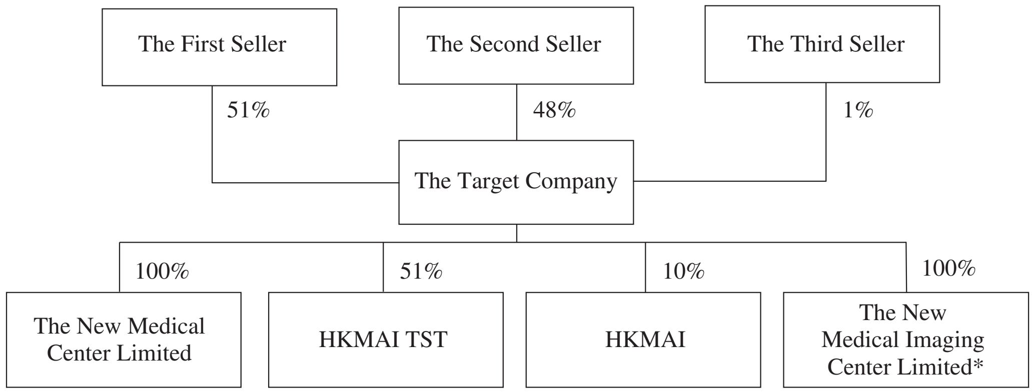
iii. a further consideration of a total amount of HK$20,000,000 which was settled by the Company allotting and issuing 4,761,905 new shares to the Second Seller at an issue price of HK$4.2 per share; and

iv. a contingent consideration in cash of not exceeding HK$16,000,000 to the Second Seller.

On 13 July 2020, the Company announced that the completion of acquisition took place. Please refer to the Company's announcement dated 18 May 2020 for further background of the Target Group.

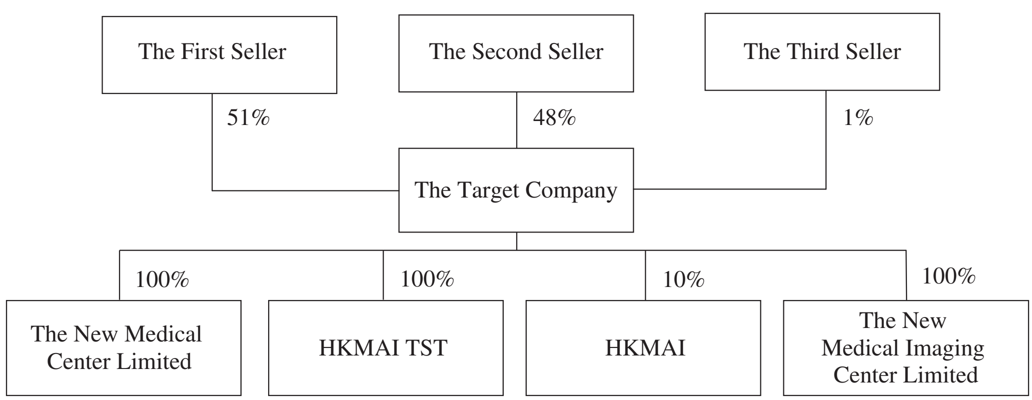
To cope with the expansion of the Target Group and to strengthen the Target Group's leading position in the provision of medical services in Hong Kong, the Target Group expanded its services into medical imaging diagnostics in 2020 through its subsidiaries. Please refer to the paragraph headed "B. Disposal of the Target Company – Reorganisation of HKMAI TST and HKMAI" above for the principal business of HKMAI TST and HKMAI. The New Medical Imaging Center Limited is a dormant company.

The group structure of the Target Company prior to the Completion and the HKMAI Transfers is as follows:

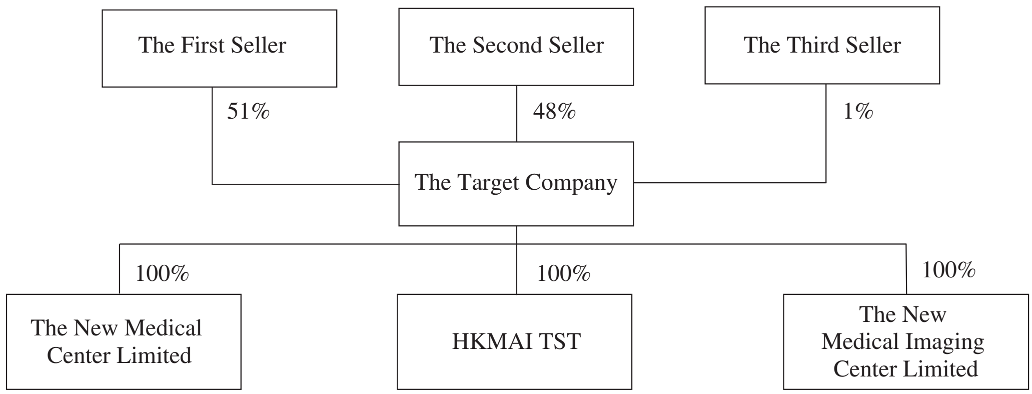



* *The New Medical Imaging Center Limited is a dormant company*

For illustration purposes, assuming that the HKMAI TST Transfer occurs prior to the HKMAI Transfer, the group structure of the Target Company prior to the Completion and the HKMAI Transfer but after the HKMAI TST Transfer is as follows:



The group structure of the Target Company immediately prior to the Completion but after the HKMAI Transfers (namely, the HKMAI TST Transfer and the HKMAI Transfer) is as follows:




Set out below is the audited financial information of each of the Target Group, HKMAI TST and HKMAI for the two financial years ended 31 March 2024 and 31 March 2023:

**The Target Group (including its 51% interest in HKMAI TST and 10% interest in HKMAI)**

| | For the year ended 31 March | |
|---|---|---|
| | **2024** | **2023** |
| | *HK$'000* | *HK$'000* |
| Net assets | 402,973 | 398,252 |
| Profits before tax | 61,049 | 63,464 |
| Profits after tax | 51,721 | 53,490 |

**HKMAI TST**

| | For the year ended 31 March | |
|---|---|---|
| | **2024** | **2023** |
| | *HK$'000* | *HK$'000* |
| Net assets | 51,383 | 44,955 |
| Profits before tax | 7,695 | 8,349 |
| Profits after tax | 6,428 | 7,033 |

**HKMAI**

| | For the year ended 31 March | |
|---|---|---|
| | **2024** | **2023** |
| | *HK$'000* | *HK$'000* |
| Net assets | 99,732 | 94,033 |
| Profits before tax | 7,591 | 11,705 |
| Profits after tax | 5,699 | 11,129 |

The profitability of the Target Group's business as compared to that of the Remaining Group's business is attributable the amortisation of the intangible assets of HK$14.5 million per annum (arising at consolidation at the Group level), which cancel out the profitability of the Target Group at the Group level. The Remaining Group has also adopted an aggressive expansion in 2023 and 2024, which will require a longer ramp up period.

**Reasons for and Benefits of the Disposal**

The Disposal is in line with its strategy to make good use of and manage its resources to better develop its assets portfolio. The Disposal allows the Group to re-allocate the proceeds to satisfy general working capital requirements.

Having considered the above, the Directors consider that the First Sale Shares Consideration and the terms of the Share Purchase Agreement, which were determined after arm's length negotiations between the Parties, are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

**Listing Rules Implications**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Second Seller holds 48% equity interest in the Target Company, being an indirect subsidiary of the Company, and the Third Seller is a director of the Target Company, each of the Second Seller and the Third Seller is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder and a director of the Target Company, respectively. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Second Seller and the Third Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Disposal are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Disposal and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Disposal are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Disposal. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

For reasons set out above, the Second Seller HKMAI Transfer also constitutes a connected transaction under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Second Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Second Seller HKMAI Transfer are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Second Seller HKMAI Transfer and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Second Seller HKMAI Transfer are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## C. ACQUISITION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY

On 6 November 2024 (after trading hours), (1) Dr. Hui (as vendor) and the Target Company (as purchaser); and (2) Dr. Shum (as vendor) and the Target Company (as purchaser), respectively, entered into the Acquisition Agreements, pursuant to which the Target Company has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively, subject to the terms and conditions thereunder.

### The Acquisition Agreements

The principal terms of the Acquisition Agreements in relation to the Acquisition are set out below:

***Date***

6 November 2024

***Parties***

The parties to the Acquisition Agreements are as follows:

(i) Dr. Hui Kei Tat (as vendor) and the Target Company (as purchaser); and

(ii) Dr. Shum Sing Fai John (as vendor) and the Target Company (as purchaser).

***Assets to be Acquired***

Pursuant to the Acquisition Agreements, each of Dr. Hui and Dr. Shum have agreed to sell, and the Target Company has agreed to acquire 7,000,000 ordinary shares in HKMAI TST (representing 20% of its entire issued share capital) and 7,000,000 ordinary shares in HKMAI TST (representing 20% of its entire issued share capital), respectively.

***Consideration and Payment Terms***

The Acquisition Consideration payable for the issued share capital in HKMAI TST held by each of Dr. Hui and Dr. Shum shall be HK$8,471,000 and HK$8,471,000, respectively. It was determined after arm's length negotiations among Dr. Hui, Dr. Shum and the Target Company having taken into account of, among other things, the net asset value of HKMAI TST, and the benefits that would be brought to the Group by the Acquisition and the Disposal as explained in more detail in the sections headed "Reasons for and Benefits of the Disposal" and "Reasons for and Benefits of the Acquisition" above.

The Acquisition Consideration shall be payable by cheque or wire transfer on or before the Completion Date.

The Acquisition Consideration is expected to be funded by the internal resources of the Target Company.

***Completion***

Completion of the Acquisition will take place on the date that the Acquisition Consideration is settled, which is expected to be on or before 28 January 2025. Upon the completion of the HKMAI TST Transfer (including the completion of the Acquisition), HKMAI TST will be a wholly-owned subsidiary of the Target Company.

**Information of the Parties Involved in the Acquisition**

***The Target Company***

Please refer to the section headed "Information of the Parties Involved in the Disposal – The Target Company" above.

***Dr. Hui***

Dr. Hui is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Hui holds 20% equity interest in HKMAI TST as at the Latest Practicable Date.

***Dr. Shum***

Dr. Shum is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Shum holds 20% equity interest in HKMAI TST as at the Latest Practicable Date.

***HKMAI TST***

Hong Kong Medical Advanced Imaging (TST) Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of medical advanced imaging services.

**Reasons for and Benefits of the Acquisition**

The Acquisition and the HKMAI TST Transfer are part and parcel of the Disposal, the reasons for and the benefits of which are set out in the section headed "Reasons for and Benefits of the Disposal" above.

Having considered the above, the Directors consider that the Acquisition Consideration and the terms of the Acquisition Agreements, which were determined after arm's length negotiations, are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

**Listing Rules Implications**

While the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition is part and parcel of the Disposal, the highest applicable percentage ratio of which (as defined in Rule 14.07 of the Listing Rules) exceeds 75%. As such, pursuant to Rule 14.24 of the Listing Rules, the Acquisition will be classified by reference to the larger of the two elements, i.e. the Disposal, which constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As each of Dr. Hui and Dr. Shum holds 20% equity interest in HKMAI TST, being an indirect subsidiary of the Company, each of Dr. Hui and Dr. Shum is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of HKMAI TST. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of Dr. Hui and Dr. Shum is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Acquisition are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Acquisition and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and

Shareholders as a whole, the transactions contemplated under the Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Acquisition. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

## D. WAIVER FROM STRICT COMPLIANCE WITH RULE 14.66(10) OF, AND PARAGRAPH 43(2)(C) OF APPENDIX D1B TO, THE LISTING RULES IN RELATION TO THE DISPLAYING OF THE SHARE PURCHASE AGREEMENT ON THE COMPANY'S WEBSITE AND THE STOCK EXCHANGE'S WEBSITE

The Company has applied to, and has been granted a waiver by, the Stock Exchange from strict compliance with Rule 14.66(10) of, and paragraph 43(2)(c) of Appendix D1B to, the Listing Rules such that certain information as described below (the "**Redacted Information**") would be redacted in the Share Purchase Agreement for the purpose of displaying on the Company's website and the Stock Exchange's website (the "**Redacted Share Purchase Agreement**"). The Company considers that:

(i) the disclosure of certain Redacted Information may be in violation of the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and

(ii) the disclosure of the Redacted Information is or may be prejudicial or competitively harmful, to the Group and is not in its interest as a whole.

The term Redacted Information includes the following information:

(i) personal data or information of individual(s); and

(ii) administrative or procedural matters to be accomplished before Completion which relates to non-public facts and information which the Group is not at disposal to disclose.

Accordingly, only the Redacted Share Purchase Agreement will be available on the Company's website and the Stock Exchange's website as a document on display in accordance with the arrangements as set out in this circular.

## E. EGM

The EGM will be convened and held at 20/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong on Wednesday, 5 February 2025 at 10:30 a.m. for the Shareholders to approve the Disposal, the Acquisition and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM if you so wish.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Disposal and the Acquisition. As such, no Shareholder is required to abstain from voting under the Listing Rules at the EGM on the resolution(s) to approve the Disposal, the Acquisition and the transactions contemplated thereunder.

**F. RECOMMENDATION**

The Directors (including the independent non-executive Directors) have approved the Disposal, the Acquisition and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, and are fair and reasonable and are in the interest of the Company and Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

**G. GENERAL**

Your attention is also drawn to the appendices to this circular.

**H. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
**EC Healthcare**
**Raymond Siu**
*Company Secretary*

## I. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024 are disclosed in the annual reports of the Company for the financial years ended 31 March 2022 (pages 112 to 273), 31 March 2023 (pages 109 to 265), and 31 March 2024 (pages 102 to 261) and the interim report of the Company for the six months ended 30 September 2024 (pages 40 to 60), respectively, and are incorporated by reference into this circular.

The said annual reports of the Company are available on the Company's website at www.echealthcare.com and website of the Stock Exchange at www.hkexnews.hk through the links below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0725/2022072501208.pdf

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0725/2023072500896.pdf

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0731/2024073100231.pdf

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1220/2024122000596.pdf

## II. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

### Borrowings

The Group had unaudited outstanding unsecured interest-bearing bank borrowings and convertible bonds of approximately HK$567.5 million and HK$241.8 million respectively.

### Lease liability

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK$568.6 million in relation to the remaining lease terms of rented premises, which are all unsecured and unguaranteed.

Save as aforesaid, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 30 November 2024.

## III. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, the current available facilities and the effects of the Disposal, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

## IV. MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

## V. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following the Disposal, the Remaining Group is focusing on its core operations in three key segments: Medical, Aesthetic Medical and Beauty and Wellness, and Veterinary and Other. Below are the financial and trading prospects for each segment:

### 1. Medical Segment

The Medical Segment is expected to maintain steady growth driven by strong demand for high-quality medical care and increasing awareness of preventive healthcare. The Remaining Group aims to leverage its expertise to expand the range of medical services offered, particularly in specialties that align with market trends and demographic needs.

Post-disposal, the Remaining Group's partnerships with insurers and corporate clients will continue to enhance patient accessibility and drive revenue growth. Investments in advanced medical technologies and diagnostic capabilities will further improve service quality and operational efficiency. The segment is well-positioned to capture growth opportunities within the premium healthcare market.

### 2. Aesthetic Medical and Beauty and Wellness Segment

The Aesthetic Medical and Beauty and Wellness Segment will remain a critical pillar of the Remaining Group's operations, benefiting from the strong demand for discretionary healthcare services. With a focus on customer-centric experiences, this segment is poised to capitalize on the growing trend toward non-invasive and minimally invasive aesthetic procedures.

The Remaining Group will continue to invest in new treatment technologies and enhance staff training to maintain its competitive edge. Additionally, the segment will prioritize cross-selling opportunities between medical and aesthetic services to maximize revenue per customer. Geographic expansion and targeted marketing campaigns will further boost the segment's market share and profitability.

### 3. Veterinary and Other Segment

The Veterinary and Other Segment remains a promising area of growth, supported by increasing pet ownership and the rising demand for premium veterinary services. The Remaining Group plans to enhance its network of veterinary clinics, focusing on improving accessibility and the range of specialized services offered.

The Group is committed to maintaining high standards of care by adopting advanced veterinary technologies and expanding its team of skilled professionals. This segment is also exploring opportunities for partnerships with pet insurers and product suppliers to drive additional revenue streams. The outlook for the segment remains positive, with continued strong growth expected in both revenue and customer base.

### Overall Outlook

Across all three segments, the Remaining Group is well-positioned to capitalize on industry trends and maintain its market leadership. The Group will focus on operational excellence, innovation, and strategic partnerships to drive long-term growth and enhance shareholder value.

Except for the Disposal, the Company does not have any plan to dispose/downsize the Company's business operation and assets as at the Latest Practicable Date.

## FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the condensed consolidated statements of financial position of Target Group (including its 51% interest in HKMAI TST and 10% interest in HKMAI) as at 31 March 2022, 2023 and 2024 and 30 September 2024 and the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of Target Group for the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024. The condensed consolidated financial information of the Target Group for the years ended 31 March 2022, 2023 and 2024 were extracted from the audited consolidated financial statements of the Target Group. The condensed consolidated financial information of the Target Group for the six months ended 30 September 2024 was extracted from the unaudited management account of the Target Group (the "Financial Information"). The Financial Information has been presented on the basis set out in note 2 of the notes to the Financial Information and are prepared in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 March 2024, and Rule 14.68(2)(a)(i) of the Listing Rules.

The Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's auditors, Ernst & Young (the "reporting accountants"), were engaged to review the Financial Information of Target Group set out on pages II-2 to II-8 of this appendix in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on their review on the Financial Information of Target Group, nothing has come to their attention that causes them to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2 below.

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024*

| | For the year ended 31 March | | | For the six months ended 30 September | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2023** | **2024** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **REVENUE** | 245,946 | 264,143 | 267,154 | 135,474 | 134,758 |
| Other net income and gains | 150 | 1,852 | 4,104 | 2,196 | 2,263 |
| Cost of inventories and consumables | (23,183) | (22,905) | (22,267) | (10,124) | (10,238) |
| Registered practitioner expenses | (97,346) | (99,980) | (106,289) | (59,412) | (58,882) |
| Employee benefit expenses | (28,147) | (34,084) | (36,174) | (14,148) | (14,642) |
| Marketing and advertising expenses | (448) | (884) | (832) | (1,040) | (280) |
| Rental and related expenses | (5,080) | (5,332) | (5,405) | (2,651) | (2,729) |
| Depreciation – right-of-use assets | (10,373) | (9,633) | (9,485) | (4,743) | (5,223) |
| Depreciation – owned property, plant and equipment | (6,196) | (8,879) | (7,898) | (3,940) | (3,879) |
| Amortisation of intangible assets | (14,530) | (14,770) | (14,770) | (7,385) | (7,384) |
| Finance costs | (335) | (400) | (343) | (201) | (118) |
| Credit card expenses | (70) | (91) | (693) | (36) | (370) |
| Administrative and other expenses | (8,267) | (6,686) | (6,777) | (4,351) | (4,022) |
| Share of profits/(losses) of an associate | 751 | 1,113 | 724 | 179 | (271) |
| **PROFIT BEFORE TAX** | 52,872 | 63,464 | 61,049 | 29,818 | 28,983 |
| Income tax expense | (9,018) | (9,974) | (9,328) | (4,583) | (4,534) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | 43,854 | 53,490 | 51,721 | 25,235 | 24,449 |
| Attributable to: | | | | | |
| Equity shareholders of the Target Company | 41,778 | 49,430 | 44,785 | 23,768 | 22,308 |
| Non-controlling interests | 2,076 | 4,060 | 6,936 | 1,467 | 2,141 |
| | 43,854 | 53,490 | 51,721 | 25,235 | 24,449 |

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
*At 31 March 2022, 2023 and 2024 and 30 September 2024*

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 60,709 | 55,054 | 38,207 | 36,967 |
| Goodwill | 275,671 | 275,671 | 275,671 | 275,671 |
| Intangible assets | 78,960 | 64,190 | 49,420 | 42,036 |
| Interest in an associate | 15,751 | 16,864 | 17,588 | 15,857 |
| Rental and other deposits | 2,454 | 4,060 | 1,606 | 2,809 |
| Deferred tax assets | 1,707 | 567 | 953 | 1,067 |
| Total non-current assets | 435,252 | 416,406 | 383,445 | 374,407 |
| **CURRENT ASSETS** | | | | |
| Inventories | 1,196 | 1,304 | 1,357 | 1,305 |
| Trade receivables | 16,727 | 20,977 | 22,274 | 16,240 |
| Prepayments, deposits and other receivables | 4,113 | 1,279 | 4,076 | 2,635 |
| Due from the immediate holding company | 100,010 | 100,010 | 16,000 | 16,000 |
| Due from fellow subsidiaries | 4,210 | 10,424 | 15,067 | 16,870 |
| Due from a director | – | 2,100 | – | – |
| Due from an associate | 6,634 | 24,281 | 41,410 | 59,165 |
| Tax recoverable | – | 898 | – | – |
| Cash and bank balances | 127,844 | 107,967 | 120,100 | 159,482 |
| Total current assets | 260,734 | 269,240 | 220,284 | 271,697 |
| **CURRENT LIABILITIES** | | | | |
| Trade payables | 3,003 | 3,080 | 1,713 | 917 |
| Other payables and accruals | 14,644 | 14,144 | 13,025 | 16,566 |
| Lease liabilities | 7,897 | 9,492 | 6,910 | 7,079 |
| Due to intermediate holding companies | 209,397 | 215,309 | 151,611 | 162,984 |
| Due to fellow subsidiaries | 15,259 | 23,242 | 13,607 | 18,905 |
| Tax payable | 1,378 | – | 1,820 | 4,782 |
| Total current liabilities | 251,578 | 265,267 | 188,686 | 211,233 |
| **NET CURRENT ASSETS** | 9,156 | 3,973 | 31,598 | 60,464 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 444,408 | 420,379 | 415,043 | 434,871 |

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **NON-CURRENT LIABILITIES** | | | | |
| Deferred tax liabilities | 15,103 | 12,266 | 9,398 | 8,044 |
| Lease liabilities | 8,263 | 9,361 | 2,452 | 4,855 |
| Other payables and accruals | 280 | 500 | 220 | 357 |
| Total non-current liabilities | 23,646 | 22,127 | 12,070 | 13,256 |
| Net assets | 420,762 | 398,252 | 402,973 | 421,615 |
| **EQUITY** | | | | |
| **Equity attributable to equity shareholders of the Target Company** | | | | |
| Share capital | 100,010 | 100,010 | 100,010 | 100,010 |
| Reserves | 301,526 | 274,956 | 272,741 | 295,049 |
| | 401,536 | 374,966 | 372,751 | 395,059 |
| **Non-controlling interests** | 19,226 | 23,286 | 30,222 | 26,556 |
| Total equity | 420,762 | 398,252 | 402,973 | 421,615 |

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*For the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024*

| | Attributable to equity shareholders of the Target Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Other reserve | Retained profits | Total | Non-controlling interests | Total equity |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 April 2021 | 10 | 268,141 | 7,607 | 275,758 | – | 275,758 |
| Profit and total comprehensive income for the year | – | – | 41,778 | 41,778 | 2,076 | 43,854 |
| Capital contribution from a shareholder of the Target Company | 100,000 | – | – | 100,000 | – | 100,000 |
| Capital contribution by non-controlling shareholders of a subsidiary | – | – | – | – | 17,150 | 17,150 |
| 2022 interim dividend | – | – | (16,000) | (16,000) | – | (16,000) |
| At 31 March 2022 and 1 April 2022 | 100,010 | 268,141 | 33,385 | 401,536 | 19,226 | 420,762 |
| Profit and total comprehensive income for the year | – | – | 49,430 | 49,430 | 4,060 | 53,490 |
| 2023 interim dividend | – | – | (76,000) | (76,000) | – | (76,000) |
| At 31 March 2023 and 1 April 2023 | 100,010 | 268,141 | 6,815 | 374,966 | 23,286 | 398,252 |
| Profit and total comprehensive income for the year | – | – | 44,785 | 44,785 | 6,936 | 51,721 |
| 2024 interim dividend | – | – | (47,000) | (47,000) | – | (47,000) |
| At 31 March 2024 | 100,010 | 268,141 | 4,600 | 372,751 | 30,222 | 402,973 |

| | Attributable to equity shareholders of the Target Company | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Other reserve** | **Retained profits** | **Total** | **Non-controlling interests** | **Total equity** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 April 2023 | 100,010 | 268,141 | 6,815 | 374,966 | 23,286 | 398,252 |
| Profit and total comprehensive income for the period | – | – | 23,768 | 23,768 | 1,467 | 25,235 |
| At 30 September 2023 | 100,010 | 268,141 | 30,583 | 398,734 | 24,753 | 423,487 |
| At 1 April 2024 | 100,010 | 268,141 | 4,600 | 372,751 | 30,222 | 402,973 |
| Profit and total comprehensive income for the period | – | – | 22,308 | 22,308 | 2,141 | 24,449 |
| 2025 interim dividend paid to non-controlling interests | – | – | – | – | (5,807) | (5,807) |
| At 30 September 2024 | 100,010 | 268,141 | 26,908 | 395,059 | 26,556 | 421,615 |

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

*For the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024*

| | For the year ended 31 March | | | For the six months ended 30 September | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2023 | 2024 |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Profit before tax | 52,872 | 63,464 | 61,049 | 29,818 | 28,983 |
| Adjustments for: | | | | | |
| Interest income | (6) | (124) | (3,774) | (1,867) | (2,263) |
| Write-off of items of property, plant and equipment | 156 | – | – | – | – |
| Interest on lease liabilities | 335 | 400 | 343 | 201 | 82 |
| Depreciation of property, plant and equipment | 6,196 | 8,879 | 7,898 | 3,940 | 3,879 |
| Depreciation on right-of-use assets | 10,373 | 9,633 | 9,485 | 4,743 | 5,223 |
| Amortisation of intangible assets | 14,530 | 14,770 | 14,770 | 7,385 | 7,384 |
| Share of (profits)/losses of an associate | (751) | (1,113) | (724) | (179) | 271 |
| | 83,705 | 95,909 | 89,047 | 44,041 | 43,559 |
| (Increase)/decrease in inventories | (146) | (108) | (53) | (168) | 52 |
| (Increase)/decrease in trade receivables | (2,381) | (4,250) | (1,297) | 4,013 | 6,034 |
| (Increase)/decrease in prepayments and deposits | (2,791) | 1,228 | (344) | 1,220 | 238 |
| Increase in amounts due to intermediate holding companies | 2,227 | 5,912 | 4,562 | 822 | 11,373 |
| Increase in amounts due from fellow subsidiaries | (4,210) | (6,214) | (4,643) | (2,822) | (1,803) |
| Increase in amounts due to fellow subsidiaries | 15,258 | 7,983 | 8,215 | 3,896 | 5,298 |
| (Increase)/decrease in amount due from a director | – | (2,100) | – | 2,100 | – |
| Increase in an amount due from an associate | (6,631) | (17,647) | (17,129) | (8,935) | (17,755) |
| Increase/(decrease) in trade payables | 2,518 | 77 | (1,367) | (1,407) | (796) |
| Increase/(decrease) in other payables and accruals | 7,023 | (282) | (1,398) | 2,126 | 2,992 |
| Cash generated from operations | 94,572 | 80,508 | 75,593 | 44,886 | 49,192 |
| Hong Kong profits tax paid | (10,767) | (13,945) | (9,864) | – | (3,041) |
| Net cash inflow from operating activities | 83,805 | 66,563 | 65,729 | 44,886 | 46,151 |

| | For the year ended 31 March | | | For the six months ended 30 September | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2023 | 2024 |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Bank interest received | 6 | 124 | 3,774 | 1,867 | 2,263 |
| Investment in an associate | (15,000) | – | – | – | – |
| Dividend income from an associate | – | – | – | – | 1,460 |
| Purchases of items of property, plant and equipment | (47,610) | (621) | (536) | (397) | – |
| Addition to an intangible asset | (1,200) | – | – | – | – |
| Net cash (used in)/from investing activities | (63,804) | (497) | 3,238 | 1,470 | 3,723 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Advance from an intermediate holding company | 67,160 | – | – | – | – |
| Dividend paid | (16,000) | (76,000) | (47,000) | – | – |
| Dividend paid to non-controlling interests | – | – | – | – | (5,807) |
| Payment of principal portion of lease liabilities | (10,288) | (9,543) | (9,491) | (5,814) | (4,603) |
| Payment of interest portion of lease liabilities | (335) | (400) | (343) | (201) | (82) |
| Repayment of an amount in due to a shareholder | (19,781) | – | – | – | – |
| Contribution from non-controlling shareholders of a subsidiary | 17,150 | – | – | – | – |
| Net cash from/(used in) financing activities | 37,906 | (85,943) | (56,834) | (6,015) | (10,492) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | 57,907 | (19,877) | 12,133 | 40,341 | 39,382 |
| Cash and cash equivalents at the beginning of the year/period | 69,937 | 127,844 | 107,967 | 107,967 | 120,100 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD** | 127,844 | 107,967 | 120,100 | 148,308 | 159,482 |

## NOTES TO THE FINANCIAL INFORMATION OF THE TARGET GROUP

### 1. GENERAL INFORMATION

New Medical Centre Holding Limited is a limited liability company incorporated in Hong Kong. During the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024, New Medical Centre Holding Limited and its subsidiaries (together, the "Target Group") are principally engaged in the provision of medical services and medical imaging services.

The Financial Information of Target Group is presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

### 2. BASIS OF PREPARATION

The Financial Information of Target Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of 51% of issued share capital in the Target Company in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual report for the year ended 31 March 2024, which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. The Financial Information of the Target Group has been prepared under the historical cost convention.

The Financial Information of Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor an complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the relevant published annual financial statements of the Company.

Valtech
Valuation Advisory

20 January 2025

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

Dear Sir/Madam,

**VALUATION OF (A) FAIR VALUE OF 51% EQUITY INTEREST IN NEW MEDICAL CENTRE HOLDING LIMITED AND ITS SUBSIDIARIES AND (B) FAIR VALUE OF 40% EQUITY INTEREST IN HONG KONG MEDICAL ADVANCED IMAGING (TST) LIMITED**

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 subjects of valuation (the "**Subjects of Valuation**") as at 30 September 2024 (the "**Valuation Date**") for transaction reference purpose.

- **Subject of Valuation 1:** 51% equity interest in New Medical Centre Holding Limited (the "**Target Company**") and its subsidiaries (collectively the "**Target Group**"); and

- **Subject of Valuation 2:** 40% equity interest in Hong Kong Medical Advanced Imaging (TST) Limited ("**HKMAI TST**").

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 or HKMAI TST'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 or HKMAI TST'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 or HKMAI TST, 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 (1) Fair Value of the 51% equity interest in the Target Group and (2) Fair Value of the 40% equity interest in the HKMAI TST as at the Valuation Date. It is our understanding that our analysis will be used by the Management solely for the 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 Subjects 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 1 should be valued and reported in this valuation as a controlling interest and non-marketable interest; Subject of Valuation 2 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 2024;

- The consolidated audited financial statements of the Target Group for the years ended 31 March 2022, 2023, and 2024;

- The unaudited financial statement of HKMAI TST for the six months ended 30 September 2024; and

- The audited reports of HKMAI TST for the year ended 31 March 2024.

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

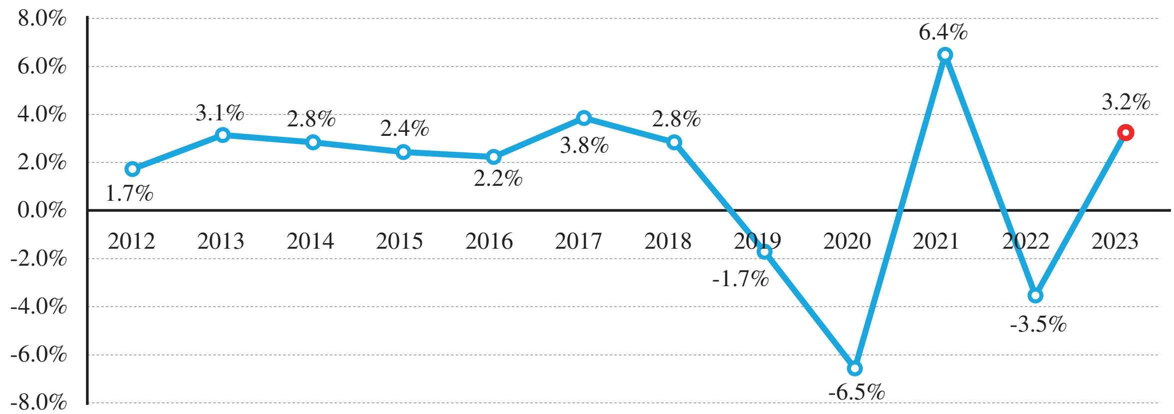
To substantiate the economic background of the country where the Target Group and HKMAI TST with principal place of business are located, we have reviewed the economic condition of Hong Kong where the Target Group and HKMAI TST will derive their future income from.

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

### GDP Growth

Hong Kong's GDP grew by 3.2% year-on-year in real terms in 2023 and continued to record moderate growth in the first half of 2024, with real GDP increased by 2.8% and 3.3% year-on-year in the first and second quarter. Private consumption improved markedly with the support provided by the relaxation of COVID-19 restrictions and the disbursement of the first instalment of consumption vouchers. Externally, inbound tourism bounced back following the full resumption of cross-boundary travel, driving growth in Hong Kong's exports of services. For 2024, the growth outlook is subject to a number of risks and uncertainties, including those relating to the US policy rate path, the pace of the Mainland economic recovery, the prospects for global economic growth, and risks stemming from geopolitical tensions. International Monetary Fund ("**IMF**") forecasts the economy would grow by 2.9% and 2.7% in 2024 and 2025 respectively.

**Real GDP Growth in Hong Kong, 2012–2023**




*Source: World Economic Outlook Database (April 2024), IMF, Census and Statistics Department of HKSAR*

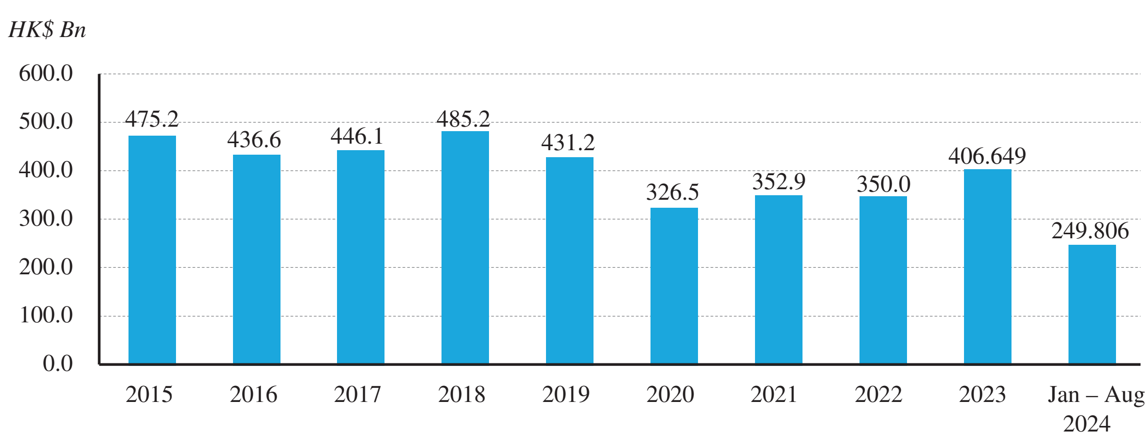
**Real GDP Annual Growth Rate and Inflation Forecasts of Hong Kong**

| | 2024F | 2025F | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Real GDP Annual Growth Rate (%) | 2.9 | 2.7 | 2.6 | 2.6 | 2.6 |
| Inflation (%) | 2.3 | 2.3 | 2.4 | 2.5 | 2.5 |

*Source: World Economic Outlook Database (April 2024), IMF*

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 7.7% year-on-year as at August 2024 over a year earlier.

**Retail Sales in Hong Kong, 2015–August 2024**

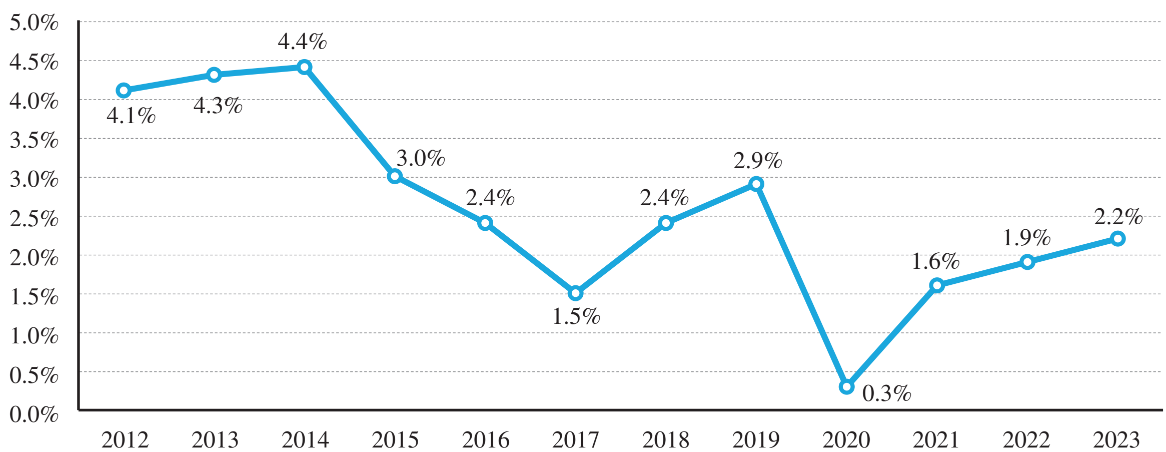



*Source: Census and Statistics Department of Hong Kong*

**Inflation**

The underlying inflation rate in Hong Kong remained modest at around 2.2% in 2023. On a year-on-year comparison, the underlying composite consumer price index ("**CCPI**") increased mildly by 1.0% in both the first and second quarters of 2024 respectively. In the near term, the domestic business costs may edge up given the upward pressures stemming from the economic recovery and improving labour market. Nevertheless, overall inflation is expected to stay moderate as the price pressures on the external front may recede further. The IMF projections for the inflation rates for 2024 and 2025 keep around 2.3%.

**Year-over-Year CPI Inflation in Hong Kong, 2012–2023**

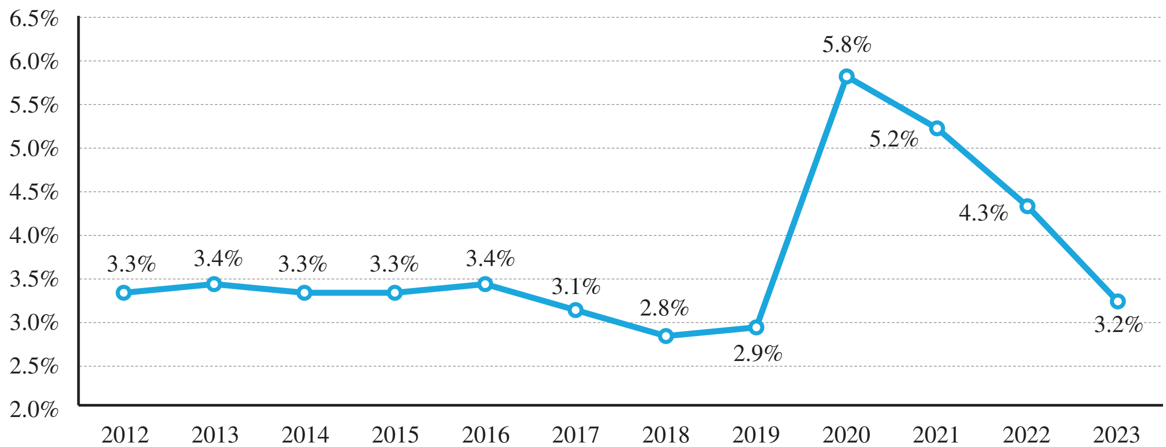



*Source: World Economic Outlook Database (April 2024), IMF*

**Labour Market Conditions**

The labour market remained resilient, with the unemployment rate staying within the low range of 2.9%–3.0% over the past few months in 2024. The size of the labour force has grown slightly since March, but still remained below its pre-pandemic level. Looking ahead, labour demand is expected to be supported by the ongoing economic recovery. Meanwhile, the Government's various talent attraction initiatives and labour importation schemes will continue to help address manpower demand from different sectors and rejuvenate the population by increasing the number of younger people.

**Unemployment Rate (Seasonally Adjusted) in Hong Kong, 2012–2023**




*Source: World Economic Outlook Database (April 2024), IMF*

**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. 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, the pandemic and the rising geopolitical tensions may heighten the volatility in fund flows, Hong Kong is well-positioned to withstand the volatility given its ample foreign reserves and robust banking system.

**Government Initiatives**

The Financial Secretary, Mr. Paul Chan, unveiled his 2024–25 Budget on 28 February 2024. Below are some highlights:

- Estimated consolidated deficit of HKD101.6 billion for 2023/24 and forecast consolidated deficit HKD48.1 billion for 2024/25.

- Lift all demand-side management measures for residential properties with immediate effect. Further inject HKD500 million into the Branding, Upgrading and Domestic Sales (BUD Fund) and launch "BUD Easy" to expedite the processing of applications.

- Implement the 'patent box' tax incentive that reduces the tax rate for profits derived from qualifying IP to 5%.

- 40+ strategic enterprises are expected to bring about over HKD40 billion in investment to Hong Kong and create about 13,000 jobs.

- Various funding and schemes to support the development of innovation and technology such as setup of AI Supercomputing Centre and Greater Bay Area International Clinical Trial Institute in Hetao.

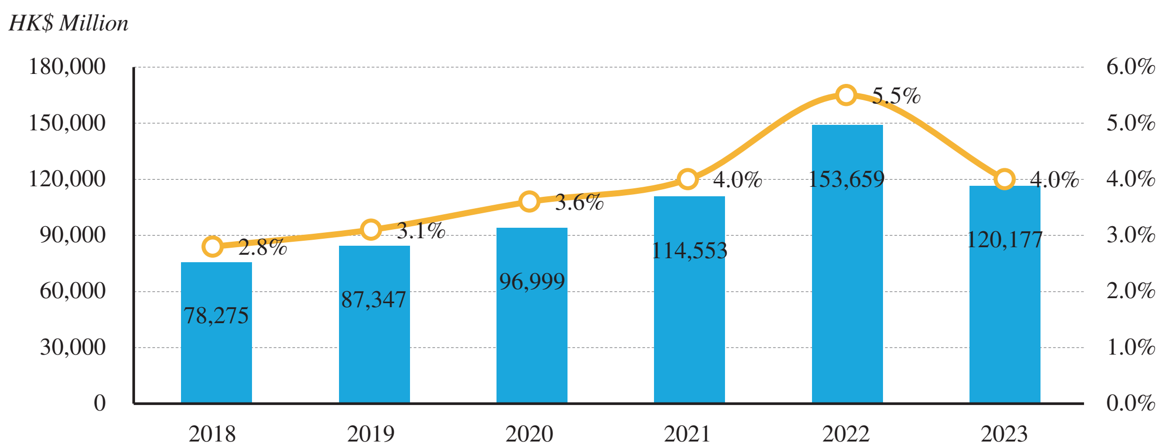
- Proposed two-tiered standard rates regime for salaries tax and tax under personal assessment, which affects taxpayers with over HKD5 million net income.

## INDUSTRY OVERVIEW

### Medical Services Sector

The medical care sector in Hong Kong is renowned for its efficient and high-quality services, balancing between a comprehensive public health system and a robust private sector. With Hong Kong's aging population, the medical care industry is projected to grow steadily, driven by increasing demand for specialized medical services, technological advancements, and ongoing public and private investments. The Hong Kong government allocates significant resources to healthcare, with the annual expenditure reached around 4.0% of GDP by in year 2023. This supportive environment fuels growth in various medical sectors, including general health services, specialized care, and medical technology.

**Healthcare Expenditure as of GDP in Hong Kong, 2018–2023**



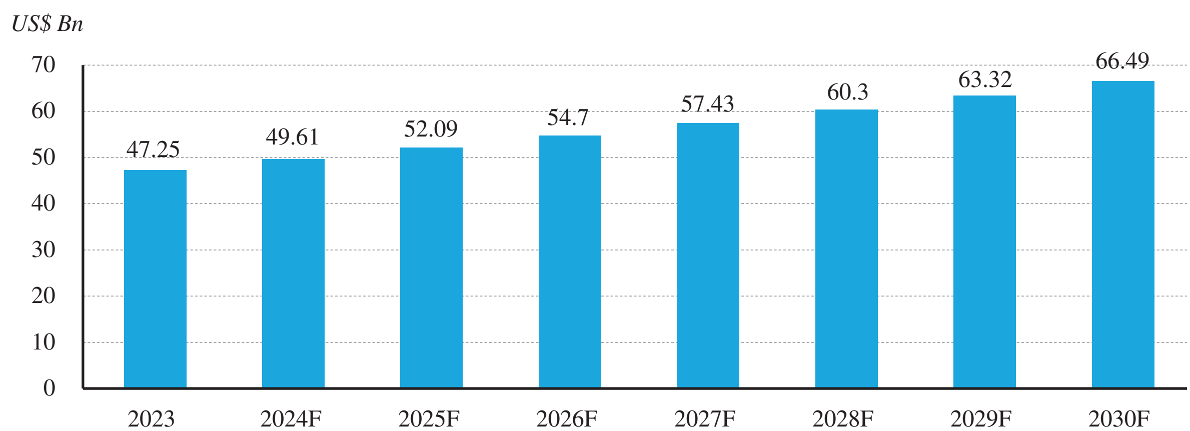

*Source: Census & Statistics Department of Hong Kong*

The Hong Kong medical industry is shaped by a confluence of factors. The aging demographic, coupled with a high prevalence of chronic diseases, creates strong demand for medical services and diagnostic procedures. Hong Kong's strategic position as a healthcare hub in Asia also attracts investments and medical tourism. Furthermore, the government's Health Protection Scheme encourages insurance coverage, thereby increasing access to medical services. The continuous advancement in medical technology and digital health integration, particularly AI, robotics, and telemedicine, further supports sector growth.

**Medical Imaging Sector**

Medical imaging is a critical component of Hong Kong's healthcare services, providing essential diagnostic support for various medical conditions. It encompasses a wide array of technologies, including X-rays, MRIs, CT scans, and ultrasound, which are essential for diagnosing and monitoring diseases. Medical imaging services are in high demand due to the rising cases of chronic and age-related conditions, such as cardiovascular diseases, cancer, and osteoporosis, especially among the elderly population. According to Insight10.com, Hong Kong's 3D imaging market is projected to grow from USD50 million in 2022 to USD180 million by 2030, registering a CAGR of 17.5% during the period of 2022–30. Globally, according to Precedence Research, the medical imaging market size was USD47.25 billion in 2023, estimated at USD49.61 billion in 2024 and is anticipated to reach around USD66.49 billion by 2030, expanding at a CAGR of 5.0% from 2024 to 2034.

**Medical Imaging Market Size Forecasts, 2023–2030**




*Source: Precedence Research*

The medical imaging sector in Hong Kong benefits significantly from technological advancements. The integration of artificial intelligence ("**AI**") and machine learning enhances diagnostic accuracy and speeds up image interpretation. AI applications in imaging can detect early signs of diseases more efficiently, supporting early interventions that can reduce treatment costs and improve patient outcomes. Additionally, 3D imaging and the use of advanced digital platforms for image sharing are enhancing collaborative care. Innovations in imaging technology, such as high-resolution MRI and low-dose CT scans, improve diagnostic capabilities and patient safety, making imaging a vital tool for early diagnosis and preventive care. Hong Kong's regulatory environment also ensures high standards in imaging quality and safety, with oversight by the Department of Health and Medical Council, which enforces stringent guidelines on radiation safety and professional competency. Medical imaging services in Hong Kong are offered by both public hospitals and private centers. Public hospitals provide the bulk of these services, but private imaging centers are increasing their market presence by offering shorter waiting times, advanced imaging techniques, and specialized services. Key industry players continually invest in the latest technology and professional training to remain competitive, reflecting a trend toward patient-centered and precision medicine.

Despite its strengths, the Hong Kong healthcare system faces challenges, such as a shortage of healthcare professionals and high operational costs, especially in the private sector. Additionally, regulatory compliance and the need for continuous equipment upgrades add to operational expenses. Nonetheless, there are significant opportunities for growth, especially through partnerships with technology providers for AI-enhanced diagnostics and cloud-based imaging solutions. As personalized medicine gains traction, imaging services are likely to expand in areas like oncology, cardiology, and neurology.

In views of future prospect, the medical imaging sector in Hong Kong is positioned for continued growth, supported by an aging population, rising demand for advanced diagnostics, and technological advancements. The adoption of AI and digital health solutions is expected to enhance imaging accuracy, reduce diagnostic time, and provide more efficient, patient-centered care. As healthcare infrastructure evolves, medical imaging will remain a cornerstone of Hong Kong's healthcare system, critical for early detection, treatment planning, and ongoing patient monitoring.

## TRANSACTION OVERVIEW

### Transaction 1 – Disposal of the Target Group (the "Disposal")

On 6 November 2024 (after trading hours), the Company, Jade Master International Limited, an indirect wholly-owned subsidiary of the Company (the "**First Seller**"), Dr. Ma Chi Min Effinie (the "**Second Seller**"), Wu Yun Chai (the "**Third Seller**") (collectively the "**Sellers**") and AIA Hong Kong Medical Services Limited (the "**Purchaser**") entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and each of the First Seller, the Second Seller and the Third Seller has conditionally agreed to sell 51%, 48% and 1% of the issued share capital in the Target Group, respectively, subject to the terms and conditions thereunder.

The table below sets forth the number of issued shares and the corresponding percentage of shareholdings in the Target Group to be disposed of by each of the Sellers:

| **Sellers** | **Number of issued shares in the Target Group to be disposed of** | **Percentage of shareholdings in the Target Group to be disposed of** *(%)* |
|---|---|---|
| First Seller | 5,100 | 51 |
| Second Seller | 4,800 | 48 |
| Third Seller | 100 | 1 |
| Total | 10,000 | 100 |

The consideration for the Disposal is HKD858,000,000 (subject to the adjustments as stated below). The consideration shall be payable to the Sellers in the respective proportion as set out below at completion:

| **Sellers** | **Respective amount of consideration** *(HKD)* | **Respective proportion of consideration** *(%)* |
|---|---|---|
| First Seller | 437,580,000 | 51 |
| Second Seller | 411,840,000 | 48 |
| Third Seller | 8,580,000 | 1 |
| Total | 858,000,000 | 100 |

***Earn-out Consideration***

The Purchaser shall pay to the Sellers the earn-out consideration ("**Earn-out Consideration**") for each of the earn-out years, being the 2025, 2026 and 2027 calendar years (each an "**Earn-out Year**") within 10 business days after the date on which the respective earn-out statement is determined pursuant to the sales and purchase agreement.

The Earn-out Consideration shall be determined as follows:

Earn-Out Consideration = (A-B) ÷ (C-B) × HKD36,400,000

where:

A = The gross profit amount generated by the two premises operated by the Target Group as set out in the final earn-out statement ("**Earn-out Gross Profits**")

B = The earn-out threshold for such Earn-out Year ("**Earn-out Threshold**"), being HKD132,000,000, HKD145,000,000 and HKD167,000,000 for 2025, 2026 and 2027, respectively

C = The earn-out target for such Earn-out Year, being HKD145,000,000, HKD167,000,000 and HKD200,000,000 for 2025, 2026 and 2027, respectively.

The Earn-out Consideration in respect of any Earn-out Year shall not exceed HKD36,400,000. If the Earn-out Gross Profits in respect of any Earn-out Year does not exceed the Earn-out Threshold for such Earn-out Year, the Sellers shall lose the right to any Earn-out Consideration for such Earn-out Year.

***Conditions Precedent***

Completion of the Disposal is conditional upon several conditions being satisfied (or waived by the Purchaser and/or by the Purchaser and the Sellers, as the case may be). Pursuant to the share purchase agreement, there are two actions are required to be taken prior to the completion of the Disposal:

(a) Action in relation to the transfer of 8,000,000 ordinary shares in Hong Kong Medical Advanced Imaging Limited ("**HKMAI**") held by the Target Company (the "**HKMAI Transfer**"); and

(b) Action in relation to the transfer of 17,150,000 ordinary shares in HKMAI TST held by shareholders other than the Target Company (the "**HKMAT TST Transfer**").

These two conditions precedent will be further discussed in the following paragraphs (as part of the Transaction 2).

**Transaction 2 – Acquisition of Shares in a non-wholly owned subsidiary (the "Acquisition")**

On 6 November 2024 (after trading hours), (1) Dr. Hui Kei Tat ("**Dr. Hui**") (as vendor) and the Target Company (as purchaser); and (2) Dr. Shum Sing Fai John ("**Dr. Hui**") (as vendor) and the Target Company (as purchaser), respectively, entered into the acquisition agreements, pursuant to which the Target Company has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively. The acquisition consideration payable by the Target Company to Dr.

Hui and Dr. Shum for the HKMAI TST Transfer shall be HKD8,471,000 and HKD8,471,000, respectively.

**Reorganization of HKMAI TST and HKMAI**

*1. HKMAI TST Transfer*

HKMAI TST is an indirect non-wholly owned subsidiary of the Company in which 51% and 9% of its issued share capital are held by the Target Company and Union Advanced Imaging Holding Limited ("**UAIHL**"), respectively, and the remaining 40% of its issued share capital are held by Dr. Hui and Dr. Shum. The Company shall procure UAIHL, Dr. Hui and Dr. Shum to transfer the in aggregate 49.0% of the issued shares of HKMAI TST to the Target Company (the "**HKMAI TST Transfer Shares**") prior to Completion. There is no consideration payable by HKMAI TST to UAIHL for its transfer under the HKMAI TST Transfer as it only constitutes an internal reorganization within the Group.

Upon completion of HKMAI TST Transfer, UAIHL will cease to own any shares in HKMAI TST, and HKMAI TST will be wholly owned by the Target Company.

*2. HKMAI Transfer*

HKMAI is a subsidiary of the Company as the Company effectively holds 60% of HKMAI's issued shares via the Target Company, UAIHL, Honour Year Limited and HKOCM Holdings Limited, each being a subsidiary of the Company.

The table below set forth the percentage of shareholdings in HKMAI (before the completion of the transfer):

| **Shareholders of HKMAI** | **Percentage of shareholdings in HKMAI** |
|---|---|
| Target Company | 10.0% |
| UAIHL | 26.5% |
| Honour Year Limited *(Note 1)* | 20.0% |
| HKOCM Holdings Limited *(Note 1)* | 3.5% |
| Dr. Hui | 20.0% |
| Dr. Shum | 20.0% |
| Total | 100.0% |

*Note:*

1. Honour Year Limited and HKOCM Holdings Limited are indirect non-wholly owned subsidiary of the Company.

The Company shall procure the Target Company to transfer 5.1% and 4.9% issued shares of HKMAI to UAIHL and the Second Seller, prior to Completion. The consideration payable to the Target Company by each of UAIHL and Second Seller for the HKMAI Transfer shall be nil. There is no consideration payable by the UAIHL to the Target Company for its transfer under the HKMAI Transfer as it only constitutes an internal reorganization within the Group. No consideration is payable for the Second Seller HKMAI Transfer as it is already factored into the consideration payable to the Second Seller under the Disposal.

As such, the Company will effectively hold 55% of HKMAI's issued shares via UAIHL, HKOCM Holdings Limited and Honour Year Limited, and HKMAI will remain a subsidiary of the Company after completion of the HKMAI Transfer.

## COMPANIES AND PARTIES OVERVIEW

### Companies and Parties Involved in the Disposal

#### *EC Healthcare*

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Company is principally engaged in the provision of medical services, aesthetic medical and beauty and wellness services, and veterinary and other services. The Company provide a full range of medical services including health checkups, vaccinations, lab testing, imaging diagnostics, primary care, specialist consultations, dental care, and pain management. The Company also provide aesthetic medical, beauty, wellness and veterinary services.

#### *Jade Master International Limited*

The First Seller is a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company. The First Seller is principally engaged in investment holding.

#### *Dr. Ma Chi Min Effinie*

The Second Seller is a registered medical practitioner on the Specialist Registration in general surgery of the Medical Council of Hong Kong and founder of the Target Company. The Second Seller is also a director of the Target Company and holds 48% equity interest in the Target Company as at the date of the announcement.

#### *Ms. Wu Yun Chai*

The Third Seller is an individual and senior management of the Target Company. The Third Seller is also a director of the Target Company and holds 1% equity interest in the Target Company as at the date of the announcement.

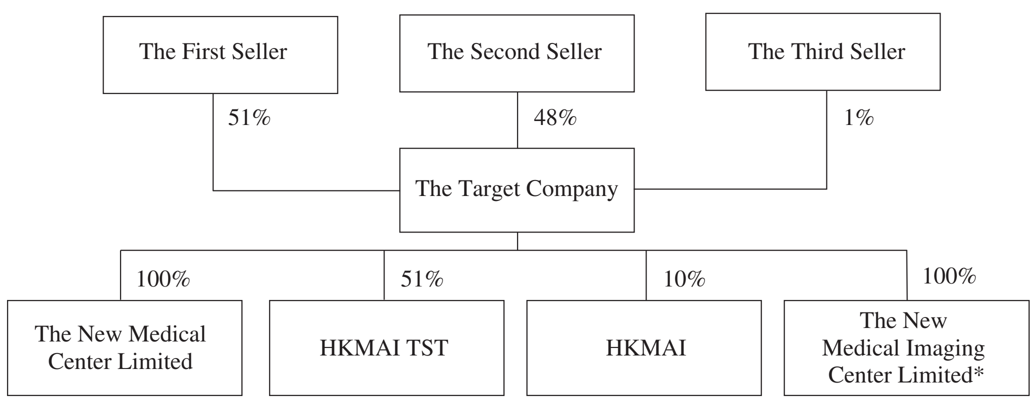
***AIA Hong Kong Medical Services Limited***

The Purchaser is an indirect wholly-owned subsidiary of AIA, is a company incorporated under the laws of Hong Kong with limited liability. The Purchaser is principally engaged in investment holding.

***New Medical Centre Holding Limited***

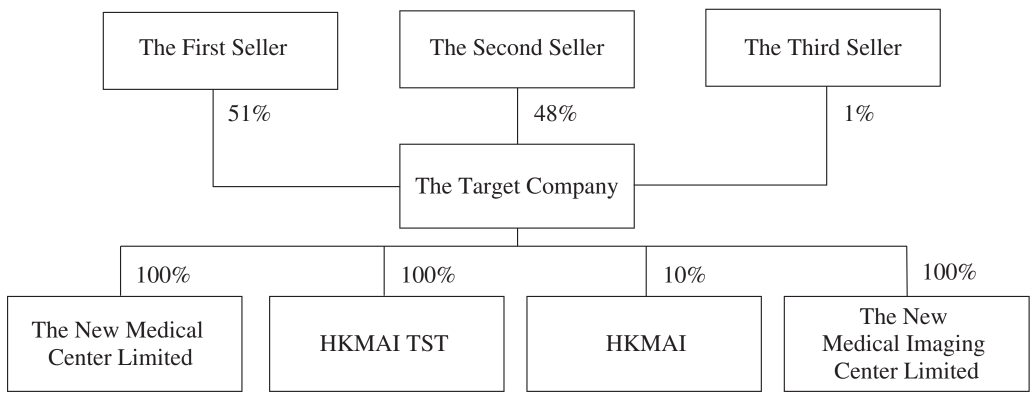
The Target Company is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in investment holding. Its subsidiaries, The New Medical Center Limited and The New Medical Imaging Center Limited, are principally engaged in the provision of medical services and medical diagnostic services, respectively.

The group structure of the Target Company prior to the completion of the Disposal, the HKMAI Transfer and the HKMAI TST Transfer is as follows:

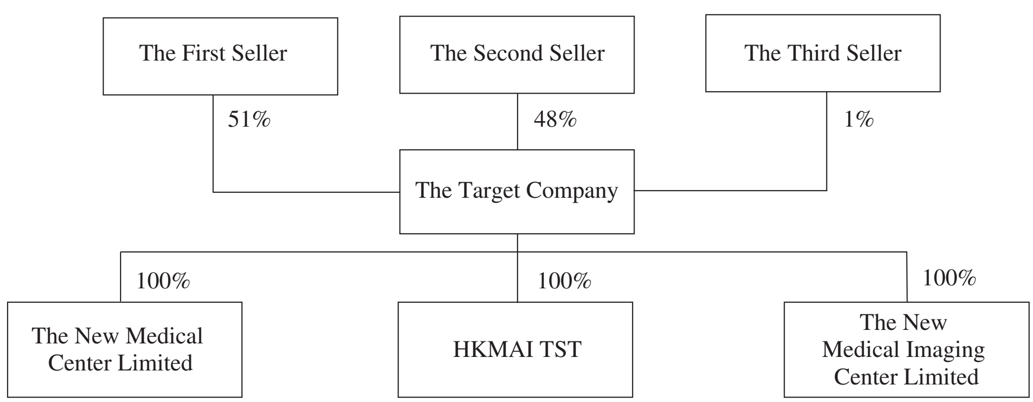



* *The New Medical Imaging Center Limited is a dormant company.*

For illustration purposes, assuming that the HKMAI TST Transfer occurs prior to the HKMAI Transfer, the group structure of the Target Company prior to the completion of the Disposal and the HKMAI Transfer but after the HKMAI TST Transfer is as follows:




The group structure of the Target Company immediately prior to the completion of the Disposal but after the HKMAI Transfer and HKMAI TST Transfer is as follows:

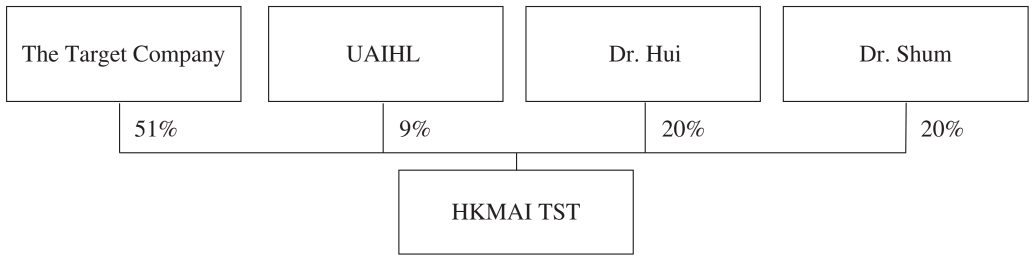



**Companies and Parties Involved in the Acquisition**

***Hong Kong Medical Advanced Imaging (TST) Limited***

HKMAI TST is a company incorporated in Hong Kong with limited liability. It is principally engaged in the provision of medical advanced imaging services, including MRI, CT scan, 3D mammogram, ultrasound scan, transient elastography and X-ray examination and is operating one imaging centre in Tsim Sha Tsui, Hong Kong.

The group structure of HKMAI TST prior to the completion of the Acquisition is as follows:




***New Medical Centre Holding Limited***

The Target Company is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in the provision of medical services. The Target Company holds 51% equity interest in HKMAI TST as at the date of the announcement.

***Union Advanced Imaging Holding Limited***

UAIHL is a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company. UAIHL holds 9% equity interest in HKMAI TST as at the date of the announcement.

***Dr. Hui Kei Tat***

Dr. Hui is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Hui holds 20% equity interest in HKMAI TST as at the date of the announcement.

***Dr. Shum Sing Fai John***

Dr. Shum is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Shum holds 20% equity interest in HKMAI TST as at the date of the announcement.

***Hong Kong Medical Advanced Imaging Limited***

HKMAI is principally engaged in provision of medical imaging services, including MRI, CT scan, PET scan, EOS imaging, 3D mammogram, ultrasound scan, transient elastography, X-ray examination, and bone densitometry, and is operating one imaging centre in Mong Kok, Hong Kong.

## 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 or HKMAI TST operates, and other risks specific to the asset being valued.

**Valuation of the Equity Interest in the Target Group and HKMAI TST**

| **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 and HKMAI TST, without regulatory or legal restrictions. |

| Methodology Analysis | Reasons for Applying or not Applying |
|---|---|
| Income Approach is rejected | Application of the income approach requires various projected inputs, such as revenue, cost of revenue, and risk-adjusted discount rate. High level of uncertainty would be involved inevitably in forming a financial forecast regarding the amount and timing of future income to the Target Group and HKMAI TST. |
| Market Approach is accepted | 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.<br><br>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. |

**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 and HKMAI TST currently operate in and in new markets that the Target Group and HKMAI TST may potentially expand into as proposed by the 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 and HKMAI TST;

- 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 and HKMAI TST operate in or the Target Group and HKMAI TST 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 and HKMAI TST under the normal course of business;

- The Target Group and HKMAI TST 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 and HKMAI TST are 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 unaudited financial statements of the Target Group and HKMAI TST for the six months ended 30 September 2024 are accurate and no material difference will be caused if audit is performed;

- The financial performance of the Target Group and HKMAI TST does not exhibit any significant seasonal fluctuations, the straightforward aggregation or division of financial data without adjustments for seasonal variability, reflecting a consistent operational performance throughout the year;

- The core business operation of the Target Group and HKMAI TST will not differ materiality from those of present or expected;

- Performance of the Target Group and HKMAI TST would not deviate from the performance of its industry peers; 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 and HKMAI TST.

## 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 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 interest, taxes, depreciation, and amortization ("**EBITDA**"), 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 the provision of medical services and medical imaging services. For the year ended 31 March 2024 and six months ended 30 September 2024, 100% of the revenue was derived from the provision of medical services and medical imaging services. 100% of the Target Group's revenue was generated from Hong Kong. The Target Group was profit-making for the trailing 12 months ended 30 September 2024 and the profitability is widely accepted as the primary value driver of a business.

In selecting the Guideline Public Companies, we consider multiple screening criteria including, but not limited to, descriptions of potential companies in terms of lines of business, operating locations, major revenue by business segment, 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 initial selection process was primarily based on the Bloomberg terminal and online databases such as Yahoo Finance, AASTOCKS, etnet and Futubull (collectively referred to as "**Online Databases**"). According to the Bloomberg Industry Classification Systems ("**BICS**") and the industry classifications adopted by AASTOCKS and etnet, there is no distinct category for medical services and medical imaging services. For the broader industry selection criteria applicable to the Target Group, we referred to the following industry or sub-sector categories:

| **Reference** | **Bloomberg – BICS** | **AASTOCKS** | **etnet** |
|---|---|---|---|
| **Industry** | Health Care Industry | Health Care Industry | Health Care Industry |
| **Sub-Sector Category** | Health Care Facilities & Services | Medical & Aesthetic Services | |

We consider the health care industry to encompass all, or the majority, of businesses involved in the provision of medical services. The relationship between health care services and medical services is fundamentally interconnected. Companies that provide health care services, including but not limited to medical service, medical imaging service, clinical healthcare service, general hospital service, medical examination service and healthcare services may share similar patient demographics and face similar market and operational challenges as the Target Group. Hence, we consider it is appropriate and reasonable to refer companies classified within the health care industry.

The screening process with the following criteria established:

1. the comparable company should be listed on Hong Kong Stock Exchange (such that relatively accurate and reliable financial information would be readily available from the relevant regulatory filings);

2. the comparable company should be engaged in the health care industry with over 50% of revenue generated from this business segment;

3. the primary operation of the comparable company should be based in Hong Kong;

4. Actively traded stocks and companies have sufficient listing and operating histories; and

5. Positive EBITDA and profit-making in the last reported fiscal period.

Based on the criteria 1 to 4, we can identify 5 comparable companies. However, if we take into account the profitability criteria, four companies were rejected because they recorded a negative EBITDA or losses in the last reported fiscal period. It is noted that UMP Healthcare Holdings Limited is the only one comparable company which fulfils the above-mentioned five criteria. We consider it is insufficient to draw a valuation conclusion by a single comparable company.

In general, companies operating in the same geographic location are prioritized, if same geographic location does not yield meaningful results, then expansion to other geographic areas is considered. To ensure a fair and reasonable sample size of comparable companies and the availability of the valuation multiples for the valuation, we deployed a broader selection criteria, including comparable companies that engaged in the health care provision in the PRC. Although the selection criteria have been expanded, the core attributes of the companies, such as the listing location, business segment and profitability, remain unchanged.

After going through the aforesaid procedures, an addition of 8 comparable companies were identified. After two rounds of selection process, a pool of 9 comparable companies that are operating in a similar principal activity, geographic operation segment, and profitability 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 | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 1 | **UMP Healthcare Holdings Ltd (722 HK Equity)**<br>UMP Healthcare Holdings Ltd. offers healthcare solutions. The company provides services for medical and dental needs. UMP serves both contract and plan customers. The company offers family medicine; virtual care; specialist consultation services; dental care services, and traditional Chinese medicines. It also provides physiotherapy services; day surgery and endoscopy; diagnostic imaging and laboratory; preventive medicines and health assessment; visa medical examination; vaccination, consultation and etc. | Health Care Services | Clinical Healthcare Services: 66%<br>Corporate Healthcare Solution Services To Contract Customers: 34% | Hong Kong: 92.2%<br>PRC: 5.8%<br>Macao: 2.0% |
| 2 | **China Resources Medical Holdings Co Ltd (1515 HK Equity)**<br>China Resources Medical Holdings Company Limited operates hospitals and clinics. The company offers clinical treatment, healthcare management, public sanitary, and other medical health services. China Resources Medical Holdings also operates supply chain management, financing, real estate development, consumption, and other businesses. | Health Care Facilities | General Hospital Service: 93.1%<br>Others: 6.9% | PRC: 100% |
| 3 | **Rici Healthcare Holdings Ltd (1526 HK Equity)**<br>Rici Healthcare Holdings Ltd is a China-based holding company that mainly engages in medical examination services. The company operates in two segments. General Hospital segment and Medical Examination Centres segment. The general hospital services provide online and offline services before, during and after the diagnosis, including cardiovascular surgery, orthopedics, general surgery, thoracic surgery, and others. The medical examination segment is dedicated to developing key disciplines such as ultrasound, imaging, examinations, and chief medical examinations, with the three-layer quality control system covering all disciplines and operating effectively. | Health Care Facilities | Medical Examination Centers: 79.7%<br>Hospital: 20.3% | PRC: 100% |

| | Company Name | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 4 | **Guangdong Kanghua Healthcare Group Co Ltd (3689 HK Equity)**<br>Guangdong Kanghua Healthcare Co., Ltd. owns and operates hospitals. The company offers healthcare, cardiovascular related, and medical services. | Health Care Facilities | Hospital Management Services: 92.5%<br>Rehabilitation & Other Healthcare: 6.9%<br>Other: 0.6% | PRC: 100% |
| 5 | **Honliv Healthcare Management Group Co Ltd (9906 HK Equity)**<br>Honliv Healthcare Management Group Company Limited operates private general hospitals. The company provides medical, teaching, scientific research, preventive health care, and other related services. | Health Care Facilities | Treatment General Healthcare Services: 61.2%<br>Pharmaceutical Services: 38.8% | PRC: 100% |
| 6 | **Hygeia Healthcare Holdings Co Ltd (6078 HK Equity)**<br>Hygeia Healthcare Holdings Co., Limited offers oncology healthcare services in the People's Republic of China. The company owns and operates private for-profit hospitals that offers oncology healthcare services, such as radiotherapy, chemotherapy, surgery, and targeted therapy, as well as cancer diagnosis, treatment, and rehabilitation. It also provides radiotherapy services to third-party hospitals, including radiotherapy center consulting services, licensing of radiotherapy equipment for use in the radiotherapy centers, and maintenance and technical support services for radiotherapy equipment. | Health Care Services | Hospital: 95.4%<br>Other Business: 4.6% | PRC: 100% |
| 7 | **Genertec Universal Medical Group Co Ltd (2666 HK Equity)**<br>Genertec Universal Medical Group Company Limited provides healthcare services. The company offers medical financing, hospital investment and management, digitization, and clinical department upgrade advisory services. | Health Care Services | Hospital: 57.3%<br>Finance & Advisory: 42.7% | PRC: 100% |
| 8 | **Tian An Medicare Ltd (383 HK Equity)**<br>Tian An Medicare Limited operates hospitals businesses. The company offers healthcare, elderly care, health city project management, and other related services. Tian An Medicare also provides property investment and development services. | Health Care Facilities | Healthcare: 95.0%<br>Eldercare: 2.6%<br>Adjustments: 2.1%<br>Property Investment: 0.3% | China: 97.6%<br>Adjustments: 2.1%<br>Hong Kong: 0.3% |

| | Company Name | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 9 | **Wenzhou Kangning Hospital Co Ltd (2120 HK Equity)** Wenzhou Kangning Hospital Co., Ltd. operates hospitals. The company offers medical treatment services, nursing services, pharmacy dispensing services, clinical research services, and other related services. | Health Care Facilities | Treatment & General Healthcare Services: 76.1%<br>Pharmaceutical: 20.2%<br>Other Businesses: 3.7% | PRC: 100% |

*Source: Bloomberg and Online Databases*

**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:

Fair Value = Valuation multiple X Key operating or financial indicator of the Target Group

In the course of our valuation, we have considered some commonly adopted price multiple such as price-to-earnings ("**P/E**"), price-to-book ("**P/B**"); and enterprise multiple such as enterprise value-to-revenue ("**EV/Revenue**") and enterprise value-to-EBITDA ("**EV/EBITDA**").

We consider that P/B multiple may not be an appropriate multiple to value the Target Group. Given the Target Group is profit-making, P/B ratio fails to consider profitability and future earnings potential, which are crucial for a rational investor to determine the value of a company.

The EV/Revenue multiple has not been adopted in this valuation. Similar to P/B, EV/Revenue ratio fails to consider profitability and future earnings potential, given the Target Group records net profit in the recent years.

EV/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 under different depreciation and amortization policy, and the financing structures are not similar as the Target Group, EBITDA excludes the impact of depreciation and amortization, and financing cost on profitability can directly reflect the operating performance of a company. As such, EV/EBITDA is considered as an appropriate valuation multiple in this valuation.

The P/E multiple is another common valuation multiple, which takes into account a company's earning potential and growth prospects. Therefore, the P/E multiple was applied for cross-checking purpose.

**Computation of the Valuation Multiple**

After identifying the Guideline Public Companies and determining the valuation multiple, the next step is to compute the EV/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:

EV = market value of common stock + market value of preferred equity + market value of debt + minority interest – 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:

EBITDA = Operating Income or Losses + Depreciation & Amortization

***Implied EV/EBITDA multiple for the Guideline Public Companies***

| | Name | Ticker | EV *(HKD million)* | EBITDA *(HKD million)* | EV/EBITDA *(rounded)* |
|---|---|---|---|---|---|
| 1 | UMP Healthcare Holdings Ltd | 722 HK Equity | 207 | 165 | 1.25x |
| 2 | China Resources Medical Holdings Co Ltd | 1515 HK Equity | 7,875 | 1,724 | 4.57x |
| 3 | Rici Healthcare Holdings Ltd | 1526 HK Equity | 3,704 | 1,125 | 3.29x |
| 4 | Guangdong Kanghua Healthcare Group Co Ltd | 3689 HK Equity | 424 | 253 | 1.67x |
| 5 | Honliv Healthcare Management Group Co Ltd | 9906 HK Equity | 1,338 | 150 | 8.92x |
| 6 | Hygeia Healthcare Holdings Co Ltd | 6078 HK Equity | 17,145 | 1,358 | 12.63x |
| 7 | Genertec Universal Medical Group Co Ltd | 2666 HK Equity | 65,257 | 4,289 | 15.22x |
| 8 | Tian An Medicare Ltd | 383 HK Equity | 857 | 209 | 4.10x |
| 9 | Wenzhou Kangning Hospital Co Ltd | 2120 HK Equity | 1,971 | 295 | 6.69x |
| Upper Quartile (rounded): | | | | | 8.92x |
| Median (rounded): | | | | | 4.57x |
| **Selected multiple (rounded):** | | | | | **8.92x** |

We have taken the upper quartile, being 8.92x of the 9 Guideline Public Companies, as the adopted EV/EBITDA multiple for our valuation analysis. We have examined the financial performance of the Target Group as outlined below to justify selecting the upper quartile instead of the average or median:

(i) We have compared the EBITDA margin of the Target Group to that of the 9 Guideline Public Companies. The EBITDA margin of the Target Group is positioned within the range of upper quartile and high-end, indicating that the Target Group is performing better than many of its peers, supporting the rationale for adopting a higher multiple.

(ii) In addition to the EBITDA margin, we have computed the operating margin and net profit margin of the Target Group and the 9 Guideline Public Companies. Operating margin of the Target Group is close to the upper quartile of the Guideline Public Companies; while net profit margin of the Target Group is close to the high-end. This consistent high performance reinforces the idea that the Target Group can sustain superior profitability, justifying the reasonableness for adopting a higher multiple.

(iii) Furthermore, we have examined the net profit growth or decline rates over the past three years for both the Target Group and the comparable companies. The Target Group has demonstrated superior performance compared to the median of the comparable companies. It is expected that the Target Group's profitability growth prospects will surpass the median of the Guideline Public Companies.

## VALUATION OF THE EQUITY INTEREST IN HKMAI TST

For the valuation of the equity interest in HKMAI TST, we applied the same method as the valuation of the Target Group, which is the GPTC Method.

### Selection of the Guideline Public Companies

GPTC Method depends on the selection of the Guideline Public Companies that shared sufficient similarities to underlying business of HKMAI TST 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.

HKMAI TST is primarily engaged in the provision of medical imaging services. For the year ended 31 March 2024 and six months ended 30 September 2024, 100% of the revenue was derived from the provision of medical imaging services. 100% of HKMAI TST's revenue was generated from Hong Kong. HKMAI TST was profit-making for the trailing 12 months ended 30 September 2024 and the profitability is widely accepted as the primary value driver of a business.

In selecting the Guideline Public Companies, we consider multiple screening criteria including, but not limited to, descriptions of potential companies in terms of lines of business, operating locations, major revenue by business segment, 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 initial selection process was primarily based on the Bloomberg terminal and Online Databases with the following criteria established:

1. the comparable company should be listed on Hong Kong Stock Exchange (such that relatively accurate and reliable financial information would be readily available from the relevant regulatory filings);

2. the comparable company should be principally engaged in the provision of medical imaging services with similar business description;

3. the primary operation of the comparable company should be based in Hong Kong;

4. Actively traded stocks and companies have sufficient listing and operating histories; and

5. Positive EBITDA and profit-making in the last reported fiscal period.

However, we observed that there is no comparable company listed in Hong Kong and principally engaged in the provision of medical imaging services in Hong Kong. In general, companies operating in the same geographic location are prioritized, if same geographic location does not yield meaningful results, then expansion to other geographic areas is considered. Consequently, we conducted a second round of selection, refining our criteria and broadening the operating locations of the comparable companies to include those with primary operations in the PRC. Nevertheless, under this revised selection criterion, we identified only one comparable company, Jiangxi Rimag Group Co., Ltd, which can fulfil criteria 1, 2, 3 and 5. If we take into account the criterion of listing history, Jiangxi Rimag Group Co., Ltd was rejected given the listing period is less than one year.

In light of the need for a fair and reasonable sample size of comparable companies and the availability of valuation multiples for our analysis, we proceeded to conduct a third round of selection. We deployed broader selection criteria, accepting comparable companies that provide health care services and have primary operation in Hong Kong or in the PRC. Although we expanded the industry and operation location, we consider this extension of selection criteria has been undertaken with due care and consideration, rendering it appropriate, fair, and reasonable. We consider that companies engaged in the provision of health care services are comparable to HKMAI TST for the following reasons:

1. **Market Dynamics:** The medical imaging industry operates within the healthcare ecosystem. By including companies that provide health care services, we can better capture the dynamics of the healthcare market, as these companies may share similar patient demographics and face similar market and operational challenges as HKMAI TST.

2. **Operational Similarity:** In general case, medical imaging services are often integrated with other medical and health care services such as diagnostics, treatment, consultation and patient care. Companies that provide various medical services often with similar functionality in terms of the patient management systems and marketing strategies that are comparable to HKMAI TST.

3. **Regulatory Compliance:** Medical service providers may adhere to similar regulatory standards and quality control measures as HKMAI TST to ensure patient safety and maintain accreditation.

By adopting this broader selection criteria, we strengthen the robustness of our comparative analysis and offer a more comprehensive understanding of the market landscape. Although the selection criteria have been expanded, the core attributes of the companies, such as industry engaged (i.e. Healthcare service), listing location and profitability, remain unchanged.

After going through the aforesaid procedures, a pool of 9 comparable companies that are operating in a similar principal activity, geographic operation segment, and profitability as HKMAI TST 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 | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 1 | **UMP Healthcare Holdings Ltd (722 HK Equity)**<br>UMP Healthcare Holdings Ltd. offers healthcare solutions. The company provides services for medical and dental needs. UMP serves both contract and plan customers. The company offers family medicine; virtual care; specialist consultation services; dental care services, and traditional Chinese medicines. It also provides physiotherapy services; day surgery and endoscopy; diagnostic imaging and laboratory; preventive medicines and health assessment; visa medical examination; vaccination, consultation and etc. | Health Care Services | Clinical Healthcare Services: 66%<br>Corporate Healthcare Solution Services To Contract Customers: 34% | Hong Kong: 92.2%<br>PRC: 5.8%<br>Macao: 2.0% |

| | Company Name | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 2 | **China Resources Medical Holdings Co Ltd (1515 HK Equity)**<br>China Resources Medical Holdings Company Limited operates hospitals and clinics. The company offers clinical treatment, healthcare management, public sanitary, and other medical health services. China Resources Medical Holdings also operates supply chain management, financing, real estate development, consumption, and other businesses. | Health Care Facilities | General Hospital Service: 93.1%<br>Others: 6.9% | PRC: 100% |
| 3 | **Rici Healthcare Holdings Ltd (1526 HK Equity)**<br>Rici Healthcare Holdings Ltd is a China-based holding company that mainly engages in medical examination services. The company operates in two segments. General Hospital segment and Medical Examination Centres segment. The general hospital services provide online and offline services before, during and after the diagnosis, including cardiovascular surgery, orthopedics, general surgery, thoracic surgery, and others. The medical examination segment is dedicated to developing key disciplines such as ultrasound, imaging, examinations, and chief medical examinations, with the three-layer quality control system covering all disciplines and operating effectively. | Health Care Facilities | Medical Examination Centers: 79.7%<br>Hospital: 20.3% | PRC: 100% |
| 4 | **Guangdong Kanghua Healthcare Group Co Ltd (3689 HK Equity)**<br>Guangdong Kanghua Healthcare Co., Ltd. owns and operates hospitals. The company offers healthcare, cardiovascular related, and medical services. | Health Care Facilities | Hospital Management Services: 92.5%<br>Rehabilitation & Other Healthcare: 6.9%<br>Other: 0.6% | PRC: 100% |
| 5 | **Honliv Healthcare Management Group Co Ltd (9906 HK Equity)**<br>Honliv Healthcare Management Group Company Limited operates private general hospitals. The company provides medical, teaching, scientific research, preventive health care, and other related services. | Health Care Facilities | Treatment General Healthcare Services: 61.2%<br>Pharmaceutical Services: 38.8% | PRC: 100% |

| | Company Name | BICS Classification | Revenue by Business Segment | Revenue by Geographical Location |
|---|---|---|---|---|
| 6 | **Hygeia Healthcare Holdings Co Ltd (6078 HK Equity)**<br>Hygeia Healthcare Holdings Co., Limited offers oncology healthcare services in the People's Republic of China. The company owns and operates private for-profit hospitals that offers oncology healthcare services, such as radiotherapy, chemotherapy, surgery, and targeted therapy, as well as cancer diagnosis, treatment, and rehabilitation. It also provides radiotherapy services to third-party hospitals, including radiotherapy center consulting services, licensing of radiotherapy equipment for use in the radiotherapy centers, and maintenance and technical support services for radiotherapy equipment. | Health Care Services | Hospital: 95.4%<br>Other Business: 4.6% | PRC: 100% |
| 7 | **Genertec Universal Medical Group Co Ltd (2666 HK Equity)**<br>Genertec Universal Medical Group Company Limited provides healthcare services. The company offers medical financing, hospital investment and management, digitization, and clinical department upgrade advisory services. | Health Care Services | Hospital: 57.3%<br>Finance & Advisory: 42.7% | PRC: 100% |
| 8 | **Tian An Medicare Ltd (383 HK Equity)**<br>Tian An Medicare Limited operates hospitals businesses. The company offers healthcare, elderly care, health city project management, and other related services. Tian An Medicare also provides property investment and development services. | Health Care Facilities | Healthcare: 95.0%<br>Eldercare: 2.6%<br>Adjustments: 2.1%<br>Property Investment: 0.3% | China: 97.6%<br>Adjustments: 2.1%<br>Hong Kong: 0.3% |
| 9 | **Wenzhou Kangning Hospital Co Ltd (2120 HK Equity)**<br>Wenzhou Kangning Hospital Co., Ltd. operates hospitals. The company offers medical treatment services, nursing services, pharmacy dispensing services, clinical research services, and other related services. | Health Care Facilities | Treatment & General Healthcare Services: 76.1%<br>Pharmaceutical: 20.2%<br>Other Businesses: 3.7% | PRC: 100% |

*Source: Bloomberg and Online Database*

### 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:

Fair Value = Valuation multiple X Key operating or financial indicator of HKMAI TST

In the course of our valuation, we have considered some commonly adopted price multiple such as price-to-earnings ("**P/E**"), price-to-book ("**P/B**"); and enterprise multiple such as enterprise value-to-revenue ("**EV/Revenue**") and enterprise value-to-EBITDA ("**EV/EBITDA**").

We consider that P/B multiple may not be an appropriate multiple to value HKMAI TST. Given HKMAI TST is profit-making, P/B ratio fails to consider profitability and future earnings potential, which are crucial for a rational investor to determine the value of a company.

The EV/Revenue multiple has not been adopted in this valuation. Similar to P/B, EV/Revenue ratio fails to consider profitability and future earnings potential, given HKMAI TST records net profit in the recent years.

EV/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. HKMAI TST is under normal operation and profitable. Considering that the operations of the selected Guideline Public Companies are under different depreciation and amortization policy, and the financing structures are not similar as HKMAI TST, EBITDA excludes the impact of depreciation and amortization, and financing cost on profitability can directly reflect the operating performance of a company. As such, EV/EBITDA is considered as an appropriate valuation multiple in this valuation.

The P/E multiple is another common valuation multiple, which takes into account a company's earning potential and growth prospects. Therefore, the P/E multiple was applied for cross-checking purpose.

**Computation of the Valuation Multiple**

After identifying the Guideline Public Companies and determining the valuation multiple, the next step is to compute the EV/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:

  EV = market value of common stock + market value of preferred equity + market value of debt + minority interest – 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:

  EBITDA = Operating Income or Losses + Depreciation & Amortization

***Implied EV/EBITDA multiple for the Guideline Public Companies***

| | Name | Ticker | EV (HKD million) | EBITDA (HKD million) | EV/EBITDA (rounded) |
|---|---|---|---|---|---|
| 1 | UMP Healthcare Holdings Ltd | 722 HK Equity | 207 | 165 | 1.25x |
| 2 | China Resources Medical Holdings Co Ltd | 1515 HK Equity | 7,875 | 1,724 | 4.57x |
| 3 | Rici Healthcare Holdings Ltd | 1526 HK Equity | 3,704 | 1,125 | 3.29x |
| 4 | Guangdong Kanghua Healthcare Group Co Ltd | 3689 HK Equity | 424 | 253 | 1.67x |
| 5 | Honliv Healthcare Management Group Co Ltd | 9906 HK Equity | 1,338 | 150 | 8.92x |
| 6 | Hygeia Healthcare Holdings Co Ltd | 6078 HK Equity | 17,145 | 1,358 | 12.63x |
| 7 | Genertec Universal Medical Group Co Ltd | 2666 HK Equity | 65,257 | 4,289 | 15.22x |
| 8 | Tian An Medicare Ltd | 383 HK Equity | 857 | 209 | 4.10x |
| 9 | Wenzhou Kangning Hospital Co Ltd | 2120 HK Equity | 1,971 | 295 | 6.69x |

| | |
|---|---|
| Upper Quartile (rounded): | 8.92x |
| Median (rounded): | 4.57x |
| **Selected multiple (rounded):** | **8.92x** |

We have taken the upper quartile, being 8.92x of the 9 Guideline Public Companies, as the adopted EV/EBITDA multiple for our valuation analysis. We have examined the financial performance of HKMAI TST as outlined below to justify selecting the upper quartile instead of the average or median:

(i) We have compared the EBITDA margin of HKMAI TST to that of the 9 Guideline Public Companies. The EBITDA margin of HKMAI TST is positioned within the range of upper quartile and high-end, indicating that HKMAI TST is performing better than many of its peers, supporting the rationale for adopting a higher multiple.

(ii) In addition to the EBITDA margin, we have computed the operating margin and net profit margin of HKMAI TST and the 9 Guideline Public Companies. Operating margin of HKMAI TST is higher than the upper quartile of the Guideline Public Companies; while net profit margin of HKMAI TST is close to the high-end. This consistent high performance reinforces the idea that HKMAI TST can sustain superior profitability, justifying the reasonableness for adopting a higher multiple.

(iii) Furthermore, we have examined the net profit growth or decline rates over the past three years for both HKMAI TST and the comparable companies. HKMAI TST has demonstrated superior performance compared to the median of the comparable companies. It is expected that HKMAI TST's profitability growth prospects will surpass the median of the Guideline Public Companies.

## 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 and HKMAI TST are both non-marketable interests. As such, DLOM is considered as a downward adjustment on the value of the Target Group and HKMAI TST, which are privately owned equities, when comparing with listed companies.

We have made reference to Pluris DLOM Database. It is a database containing actual transactions in restricted stock and private placements. We have considered 28 actual transactions involved in Healthcare: Medical Facilities sector. We consider Pluris DLOM Database to be an appropriate database in determining DLOM as it analyzes the market value discount based on the actual transactions but not just opinions.

After reviewing the above-mentioned DLOM database and exercising professional judgment, we concluded to arrive at DLOM of 25.00%.

## CONTROL PREMIUM

Control Premiums ("**CP**", sometimes referred to as "**Market Participant Acquisition Premiums**" or "**MPAPs**") are applied to reflect differences between the comparables and the Target Group with regard to the ability to make decisions and the changes that can be made as a result of exercising control. All else being equal, participants would generally prefer to have control over a subject business than not. However, participants' willingness to pay a Control Premium will generally be a factor of whether the ability to exercise control enhances the economic benefits available to the owner of the Target Group. Control Premiums may be quantified using any reasonable method but are typically calculated based on either an analysis of the specific cash flow enhancements or reductions in risk associated with control or by comparing observed prices paid for controlling interests in publicly-traded securities to the publicly-traded price before such a transaction is announced.

In the valuation of the Disposal, the Company disposed 51% equity interest of the Target Group, which is a controlling interest. As such, control premium is considered as an upward adjustment of the value of the Target Group, when comparing with other Guideline Public Companies, given its ability to make decisions as a result of exercising control.

We have referenced the FactSet Mergerstat Review Database, considering the control premiums offered in 30 actual and valid transactions related to health services and health technology industry. The average control premium is 36%. Further research on control premiums was conducted. An article published by PwC, one of the Big Four accounting firms, suggests that the control premium can be a significant amount, typically ranges from 20% to 40%. It is noted that the average control premium in the industry similar to that of the Target Group is within the general range found in our further research. We exercised professional judgment to arrive at a control premium of 36% as an appropriate figure for this valuation.

## SUMMARY OF FAIR VALUE OF THE TARGET GROUP AND HKMAI TST

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 and HKMAI TST:

**Valuation Summary for the Target Group**

| **Market Approach – GPTC Method** | | **30 September 2024** *HKD* |
|---|---|---|
| Selected Valuation Multiple (rounded) | EV/EBITDA | 8.92x |
| Financial Result of the Target Group: Trailing 12 months ended adjusted EBITDA as at 30 September 2024 *(Note 1)* | | 81,560,753 |
| Implied Value of 100% Equity Interest in the Target Group, before Adjustment | | 727,521,920 |
| Less: Debt *(Note 2)* | | (14,119,879) |
| Add: Cash and Bank *(Note 2)* | | 85,549,378 |
| | | 798,951,419 |
| Add: CP | 36% | 287,622,511 |
| | | 1,086,573,930 |
| Less: DLOM | -25% | (271,643,483) |
| Implied Equity Value of 100% Equity Interest in the Target Group | | 814,930,448 |
| Implied Equity Value of 51% Equity Interest in the Target Group | 51% | 415,614,528 |
| **Implied Equity Value of 51% Equity Interest in the Target Group (rounded)** | | **415,615,000** |

*Notes:*

1. The trailing 12-month adjusted EBITDA figures of the Target Group was estimated based on the audited financial statements for the year ended 31 March 2024, along with the unaudited management accounts for the period ended 30 September 2024. We have made adjustments on non-recurring and non-operating items to obtain a sustainable EBITDA.

The calculation for the trailing 12 months EBITDA of the Target Group is illustrated as follows:

Trailing 12 months adjusted EBITDA

= (i) the adjusted EBITDA for the year ended 31 March 2024, divided by two (which represents the first half year's adjusted EBITDA for the six-month period ended 31 March 2024)

+ (ii) the second half year's adjusted EBITDA for the six-month period ended 30 September 2024

2. Cash and Bank, and Debt refer to the unaudited consolidated figures of the Target Group as at the Valuation Date.

**Valuation Summary for HKMAI TST**

| **Market Approach – GPTC Method** | | **30 September 2024** *HKD* |
|---|---|---|
| Selected Valuation Multiple (rounded) | EV/EBITDA | 8.92x |
| Financial Result of the HKMAI TST: Trailing 12 months ended adjusted EBITDA as at 30 September 2024 *(Note 3)* | | 12,560,704 |
| Implied Value of 100% Equity Interest in HKMAI TST, before Adjustment | | 112,041,481 |
| Add: Cash and Bank *(Note 4)* | | 41,958 |
| | | 112,083,439 |
| Less: DLOM | -25% | (28,020,860) |
| Implied Equity Value of 100% Equity Interest in HKMAI TST | | 84,062,579 |
| Implied Equity Value of 40% Equity Interest in HKMAI TST | 40% | 33,625,032 |
| **Implied Equity Value of 40% Equity Interest in HKMAI TST (rounded)** | | **33,625,000** |

*Notes:*

3. The trailing 12-month adjusted EBITDA figures of HKMAI TST was estimated based on the audited financial statements for the year ended 31 March 2024, along with the unaudited management accounts for the period ended 30 September 2024. We have made adjustments on non-recurring and non-operating items to obtain a sustainable EBITDA.

The calculation for the trailing 12 months EBITDA of HKMAI TST is illustrated as follows:

Trailing 12 months EBITDA

= (i) the EBITDA for the year ended 31 March 2024, divided by two (which represents the first half year's EBITDA for the six-month period ended 31 March 2024)

+ (ii) the second half year's EBITDA for the six-month period ended 30 September 2024

4. Cash and Bank refer to the unaudited figure of HKMAI TST as at the Valuation Date.

**Cross-Check by Other Valuation Multiple – The Target Group**

As aforesaid, we consider EV/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 CP & DLOM (rounded) |
|---|---|---|---|
| 1 | UMP Healthcare Holdings Ltd | 722 HK Equity | 9.00x |
| 2 | China Resources Medical Holdings Co Ltd | 1515 HK Equity | 17.85x |
| 3 | Rici Healthcare Holdings Ltd | 1526 HK Equity | 5.52x |
| 4 | Guangdong Kanghua Healthcare Group Co Ltd | 3689 HK Equity | 14.34x |
| 5 | Honliv Healthcare Management Group Co Ltd | 9906 HK Equity | 35.70x |
| 6 | Hygeia Healthcare Holdings Co Ltd | 6078 HK Equity | 19.22x |
| 7 | Genertec Universal Medical Group Co Ltd | 2666 HK Equity | 4.37x |
| 8 | Tian An Medicare Ltd | 383 HK Equity | 22.95x |
| 9 | Wenzhou Kangning Hospital Co Ltd | 2120 HK Equity | 9.10x |
| Upper Quartile: | | | 19.22x |
| Median (rounded): | | | 14.34x |
| Lower Quartile: | | | 9.00x |
| Implied P/E Multiple of the Target Group: | | | 18.18x |

The implied P/E multiple of the Target Group is calculated by the Implied Equity Value of 100% Equity Interest (i.e. HKD814,930,448) divided by the trailing 12-month net profit as at 30 September 2024 adjusted by non-recurring and non-operating items (i.e. HKD44,828,810).

The above analysis shows the median P/E multiples of the Guideline Public Companies was 14.34x. The implied P/E multiple of the Target Group was 18.18x which is within the range of the median (i.e., 14.34x) and upper quartile (i.e., 19.22x). Such cross-check result suggests that the valuation result derived from EV/EBITDA multiple is fair and falls within a reasonable range.

**Cross-Check by Other Valuation Multiple – HKMAI TST**

As aforesaid, we consider EV/EBITDA multiple as the most appropriate valuation multiple and applied in the valuation of HKMAI TST. As HKMAI TST 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 HKMAI TST based on the valuation result (i.e. Implied Equity Value of HKMAI TST). Then, we obtained the P/E multiple of the Guideline Public Companies and compared with that of HKMAI TST.

**P/E Multiple of the Guideline Public Companies**

| | **Name** | **Ticker** | **P/E Multiple, after DLOM (rounded)** |
|---|---|---|---|
| 1 | UMP Healthcare Holdings Ltd | 722 HK Equity | 6.62x |
| 2 | China Resources Medical Holdings Co Ltd | 1515 HK Equity | 13.13x |
| 3 | Rici Healthcare Holdings Ltd | 1526 HK Equity | 4.06x |
| 4 | Guangdong Kanghua Healthcare Group Co Ltd | 3689 HK Equity | 10.55x |
| 5 | Honliv Healthcare Management Group Co Ltd | 9906 HK Equity | 26.25x |
| 6 | Hygeia Healthcare Holdings Co Ltd | 6078 HK Equity | 14.13x |
| 7 | Genertec Universal Medical Group Co Ltd | 2666 HK Equity | 3.22x |
| 8 | Tian An Medicare Ltd | 383 HK Equity | 16.88x |
| 9 | Wenzhou Kangning Hospital Co Ltd | 2120 HK Equity | 6.69x |
| Upper Quartile: | | | 14.13x |
| Median (rounded): | | | 10.55x |
| Lower Quartile: | | | 6.62x |
| Implied P/E Multiple of HKMAI TST: | | | 11.50x |

The implied P/E multiple of HKMAI TST is calculated by the Implied Equity Value of 100% Equity Interest (i.e. HKD84,062,579) divided by the trailing 12-month net profit as at 30 September 2024 adjusted by non-recurring and non-operating items (i.e. HKD7,311,927).

The above analysis shows the median P/E multiples of the Guideline Public Companies was 10.55x. The implied P/E multiple of HKMAI TST was 11.50x which is within the range of the median (i.e., 10.55x) and upper quartile (i.e., 14.13x). Such cross-check result suggests that the valuation result derived from EV/EBITDA multiple is fair and falls within a reasonable range.

**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 HKMAI TST. 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 (a) the fair value of 51% equity interest in New Medical Centre Holding Limited and its subsidiaries and (b) the fair value of 40% equity interest in Hong Kong Medical Advanced Imaging (TST) Limited as at 30 September 2024 are as follows:

| **Subject of Valuation** | **Valuation Result** *(HKD)* |
|---|---|
| Fair value of 51% equity interest in New Medical Centre Holding Limited and its subsidiaries | 415,615,000 |
| Fair Value of 40% equity interest in Hong Kong Medical Advanced Imaging (TST) Limited | 33,625,000 |

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**

## INVOLVED STAFF BIOGRAPHY

### Marvin Wong, CPA

Mr. Wong has 15 years of experience in the professional services industry, specializing in auditing, internal control advisory, financial due diligence, and business valuation. He has spent the past decade as a professional valuer, gaining extensive expertise in this field.

Mr. Wong is proficient in various valuation methodologies, including business valuation, intangible assets valuation, purchase price allocation, expected credit loss assessment, and actuarial valuation. He provides valuation services primarily to support financial reporting, mergers and acquisitions, tax filing, fundraising, and litigation purposes. Additionally, he has prepared valuation reports for listed companies in Hong Kong related to public disclosures concerning substantial corporate actions, including acquisitions and disposals of assets and groups of companies.

Mr. Wong has been appointed by various private and Hong Kong-listed companies to evaluate valuation targets across Hong Kong, Mainland China, Taiwan, Singapore, Australia, the Philippines, and other locations. His diverse experience spans multiple industries, including food and beverage, financial services, hospitality, mining, shipbuilding, pharmaceuticals, agriculture, trading, e-platforms, marketing, peer-to-peer microlending, waste management, and intelligent parking.

He is also skilled in intangible asset valuation, covering customer relationships, trademarks, franchise agreements, mining rights, patents, distribution networks, and concession rights.

### 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.

*Set out below is the management discussion and analysis on the Remaining Group for the year ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024. Upon Completion of the Disposal, the Company will no longer hold any interest in the Target Company, and the Target Company will no longer remain as a subsidiary company of the Company.*

For the purpose of this circular and for illustration purpose only, the management discussion and analysis of the Remaining Group below is made with the inclusion of HKMAI but with the exclusion of the Target Group (which included the Target Company, The New Medical Center Limited, 100% interest in HKMAI TST and The New Medical Imaging Center Limited).

There will be no change to the principal business of the Remaining Group as a result of the Disposal. Following the Disposal, the Remaining Group will continue to carry out its existing businesses. The management discussion and analysis of the Remaining Group for each of the years ended 31 March 2022 ("**FY2022**"), 31 March 2023 ("**FY2023**") and 31 March 2024 ("**FY2024**") and the six months ended 30 September 2024 ("**FY2025 1st half**") respectively are set out below.

## BUSINESS AND FINANCIAL REVIEW

### Segmental information

The Remaining Group is principally engaged in medical services, aesthetic medical and beauty and wellness services, veterinary and other services. A summary of the revenues and operating results of each business segment of the Remaining Group for FY2022, FY2023, FY2024 and FY2025 1st half are as follows:

| **FY2022** | **Medical** | **Aesthetic medical and beauty and wellness** | **Veterinary and other** | **Total** |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue | 1,443,012 | 1,091,204 | 139,338 | 2,673,554 |
| Segment operating results | 150,701 | 106,603 | 26,383 | 283,687 |

For FY2022, revenue of the Remaining Group was approximately HK$2,673.6 million, which was mainly derived from medical segment. The operating profit of the Remaining Group was approximately HK$283.7 million.

| FY2023 | Medical | Aesthetic medical and beauty and wellness | Veterinary and other | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue | 2,278,024 | 1,101,896 | 231,314 | 3,611,234 |
| Segment operating results | 9,969 | 114,657 | 20,190 | 144,816 |

For FY2023, revenue of the Remaining Group was approximately HK$3,611.2 million, which was mainly derived from medical segment. The revenue is increased by 35.1% compared with that of last year, which was mainly due to the increase in medical segment. The operating profit of the Remaining Group was approximately HK$144.8 million.

| FY2024 | Medical | Aesthetic medical and beauty and wellness | Veterinary and other | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue | 2,364,793 | 1,309,401 | 269,686 | 3,943,880 |
| Segment operating results | (49,772) | 62,359 | 6,971 | 19,558 |

For FY2024, revenue of the Remaining Group was approximately HK$3,943.9 million, which was mainly derived from medical segment. The revenue is increased by 9.2% compared with that of last year, which was mainly due to the increase in aesthetic medical and beauty and wellness segment. The operating profit of the Remaining Group was approximately HK$19.6 million.

| FY2025 1st half | Medical | Aesthetic medical and beauty and wellness | Veterinary and other | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Revenue | 1,119,995 | 629,762 | 168,869 | 1,918,626 |
| Segment operating results | (29,448) | 57,667 | 12,674 | 40,893 |

For FY2025 1st half, revenue of the Remaining Group was approximately HK$1,918.6 million, which was mainly derived from medical segment. The revenue is decreased by 3.3% compared with that of last period, which was mainly due to the decrease in medical segment. The operating profit of the Remaining Group was approximately HK$40.9 million.

**Medical segment**

The medical segment represents all medical services (excluding aesthetic medical services) and dental services.

During FY2023, the Remaining Group's revenue from medical segment increased by 57.9% from HK$1,443 million for FY2022 to HK$2,278 million for FY2023. The Remaining Group continues to gain market share in the healthcare services industry through both organic expansion and M&A growth. Growth in the medical segment was the result of a wider customer base supported by a higher number of medical specialties offered in the network, conversion of cross-brand referrals, and ramp up of previously opened new stores. The Remaining Group's suite of medical services spanned 35 specialist disciplines, and the headcount of full-time and exclusive registered practitioners increased to 300.

During FY2024, through both organic and M&A expansion, the Remaining Group's medical service portfolio grew to encompass 39 specialist disciplines with 322 registered practitioner headcount. In addition, there were organic growth derived from the 6 medical facilities that were established from last financial year and 6 new health screening centres, laboratories and pain management centres that commenced operation during the year. These enabled the Remaining Group's revenue from medical segment to rise by 3.8% year-on-year to HK$2,365 million, representing revenue contribution of 60.0%.

During FY2025 1st half, due to a more cautious spending sentiment and the trend of Hong Kong residents seeking cross-border consumption in Shenzhen for price advantages, some of our discretionary medical services aimed at B2C demand – such as dental care, health screenings, and pain management – were adversely affected. Consequently, our revenue from medical services decreased by 4.8% year-on-year to HK$1,120 million, accounting for approximately 58.4% of our total revenue.

**Aesthetic medical and beauty and wellness segment**

The aesthetic medical and beauty and wellness segment represents aesthetic medical, traditional beauty, haircare and ancillary wellness services and sale of skincare, healthcare and beauty equipment and products. The Disposal has no impact on the aesthetic medical and beauty and wellness segment for the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024.

During FY2023, revenue contributed by aesthetic medical and beauty and wellness services increased by 1.0% from HK$1,091 million for FY2022 to HK$1,102 million for FY2023. Revenue from Hong Kong rose by 0.6% to HK$810 million. Revenue from Macau and the Chinese Mainland achieved a modest increase to approximately HK$292 million, due to a new store opened in Chinese Mainland and relatively smaller business disruptions from pandemic-related controls.

During FY2024, revenue contribution by this segment has increased by 18.8% year-on-year to HK$1,309 million, accounted for 33.2% of the total revenue. Revenue from Hong Kong rose by 31.7% year-on-year to HK$1,066 million mainly due to normalization of post-COVID-19 local pent-up demand and rebound in the number of Mainland tourists. On the contrary, revenue from the 10 service points in Chinese Mainland and Macau recorded a year-on-year decline of 26.9% to HK$123 million and a year-on-year decline of 3.1% to HK$119 million respectively mainly due to local consumption downgrade.

During FY2025 1st half, consumer confidence is still lower than pre-pandemic level and the revenue contribution by this segment has decreased by 5.4% year-on-year to HK$630 million, accounted for 32.8% of the total revenue. Revenue from the 29 service points in Hong Kong declined by 2.1% year-on-year to HK$533 million. Revenue from the 10 service points in Mainland China and the 3 service points in Macau recorded a year-on-year decline of 5.6% to HK$55 million and a year-on-year decline of 33.9% to HK$42 million respectively, mainly due to local consumption downgrade.

**Veterinary and other segment**

The veterinary and the other segment mainly represents veterinary services and multi-channel networking and related services. The Disposal has no impact on the veterinary and the other segment for the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024.

During FY2023, revenue from this segment rose by 66.0% year-on-year to HK$231 million, mainly driven by the growth of the Group's veterinary business. The Group has taken strategic steps to consolidate the Group's presence in the Hong Kong veterinary segment. The Group acquired a veterinary clinic during the year and opened its first organic veterinary hospital – Animal Medical Academy Hospital ("**AMAH**") in Tsim Sha Tsui East. The Group currently provides not only veterinary general practitioner services but also specialty services covering anaesthesia & analgesia, neurology, cardiology, and advanced imaging services. The Group continues to invest in the veterinary business to build a leading renowned brand and shaping the veterinary business into a new growth engine.

During FY2024, revenue from this segment rose by 16.6% year-on-year to HK$270 million, mainly driven by the growth of the Group's veterinary market share in Hong Kong, with the number of registered veterinary surgeons increased to 56 during the year. AMAH in Tsim Sha Tsui East commenced operation in the last quarter of FY2023 has been ramping up progressively and has achieved EBITDA breakeven towards the end of the period. The Group will continue to invest in its leading veterinary consolidation platform to turn it into one major growth engine.

During FY2025 1st half, revenue from this segment rose by 18.3% year-on-year to HK$169 million, accounted for 8.8% of our total revenue, mainly driven by the growth of the Group's veterinary market share in Hong Kong, with the number of registered veterinary surgeons increased to 59 during the six months ended 30 September 2024.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Remaining Group had total assets of HK$4,329 million, net current assets of HK$143 million, equity attributable to equity shareholders of the Company of HK$1,735 million and non-controlling interests of HK$359 million.

As at 31 March 2022, current assets and current liabilities of the Remaining Group were HK$1,255 million and HK$1,112 million respectively. Accordingly, the Remaining Group's current ratio was 1.13.

As at 31 March 2023, the Remaining Group had total assets of HK$4,992 million, net current liabilities of HK$255 million, equity attributable to equity shareholders of the Company of HK$1,736 million and non-controlling interests of HK$401 million. The increase in equity attributable to equity shareholders of the Company was approximately 0.1% when compared with that of last year.

As at 31 March 2023, current assets and current liabilities of the Remaining Group were HK$1,155 million and HK$1,410 million respectively. Accordingly, the Remaining Group's current ratio was 0.82.

As at 31 March 2024, the Remaining Group had total assets of HK$5,489 million, net current assets of HK$245 million, equity attributable to equity shareholders of the Company of HK$2,235 million and non-controlling interests of HK$320 million. The increase in equity attributable to equity shareholders of the Company was approximately 28.7% when compared with that of last year, which was mainly due to the gain on disposal of the Target Group.

As at 31 March 2024, current assets and current liabilities of the Remaining Group were HK$1,653 million and HK$1,408 million respectively. Accordingly, the Remaining Group's current ratio was 1.17.

As at 30 September 2024, the Remaining Group had total assets of HK$5,035 million, net current assets of HK$66 million, equity attributable to equity shareholders of the Company of HK$1,868 million and non-controlling interests of HK$415 million. The decrease in equity attributable to equity shareholders of the Company was approximately 16.4% when compared with that of last year, which was mainly due to the dividend paid to non-controlling interests.

As at 30 September 2024, current assets and current liabilities of the Remaining Group were HK$1,452 million and HK$1,386 million respectively. Accordingly, the Remaining Group's current ratio was 1.05.

## GEARING RATIO

As at 31 March 2022, 2023 and 2024 and 30 September 2024, the gearing ratio of the Remaining Group were 11.3%, 33.6%, 36.0% and 39.1%, respectively. The gearing ratio was measured by total debt (total debt refers to the aggregate sum of bank borrowings and convertible bonds excluding lease liabilities relating to properties leased for own use) divided by total equity.

## CAPITAL COMMITMENTS

As at 31 March 2022, 2023 and 2024 and 30 September 2024, the Remaining Group had capital commitments in respect of acquiring certain property, plants and equipment, contracted but not provided in the consolidated financial statement amounting to approximately HK$200 million, HK$30 million, HK$nil and HK$nil respectively.

In addition, the Group was committed at 31 March 2022, 2023 and 2024 and 30 September 2024 to enter into few new leases that is not yet commenced, the aggregate lease payments without considering the extension options amounted to HK$44.9 million, HK$380 million, HK$380 million and HK$380 million respectively.

## CONTINGENT LIABILITIES

As at 31 March 2022, 2023 and 2024 and 30 September 2024, the Remaining Group had no significant contingent liabilities.

## CAPITAL STRUCTURE

For FY2022, FY2023, FY2024 and FY2025 1st half, the Remaining Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may raise new debts, adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debts.

The Remaining Group's assets portfolio was mainly financed by bank borrowings and convertible bonds:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Bank borrowings of the Remaining Group | – | 489,008 | 678,902 | 650,019 |
| Convertible bonds of the Remaining Group | 235,709 | 230,132 | 241,767 | 241,767 |

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, the Remaining Group's bank borrowings and convertible bonds were repayable:

| | As at 31 March | | | As at 30 September |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Within 1 year | – | 101,348 | 136,912 | 222,893 |
| After 1 year but within 2 years | – | 74,330 | 494,999 | 648,985 |
| After 2 years but within 5 years | 235,709 | 543,462 | 288,758 | 19,908 |
| | 235,709 | 719,140 | 920,669 | 891,786 |
| Effective interest rates of bank borrowings per annum | – | 4.03% to 7.13% | 5.77% to 8.33% | 5.26% to 6.32% |
| Effective interest rates of convertible bonds per annum | 7.94% | 7.94% | 7.94% | 7.94% |

## MATERIAL ACQUISITIONS AND DISPOSALS

### FY2022

On 15 June 2021, High Group Corporation Limited ("**High Group**"), a wholly-owned subsidiary of the Group, entered into sale and purchase agreements with the sellers, to acquire 51% of the equity interest in each of King Equity Investments Limited, Eternal Harvest International Limited, Hong Kong Veterinary Imaging Center Limited and Crown Leader Limited, respectively. According to the agreements, High Group paid an aggregate cash consideration of HK$66,000,000 for these acquisitions. The acquisition was completed on 20 August 2021.

On 5 November 2021, Jade Master International Limited, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement to acquire 70% of the equity interest in Premier Medical Group (BVI) Limited, at a cash consideration of HK$100,000,000.

On 29 November 2021, Union Dental Holding Limited, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with the sellers, to acquire 55% of the equity interest in Bayley & Jackson. According to the agreement, the Group acquired 55% of the equity interest at an aggregate consideration of comprising (i) cash consideration of HK$119,424,000; and (ii) the allotment and issuance of 796,360 new shares of the Company which the consideration is based on the share price of completion date. The acquisition was completed on 17 January 2022.

On 16 February 2022, Union (Group) Investment Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire entire equity interest in Excellent Power Investments Limited at a cash consideration of HK$68,000,000. The acquisition was completed on 31 March 2022.

**FY2023**

On 23 May 2022, Union Preventive Healthcare Limited, a wholly-owned subsidiary of the Group, entered into sales and purchase agreement with the sellers to acquire 75% of the equity interest in Mobile Medical International Holdings Limited at a consideration of HK$41,250,000. The acquisition was completed on 14 June 2022.

On 30 September 2022, Team Expert Investment Limited, an indirect wholly-owned subsidiary of the Group entered into sales and purchase agreement with the sellers to acquire 60% of the equity interest in Pioneer Evolution Limited which principally holds 50.54% issued share capital in Sure-Care Medical and Health Limited at a consideration of HK$36,400,000. The acquisition was completed on 18 January 2023.

**FY2024**

On 7 February 2023, Union Medical Technology Limited ("**UMT**") and Union (Group) Investment Limited ("**Union Group**"), both being wholly-owned subsidiaries of the Group, entered into a sales and purchase agreement with the seller ("**Excellent Connect Seller**") to acquire 100% equity interest in Excellent Connect Limited ("**Excellent Connect**"). The maximum consideration consists of (1) the maximum total cash consideration of HK$125,000,000 comprising (i) the initial cash consideration in the amount of HK$100,000,000 to be payable to the Excellent Connect Seller, and (ii) the contingent consideration in the maximum amount of HK$25,000,000, and (2) transfer of 25% issued share capital of UMT (the "**Consideration Shares**") from Union Group to the Excellent Connect Seller. On 1 April 2023, the initial cash consideration of HK$100,000,000 has been settled in full and the Consideration Shares have been transferred by Union Group to Excellent Connect Seller. Excellent Connect became a 75%-owned subsidiary of the Group upon completion of the acquisition on 1 April 2023.

On 1 October 2022, High Group Corporation Limited ("**High Group**"), a wholly-owned subsidiary of the Group, entered into sales and purchase agreements with the seller, to acquire 51% of the equity interest in each of HWEVC Limited and Maple Investment Limited. According to the agreements, High Group paid an aggregate cash consideration of HK$10,710,000 for these acquisitions. The acquisition was completed on 12 June 2023.

**FY2025 1st half**

On 30 November 2023, the Group acquired a 42.88% issued share capital in Pangenia from Active Compass Limited and Victor Mind International Limited for an aggregate consideration of HK$115 million. On 13 June 2024, the Group completed the acquisition of an additional 12.38% issued share capital in Pangenia from Success Synergy Limited and Bio-Gene Limited for a consideration of HK$17.4 million and HK$15.8 million, respectively, increasing the Group's interest therein from 42.88% to 55.26%.

On 14 November 2023, EC Medical Venture Capital Limited ("**EC Medical Venture Capital**"), an indirect wholly-owned subsidiary of the Group, enter into a sale and purchase agreement with the sellers to acquire 100% of the equity interest in EC BP Limited at consideration consists of (i) cash consideration of HK$39 million and (ii) consideration of shares of 7.24% of the equity interest in EC Medical Venture Capital. The acquisition was completed on 1 April 2024. Upon the completion, the Group's shareholding in EC Medical Venture Capital has reduced from 75% to 69.57%.

## FOREIGN CURRENCY MANAGEMENT

The Remaining Group carried out certain operating transactions in foreign currencies, which exposed the Remaining Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against Renminbi. For FY2022, FY2023, FY2024 and FY2025 1st half, the Remaining Group had not used any derivative contracts to hedge against its exposure to currency risk. The management managed the currency risk by closely monitoring the fluctuation of the foreign currency rates and will consider hedging measures against significant foreign exchange exposure should such need arise.

## EMPLOYMENT AND REMUNERATION POLICY

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented directors and employees by offering them competitive remuneration packages. Their salaries and bonuses were determined with reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund ("**MPF**") scheme in Hong Kong, and provides employees with medical insurance coverage. No forfeited contribution is available to reduce the contribution payable in the future years. The MPF contributions charged to the consolidated statement of profit or loss represent the contributions payable to the funds by the Group. The Share Option Scheme, the Co-Ownership Plan 2 and the Share Award Scheme are in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

Share option of 21,330,000 shares and 5,300,000 shares were granted during FY2022 and FY2023 respectively. No share option were granted during FY2024 and FY2025 1st half.

As at 31 March 2022, 2023 and 2024 and 30 September 2024, the Remaining Group employed approximately 2,652, 2,514, 2,517 and 2,778 employees (excluding registered practitioners) respectively in Hong Kong, Macau and the PRC.

For FY2022, FY2023, FY2024 and FY2025 1st half, the staff costs (including directors' emoluments) of the Remaining Group amounted to approximately HK$872.0 million, HK$1,250.9 million, HK$1,235.8 million and HK$510.3 million respectively.

## SIGNIFICANT INVESTMENTS

For FY2022, FY2023, FY2024 and FY2025 1st half, the Remaining Group had no significant investments.

## PLEDGE ON ASSETS

As at 31 March 2022, investment properties of HK$197,100,000, ownership interests in leasehold land and building held for own use of HK$33,511,000 and time deposits of HK$2,000,000 were pledged by the Remaining Group to obtain banking facilities from various banks. The pledge of these assets was released during the year ended 31 March 2023.

As at 31 March 2023 and 2024 and 30 September 2024, certain of the Remaining Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Remaining Group's or relevant subsidiaries' financial ratios, as are commonly found in lending arrangements with financial institutions. If the Remaining Group were to breach the covenants, the drawn down facilities may be subject to repayment immediately. It is also provided in the facility agreement for the unsecured bank loans of HK$400,000,000, HK$671,843,000 and HK$644,634,000 respectively that if the controlling shareholder of the Company, Mr. Tang Chi Fai, is not or ceases to be the controlling shareholder of the Company owning less than 51% of the total issued shares of the Company, then the lender is entitled to request immediate repayment of these outstanding loans and all accrued interest.

## OUTLOOK AND FUTURE PLAN

Following the completion of the Disposal, the Remaining Group is poised to embark on a strategic transformation that leverages its strengthened financial position and streamlined operations. The disposal marks a significant milestone, allowing the Remaining Group to focus on core growth areas while optimizing shareholder value. Below is an outline of the Remaining Group's outlook and future plan:

### 1. Strengthened Financial Position

The disposal will bolster the Remaining Group's cash flow and liquidity, creating a robust financial foundation to pursue new opportunities. With reduced debt levels and improved cash reserves, the Remaining Group is better positioned to weather economic challenges and invest in strategic initiatives.

**2. Strategic Partnerships and Alliances**

The Remaining Group will continue to explore strategic partnerships with leading industry players, insurance companies, and corporate clients to drive synergies and expand service offerings. Collaborations like the ongoing partnership with AIA demonstrate the Remaining Group's commitment to delivering value-added solutions to stakeholders.

**3. Shareholder Value Maximization**

With a sharper strategic focus and improved financial flexibility, the Remaining Group is dedicated to maximizing shareholder value. The Group plans to maintain a disciplined capital allocation strategy, balancing reinvestment in growth initiatives with consistent dividend returns.

**Outlook**

Looking ahead, the Remaining Group is optimistic about its ability to capture opportunities in the rapidly evolving healthcare industry. The Group's strategic focus, strengthened by the disposal, positions it to deliver sustainable growth, adapt to market dynamics, and achieve operational excellence.

The management is confident that this renewed direction will reinforce the Remaining Group's position as a leading healthcare service provider in the region and deliver long-term value to shareholders.

*The following is the unaudited pro forma financial information of the Remaining Group as if the Disposal had been completed for the sole purpose of inclusion in this circular, received from the Company's reporting accountants, Ernst & Young.*

## A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

### Introduction

The following is the unaudited pro forma consolidated statement of financial position as at 31 March 2024 and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2024 of the Remaining Group (the "Unaudited Pro Forma Financial Information"), which have been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, for the purpose of illustrating the effect of the proposed disposal of 51% issued capital of the Target Company (the "Disposal") on the financial information of the Remaining Group as if the Disposal had been completed on 31 March 2024 or 1 April 2023, as appropriate.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared based on the information as set out in: (a) the audited consolidated statement of financial position of the Group as at 31 March 2024, the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2024 which have been extracted from the published annual report of the Company for the year ended 31 March 2024; and (b) after taking into account of the unaudited pro forma adjustments, which are directly attributable to the Disposal and factually supportable, as described in the notes thereto to demonstrate how the Disposal might have affected the historical financial information in respect of the Group as if the Disposal had been completed on 31 March 2024 or 1 April 2023, as appropriate.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the financial information contained in this circular.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Remaining Group would have been if the Disposal had been completed on 31 March 2024 or at any future date, or the financial performance or cash flows of the Remaining Group for the year ended 31 March 2024 or for any future period would have been if the Disposal had been completed on 1 April 2023.

## I. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

| | (Audited) The Group as at 31 March 2024 | Pro forma adjustments | | | | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3* | *Note 4(a)* | *Note 4(b)* | *Note 5(a)* | *Note 6(a)* | *Note 7* | *Note 8* | |
| **NON-CURRENT ASSETS** | | | | | | | | | |
| Property, plant and equipment | 1,388,023 | (38,207) | – | – | – | – | – | (720) | 1,349,096 |
| Investment properties | 172,922 | – | – | – | – | – | – | – | 172,922 |
| Goodwill | 947,176 | (275,671) | – | – | – | – | – | 148,189 | 819,694 |
| Intangible assets | 613,749 | (49,420) | – | – | – | – | – | 720 | 565,049 |
| Interests in joint ventures | 40,081 | – | – | – | – | – | – | – | 40,081 |
| Interests in associates | 382,947 | (17,588) | 17,588 | – | – | – | – | – | 382,947 |
| Rental and other deposits | 113,636 | (1,606) | – | – | – | – | – | – | 112,030 |
| Prepayments and other receivables | 195,317 | – | – | – | – | – | – | – | 195,317 |
| Financial assets at fair value through other comprehensive income | 9,637 | – | – | – | – | – | – | – | 9,637 |
| Financial assets at fair value through profit or loss | 104,527 | – | – | – | – | – | – | – | 104,527 |
| Deferred tax assets | 86,389 | (953) | – | – | – | – | – | – | 85,436 |
| Total non-current assets | 4,054,404 | (383,445) | 17,588 | – | – | – | – | 148,189 | 3,836,736 |
| **CURRENT ASSETS** | | | | | | | | | |
| Inventories | 107,087 | (1,357) | – | – | – | – | – | – | 105,730 |
| Trade receivables | 263,016 | (22,274) | – | – | – | – | – | – | 240,742 |
| Prepayments, deposits and other receivables | 225,629 | (4,076) | – | – | – | – | – | – | 221,553 |
| Due from the immediate holding company | – | (16,000) | – | – | – | 16,000 | – | – | – |
| Due from fellow subsidiaries | – | (15,067) | – | – | – | 15,067 | – | – | – |
| Due from an associate | – | (41,410) | – | – | – | 41,410 | – | – | – |
| Deferred costs | 102,866 | – | – | – | – | – | – | – | 102,866 |
| Financial assets at fair value through profit or loss | 13,179 | – | – | – | – | – | – | – | 13,179 |
| Tax recoverable | 13,737 | – | – | – | – | – | – | – | 13,737 |
| Time deposits with original maturity over 3 months | 39,511 | – | – | – | – | – | – | – | 39,511 |
| Cash and cash equivalents | 553,625 | (120,100) | – | (16,942) | 437,580 | – | 61,200 | – | 915,363 |
| Total current assets | 1,318,650 | (220,284) | – | (16,942) | 437,580 | 72,477 | 61,200 | – | 1,652,681 |

| | (Audited) The Group as at 31 March 2024 | | | Pro forma adjustments | | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3* | *Note 4(a)* | *Note 4(b)* | *Note 5(a)* | *Note 6(a)* | *Note 7* | *Note 8* | |
| **CURRENT LIABILITIES** | | | | | | | | | |
| Trade payables | 81,094 | (1,713) | – | – | – | – | – | – | 79,381 |
| Other payables and accruals | 370,331 | (13,025) | – | – | – | – | – | – | 357,306 |
| Bank borrowings | 136,912 | – | – | – | – | – | – | – | 136,912 |
| Lease liabilities | 255,461 | (6,910) | – | – | – | – | – | – | 248,551 |
| Deferred revenue | 540,148 | – | – | – | – | – | – | – | 540,148 |
| Due to intermediate holding companies | – | (151,611) | – | – | – | 151,611 | – | – | – |
| Due to fellow subsidiaries | – | (13,607) | – | – | – | 13,607 | – | – | – |
| Tax payable | 47,170 | (1,820) | – | – | – | – | – | – | 45,350 |
| Total current liabilities | 1,431,116 | (188,686) | – | – | – | 165,218 | – | – | 1,407,648 |
| **NET CURRENT ASSETS/ (LIABILITIES)** | (112,466) | (31,598) | – | (16,942) | 437,580 | (92,741) | 61,200 | – | 245,033 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 3,941,938 | (415,043) | 17,588 | (16,942) | 437,580 | (92,741) | 61,200 | 148,189 | 4,081,769 |
| **NON-CURRENT LIABILITIES** | | | | | | | | | |
| Deferred tax liabilities | 93,807 | (9,398) | – | – | – | – | – | – | 84,409 |
| Lease liabilities | 427,566 | (2,452) | – | – | – | – | – | – | 425,114 |
| Other payables | 213,032 | (220) | – | – | – | – | – | – | 212,812 |
| Bank borrowings | 541,990 | – | – | – | – | – | – | – | 541,990 |
| Provision for reinstatement costs | 21,005 | – | – | – | – | – | – | – | 21,005 |
| Convertible bonds | 241,767 | – | – | – | – | – | – | – | 241,767 |
| Total non-current liabilities | 1,539,167 | (12,070) | – | – | – | – | – | – | 1,527,097 |
| **NET ASSETS** | 2,402,771 | (402,973) | 17,588 | (16,942) | 437,580 | (92,741) | 61,200 | 148,189 | 2,554,672 |

| | (Audited) The Group as at 31 March 2024 | | | | Pro forma adjustments | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3* | *Note 4(a)* | *Note 4(b)* | *Note 5(a)* | *Note 6(a)* | *Note 7* | *Note 8* | |
| **CAPITAL AND RESERVES** | | | | | | | | | |
| Share capital | 12 | – | – | – | – | – | – | – | 12 |
| Reserves | 1,961,333 | (281,127) | 17,588 | (16,942) | 437,580 | (92,741) | 61,200 | 148,189 | 2,235,080 |
| **Total equity attributable to equity shareholders of the Company** | 1,961,345 | (281,127) | 17,588 | (16,942) | 437,580 | (92,741) | 61,200 | 148,189 | 2,235,092 |
| **Non-controlling interests** | 441,426 | (121,846) | – | – | – | – | – | – | 319,580 |
| **TOTAL EQUITY** | 2,402,771 | (402,973) | 17,588 | (16,942) | 437,580 | (92,741) | 61,200 | 148,189 | 2,554,672 |

## II. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE REMAINING GROUP

| | (Audited) The Group for the year ended 31 March 2024 | Pro forma adjustments | | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 8* | |
| **REVENUE** | 4,211,034 | (267,154) | – | – | – | – | 3,943,880 |
| Other net income and gains | 7,662 | (4,104) | – | – | 271,532 | – | 275,090 |
| Cost of inventories and consumables | (666,132) | 22,267 | – | – | – | – | (643,865) |
| Registered practitioner expenses | (1,171,274) | 106,289 | – | – | – | – | (1,064,985) |
| Employee benefit expenses | (1,043,342) | 36,174 | – | – | – | – | (1,007,168) |
| Marketing and advertising expenses | (207,222) | 832 | – | – | – | – | (206,390) |
| Rental and related expenses | (92,338) | 5,405 | – | – | – | – | (86,933) |
| Depreciation – right-of-use assets | (339,551) | 9,485 | – | – | – | – | (330,066) |
| Depreciation – owned property, plant and equipment | (177,073) | 7,898 | – | – | – | 240 | (168,935) |
| Amortisation of intangible assets | (108,921) | 14,770 | – | – | – | (240) | (94,391) |
| Charitable donations | (159) | – | – | – | – | – | (159) |
| Finance costs | (100,837) | 343 | – | – | – | – | (100,494) |
| Credit card expenses | (81,248) | 693 | – | – | – | – | (80,555) |
| Administrative and other expenses | (219,151) | 6,777 | – | – | – | – | (212,374) |
| Share of profits or losses of joint ventures | 2,686 | – | – | – | – | – | 2,686 |
| Share of profits or losses of associates | 2,740 | (724) | 724 | – | – | – | 2,740 |
| **PROFIT BEFORE TAX** | 16,874 | (61,049) | 724 | – | 271,532 | – | 228,081 |
| Income tax (expense)/credit | (1,179) | 9,328 | – | – | – | – | 8,149 |
| **PROFIT FOR THE YEAR** | 15,695 | (51,721) | 724 | – | 271,532 | – | 236,230 |
| Attributable to: | | | | | | | |
| Equity shareholders of the Company | (18,947) | (44,785) | 724 | – | 271,532 | – | 208,524 |
| Non-controlling interests | 34,642 | (6,936) | – | – | – | – | 27,706 |
| | 15,695 | (51,721) | 724 | – | 271,532 | – | 236,230 |

## III. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE REMAINING GROUP

| | (Audited) The Group for the year ended 31 March 2024 | Pro forma adjustments | | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 8* | |
| **PROFIT FOR THE YEAR** | 15,695 | (51,721) | 724 | – | 271,532 | – | 236,230 |
| **OTHER COMPREHENSIVE LOSS FOR THE YEAR** | | | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | | | |
| Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of tax | (804) | – | – | – | – | – | (804) |
| Item that will not be reclassified to profit or loss: | | | | | | | |
| Fair value loss on financial assets at fair value through other comprehensive income, net of tax | (782) | – | – | – | – | – | (782) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 14,109 | (51,721) | 724 | – | 271,532 | – | 234,644 |
| Attributable to: | | | | | | | |
| Equity shareholders of the Company | (20,533) | (44,785) | 724 | – | 271,532 | – | 206,938 |
| Non-controlling interests | 34,642 | (6,936) | – | – | – | – | 27,706 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 14,109 | (51,721) | 724 | – | 271,532 | – | 234,644 |

## IV. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

| | (Audited) The Group for the year ended 31 March 2024 | | | Pro forma adjustments | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 6(b)* | *Note 8* | |
| **OPERATING ACTIVITIES** | | | | | | | | |
| Profit before tax | 16,874 | (61,049) | 724 | – | 271,532 | – | – | 228,081 |
| Adjustments for: | | | | | | | | |
| Interest on bank borrowings | 58,339 | – | – | – | – | – | – | 58,339 |
| Interest on convertible bonds | 18,265 | – | – | – | – | – | – | 18,265 |
| Interest on lease liabilities | 24,233 | (343) | – | – | – | – | – | 23,890 |
| Bank interest income | (13,665) | 3,774 | – | – | – | – | – | (9,891) |
| Other interest income | (1,908) | – | – | – | – | – | – | (1,908) |
| Depreciation | 516,624 | (17,383) | – | – | – | – | (240) | 499,001 |
| Amortisation of intangible assets | 108,921 | (14,770) | – | – | – | – | 240 | 94,391 |
| Share of profits or losses of joint ventures | (2,686) | – | – | – | – | – | – | (2,686) |
| Share of profits or losses of associates | (2,740) | 724 | (724) | – | – | – | – | (2,740) |
| Equity-settled share-based payment expenses | 11,951 | – | – | – | – | – | – | 11,951 |
| Loss/(gain) on disposal of subsidiaries | 84 | – | – | – | (271,532) | – | – | (316,891) |
| Gain on early termination of leases, net | (1,828) | – | – | – | – | – | – | (1,828) |
| Loss on disposals and write-off of property, plant and equipment | 1,751 | – | – | – | – | – | – | 1,751 |
| Unrealised and realised losses on financial assets at fair value through profit or loss, net | 24,582 | – | – | – | – | – | – | 24,582 |
| Fair value loss on investment properties | 26,378 | – | – | – | – | – | – | 26,378 |
| Foreign exchange differences | 1,472 | – | – | – | – | – | – | 1,472 |

| | (Audited) The Group for the year ended 31 March 2024 | | | Pro forma adjustments | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 6(b)* | *Note 8* | |
| | 786,647 | (89,047) | – | – | – | – | – | 697,600 |
| Increase in inventories | (14,309) | 53 | – | – | – | – | – | (14,256) |
| Increase in trade receivables | (44,785) | 1,297 | – | – | – | – | – | (43,488) |
| Decrease in prepayments, deposits and other receivables | 103,552 | 344 | – | – | – | – | – | 103,896 |
| Changes in amounts due to intermediate holding companies | – | (4,562) | – | – | – | 4,562 | – | – |
| Changes in amounts due from fellow subsidiaries | – | 4,643 | – | – | – | (4,643) | – | – |
| Changes in amounts due to fellow subsidiaries | – | (8,215) | – | – | – | 8,215 | – | – |
| Change in amount due from an associate | – | 17,129 | – | – | – | (17,129) | – | – |
| Changes in current accounts with former subsidiaries | – | – | – | – | – | 8,995 | – | 8,995 |
| Increase in deferred costs | 21,886 | – | – | – | – | – | – | 21,886 |
| Decrease in trade payables | (11,530) | 1,367 | – | – | – | – | – | (10,163) |
| (Decrease)/increase in other payables and accruals | (46,265) | 1,398 | – | – | – | – | – | (44,867) |
| Decrease in deferred revenue | (56,140) | – | – | – | – | – | – | (56,140) |
| Cash generated from operations | 739,056 | (75,593) | – | – | – | – | – | 663,463 |
| Hong Kong profits tax paid | (49,955) | 9,864 | – | – | – | – | – | (40,091) |
| Net cash generated from operating activities | 689,101 | (65,729) | – | – | – | – | – | 623,372 |

| | (Audited) The Group for the year ended 31 March 2024 | | | Pro forma adjustments | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 6(b)* | *Note 8* | |
| **INVESTING ACTIVITIES** | | | | | | | | |
| Bank interest received | 13,665 | (3,774) | – | – | – | – | – | 9,891 |
| Contribution to an unlisted equity investment classified as financial assets at fair value through profit or loss | (2,112) | – | – | – | – | – | – | (2,112) |
| Proceeds from disposals of property, plant and equipment | 41,290 | – | – | – | – | – | – | 41,290 |
| Other interest received | 1,908 | – | – | – | – | – | – | 1,908 |
| Dividend received from joint ventures | 8,591 | – | – | – | – | – | – | 8,591 |
| Disposal of subsidiaries | 323 | – | – | – | 390,813 | – | – | 391,136 |
| Acquisitions of businesses, net | (96,013) | – | – | – | – | – | – | (96,013) |
| Acquisition of non-controlling interests in a subsidiary | – | – | – | (16,942) | – | – | – | (16,942) |
| Investment in an associate | (115,000) | – | – | – | – | – | – | (115,000) |
| Loan to an associate | (11,273) | – | – | – | – | – | – | (11,273) |
| Increase in time deposits with original maturity over 3 months | (38,511) | – | – | – | – | – | – | (38,511) |
| Payments for purchases of property, plant and equipment | (161,223) | 536 | – | – | – | – | – | (160,687) |
| Net cash (used in)/generated from investing activities | (358,355) | (3,238) | – | (16,942) | 390,813 | – | – | 12,278 |

| | (Audited) The Group for the year ended 31 March 2024 | | | Pro forma adjustments | | | | (Unaudited) Pro forma financial information of the Remaining Group |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2* | *Note 4(a)* | *Note 4(b)* | *Note 5(b)* | *Note 6(b)* | *Note 8* | |
| **FINANCING ACTIVITIES** | | | | | | | | |
| Interest paid on bank borrowings | (52,967) | – | – | – | – | – | – | (52,967) |
| Interest paid on convertible bonds | (14,410) | – | – | – | – | – | – | (14,410) |
| Capital element of lease rentals paid | (323,112) | 9,491 | – | – | – | – | – | (313,621) |
| Interest element of lease rentals paid | (24,233) | 343 | – | – | – | – | – | (23,890) |
| Proceeds from new bank borrowings | 686,641 | – | – | – | – | – | – | 686,641 |
| Repayment of bank borrowings | (500,014) | – | – | – | – | – | – | (500,014) |
| Dividend paid | (55,689) | 47,000 | – | – | – | – | – | (8,689) |
| Dividends paid to non-controlling interests | (83,093) | – | – | – | – | – | – | (83,093) |
| Loan from an associate | 10,000 | – | – | – | – | – | – | 10,000 |
| Acquisitions of partial interests in subsidiaries | (129,587) | – | – | – | – | – | – | (129,587) |
| Net cash used in financing activities | (486,464) | 56,834 | – | – | – | – | – | (429,630) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | (155,718) | (12,133) | – | (16,942) | 390,813 | – | – | 206,020 |
| Cash and cash equivalents at 1 April | 709,859 | | | | | | | 709,859 |
| Effect of changes in foreign exchange rates | (516) | | | | | | | (516) |
| **CASH AND CASH EQUIVALENTS AT 31 MARCH** | 553,625 | | | | | | | 915,363 |

## NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The financial information of the Group is extracted from the audited consolidated statement of financial position as at 31 March 2024 and the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows for the year ended 31 March 2024, as set out in the Company's published annual report for the year ended 31 March 2024.

2. The adjustment represents the exclusion of the financial performance and the cash flows of the Target Group for the year ended 31 March 2024, assuming the Disposal had taken place on 1 April 2023. Without considering the estimated gain on the Disposal, the Remaining Group might report a total comprehensive loss of HK$35,302,000 for the year ended 31 March 2024.

3. The adjustment represents the derecognition of assets and liabilities of the Target Group and the derecognition of non-controlling interest on these assets and liabilities of the Target Group as recorded by the Group on consolidation level as at 31 March 2024, assuming the Disposal had taken place on 31 March 2024. The financial information of the Target Group is set out in Appendix II to this circular.

4(a). Pursuant to the Share Purchase Agreement, the shareholding interest of 10% held by the Target Company in an associate, Hong Kong Medical Advanced Imaging Limited ("HKMAI"), shall not be within the scope of acquisition by the Purchaser. For the purpose of this Unaudited Pro Forma Financial Information, the investment in HKMAI and the share of profit or loss of HKMAI are excluded.

4(b). Pursuant to the Share Purchase Agreement, the Company shall procure its indirect wholly-owned subsidiary of the Company, Union Advanced Imaging Holding Limited ("UAIHL") and the other two shareholders of Hong Kong Medical Advanced Imaging (TST) Limited (a 51% owned subsidiary of the Target Company) ("HKMAI TST") to transfer in aggregate 49% issued shares of HKMAI TST to the Target Company at a consideration of HK$20,756,000 in aggregate, of which HK$3,814,000 and HK$16,942,000 shall be paid to UAIHL and the other two shareholders of HKMAI TST, respectively, and HKMAI TST shall be 100% owned by the Target Company upon the completion of Disposal. For the purpose of this Unaudited Pro Forma Financial Information, the adjustment represents the consideration payable of the transfer of 49% issued shares of HKMAI TST to the other two Shareholders of HKMAI TST by the Company as if the Disposal had taken place on 31 March 2024.

5(a). The calculation of estimated gain on the Disposal as if the Disposal had been completed on 31 March 2024 is as follows:

| | *Notes* | *HK$'000* |
|---|---|---|
| Estimated consideration | (i) | 437,580 |
| Less: Net assets attributable to the equity shareholders of the Company disposed of | (ii) | (163,833) |
| Estimated gain on the Disposal | | 273,747 |

5(b). The calculation of estimated gain on the Disposal as if the Disposal had been completed on 1 April 2023 is as follows:

| | *Notes* | *HK$'000* |
|---|---|---|
| Estimated consideration | (i) | 437,580 |
| Less: Net assets attributable to the equity shareholders of the Company disposed of | (iii) | (166,648) |
| Estimated gain on the Disposal | | 271,532 |

*Notes:*

(i) Pursuant to the Share Purchase Agreement, the total consideration for the Disposal payable to the First Seller (an indirect wholly-owned subsidiary of the Company) is HK$437,580,000, subject to adjustments.

(ii) The amount represents the carrying amount of net assets attributable to the equity shareholders of the Company as at 31 March 2024, after pro forma adjustments as set out below in notes 4, 6(a), 7 and 8.

(iii) The amount represents the carrying amount of net assets attributable to the equity shareholders of the Company as at 1 April 2023, after pro forma adjustments as set out below in notes 4, 6(a), 7 and 8.

6(a). Pursuant to the Share Purchase Agreement, the Group shall agree to waive the current accounts between the Target Group and the Group prior to the completion of Disposal.

The adjustment represents the waiver of current accounts as if the Disposal had been completed on 31 March 2024.

(i) amount due from the immediate holding company of the Target Company of HK$16,000,000. As part of the initial acquisition of The New Medical Center Limited on 18 May 2020 (as disclosed in the announcement published by the Company on that date), the Target Company, financed by Jade Master International Limited (the immediate holding company of the Target Company), shall inject capital into the Target Group to support the expansion of The New Medical Center Limited. Consequently, there is an outstanding amount from the immediate holding company of the Target Group related to this capital injection. This outstanding sum was settled by UAIHL, the intermediate holding company of the Target Company, by way of transfer of a 10% interest in HKMAI on 23 July 2020. Therefore, a corresponding amount of HK$16,000,000 has been included in the amounts owed to the intermediate holding company of the Target Company;

(ii) amounts due from fellow subsidiaries of the Target Group of HK$15,067,000, representing the revenue proceeds from daily operations received by other group companies of the Company on behalf of the Target Group;

(iii) amount due from an associate of the Target Group of HK$41,410,000, representing the revenue proceeds from daily operations received by an associate of the Target Group on behalf of the Target Group;

(iv) amounts due to intermediate holding companies of the Target Group of HK$151,611,000, including a shareholder loan of HK$120,000,000 financed by the intermediate holding company of the Target Group, namely EC Healthcare, for the acquisition of The New Medical Center Limited by the First Seller in 2020. For details, please refer to the announcements published by the Company on 18 May 2020 and 13 July 2020; and

(v) amounts due to fellow subsidiaries of HK$13,607,000, representing payments for the daily operations of The New Medical Center Limited since its acquisition up to 31 March 2024 paid on behalf by group companies of the Company.

6(b). The adjustment represents the reclassification of cash flows between the Target Group and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group for the year ended 31 March 2024, and would not have been eliminated if the Disposal had taken place on 1 April 2023.

7. The Target Company shall agree to declare dividend of HK$120,000,000 to its shareholders, including Jade Master International Limited (a subsidiary of the Company), Dr. Ma Chi Min Effinie and Wu Yun Chai, prior to the completion of the Disposal. The adjustment represents the dividend payables to the Remaining Group after completion of the capital reduction of the Target Company.

8. The amount represented the adjustment on the goodwill and related adjustments arising from the acquisition of the Target Group previously recorded by the Group.

9. No adjustment has been made to reflect the transaction costs of the Disposal since the Directors considered that the amount involved will not be significant to the gain on the Disposal. The total transaction costs, including legal, accounting and other professional parties are estimated to be approximately HK$2,000,000.

10. Apart from the Disposal, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Remaining Group to reflect any trading results or other transactions of the Group,

11. The pro forma adjustments in the Unaudited Pro Forma Financial Information of the Remaining Group are not expected to have a continuing effect on the Remaining Group.

## B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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20 January 2025

EC Healthcare
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

To the Directors of EC Healthcare

We have completed our assurance engagement to report on the compilation of pro forma financial information of EC Healthcare (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists the pro forma consolidated statement of financial position as at 31 March 2024, the pro forma consolidated profit or loss, the pro forma consolidated statement of comprehensive income and the pro forma consolidated statement of cash flows for the year ended 31 March 2024, and related notes as set out in Appendix V of the circular dated 20 January 2025 (the "Circular") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix V of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the very substantial disposal in relation to the proposed disposal transaction of the Company (the "Disposal") on the Group's consolidated financial position as at 31 March 2024, as if the Disposal had taken place at 31 March 2024 and on the Group's consolidated income statement, consolidated statement of comprehensive income and consolidated cash flows for the year ended 31 March 2024, as if the Disposal had taken place at 1 April 2023. As part of this process, information about the Group's consolidated statement of financial position has been extracted by the Directors from the consolidated statement of financial position of the Group as at 31 March 2024, on which an annual report has been published and information about the Group's consolidated profit or loss, consolidated statement of comprehensive income and the consolidated statement of cash flows has been extracted by the Directors from the consolidated statement of profit or loss, consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2024, on which an annual report has been published.

**Directors' responsibility for the Pro Forma Financial Information**

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

**Our independence and quality management**

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

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

**Reporting accountants' responsibilities**

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

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

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

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the proposed transactions as set out in the Circular on unadjusted financial information of the Group as if the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transactions in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

**Opinion**

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**
*Certified Public Accountants*
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register kept by the Company pursuant to section 352 of the SFO; or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

**Interests and short positions in the Company**

| Name of Director | Capacity | Number of shares interested | Number of underlying shares held under equity derivatives | Percentage of shareholding in the Company's issued share capital as at the Latest Practicable Date *(Note 1)* |
|---|---|---|---|---|
| Tang Chi Fai | Beneficial owner, interest of spouse and interest in a controlled corporation | 722,204,610 (L) *(Note 2)* | – | 61.29% |
| Lu Lyn Wade Leslie | Beneficial owner | – | 10,000,000 *(Note 3)* | 0.84% |
| Lee Heung Wing | Beneficial owner | 680,500 (L) | 7,100,000 (L) *(Note 4)* | 0.66% |
| Luk Kun Shing Ben | Beneficial owner | 2,822,992 (L) | – | 0.24% |
| Leung Yang, Shih Ti | Beneficiary of a trust | 5,500,000 (L) *(Note 5)* | – | 0.46% |
| Marianne | Beneficial owner | 2,183,000 (L) | – | 0.18% |
| Ma Ching Nam | Beneficial owner | 300,000 (L) | – | 0.03% |

*Notes:*

(L) denotes long position.

(1) Total number of issued shares as at the Latest Practicable Date was 1,185,211,265.

(2) Mr. Tang and Union Medical Care Holding Limited ("**Union Medical Care**") are the controlling shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang. Out of 722,204,610 shares that Mr. Tang was interested in, (i) 5,403,000 shares were held by Mr. Tang personally; (ii) 4,181,000 shares were held by Ms. Yau Ming Li, the spouse of Mr. Tang; and (iii) 712,620,610 shares were held by Union Medical Care and Mr. Tang was therefore deemed to be interested in such 4,181,000 shares and 712,620,610 shares under Part XV of SFO.

(3) Mr. Lu Lyn Wade Leslie does not hold any Shares and was interested in 10,000,000 share options of the Company granted under the 2016 Share Option Scheme.

(4) Mr. Lee Heung Wing held 680,500 Shares and was interested in 7,100,000 share options of the Company granted under the 2016 Share Option Scheme.

(5) These Shares were held by Sunny Sea Global Limited, the entire issued share capital of which is held on trust, in which Mrs. Leung Yang, Shih Ti Marianne and her spouse are beneficiaries.

### Interests in shares and underlying shares of associated corporation(s) of the Company

| Name of Director/Chief Executive | Name of associated corporation | Capacity | Number of shares interested in the associated corporation | Number of underlying shares held under equity derivatives | Approximate percentage of the total issued share capital of the associated corporation |
|---|---|---|---|---|---|
| Tang Chi Fai | Union Medical Care Holding Limited | Beneficial owner | 2 (L) *(Note 1)* | – | 100% |

*Notes:*

(L) denotes long position.

(1) Mr. Tang and Union Medical Care are the controlling shareholders of the Company. Union Medical Care is wholly-owned by Mr. Tang. The 2 shares in which Mr. Tang was interested were ordinary shares of Union Medical Care.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## 3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, other than interests disclosed above in respect of the Directors and chief executives of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

| **Name of shareholders** | **Capacity** | **Number of shares interested** | **Approximate percentage of the total issued share capital of the Company** *(Note 1)* |
|---|---|---|---|
| Union Medical Care *(Note 2)* | Beneficial owner | 712,620,610 (L) | 60.13% |
| Yau Ming Li *(Note 3)* | Beneficial owner and interest of spouse | 722,204,610 (L) | 60.93% |

*Notes:*

(L) denotes long position.

(1) Total number of issued shares as at the Latest Practicable Date was 1,185,211,265.

(2) Mr. Tang and Union Medical Care are the controlling shareholders of the Company. Union Medical Care is wholly-owned by Mr. Tang. The 2 shares in which Mr. Tang was interested were ordinary shares of Union Medical Care.

(3) Out of the 722,204,610 shares, (i) 4,181,000 shares were held by Ms. Yau and (ii) 718,023,610 shares were held/deemed to be held by Mr. Tang, the spouse of Ms. Yau, and Ms. Yau was therefore deemed to be interested in the shares of the Company in which Mr. Tang was interested under Part XV of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## 4. DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract or a letter of appointment with the Company which is not determinable by the Company within one year without payment (other than statutory compensation).

The Acquisition will not result in any variation in the aggregate remuneration payable to, or benefits in kind receivable by, the Directors.

## 5. DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed above and in this circular, no Director or his connected entity had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group or the Remaining Group to which the Company or any of its subsidiaries was a party during the Reporting Period and required to be disclosed under the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date:

(i) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up; and

(ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

## 6. DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, save as disclosed below, none of the Directors had any interest in a business other than the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, and required to be disclosed pursuant to Rule 8.10 of the Listing Rules. As at the Latest Practicable Date, Mr. Tang was interested in the following company which is not included in the Group.

| Name of company | Nature of Business | Board of Directors | Size of business |
|---|---|---|---|
| Healthy Concept (HK) Limited ("**Healthy Concept**") *(Note 1)* | Supply of skincare and beauty products/Operation of call centre *(Note 2)* | Mr. Tang | Revenue in 2023: less than HK$5.1 million<br><br>Net profit in 2023: less than HK$2.6 million *(Note 3)* |

*Notes:*

(1) Healthy Concept is a company incorporated under the laws of Hong Kong with limited liability on 26 May 2006, and is wholly-owned by Mr. Tang.

(2) Healthy Concept operates its business in Hong Kong. Its target customers in respect of the supply of skincare and beauty products are primarily aesthetic medical or traditional beauty service providers. Separately, it also operates a call centre which targets individual customers. The personnel of the call centre contact individual customers and refer them to the providers of body screening services, beauty products and beauty services, respectively, for referral income. However, Healthy Concept does not provide any aesthetic medical or traditional beauty services, nor body screening services.

(3) The figures are determined by reference to the audited financial statements for the year ended 31 March 2023 of Healthy Concept.

## 7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation, arbitration or administration proceedings of material importance and there was no litigation, arbitration or administration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 8. QUALIFICATIONS AND CONSENTS OF THE EXPERTS

The following is the qualification of the experts which have given opinion or advice which is contained in this circular:

| Name | Qualification |
|---|---|
| Ernst & Young | Certified Public Accountants |
| Valtech Valuation Advisory Limited | Independent Valuer |

As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group, nor did they have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

The above experts have given and have not withdrawn their written consent to the publication of this circular with inclusion of their reports and all references to their names in the form and context in which they respectively appear. The report or letter from the above experts was given as of the date of this circular for incorporation in this circular.

## 9. MATERIAL CONTRACTS

The members of the Group and the Target Group had, within the date of two years immediately preceding the Latest Practicable Date, entered into the following contracts which were or might be material, other than contracts in the ordinary course of business of the Group:

(i) the sale and purchase agreement dated 7 February 2023 entered into between the Company, Union (Group) Investment Limited (a wholly-owned subsidiary of the Company), Union Medical Technology Holdings Limited, Mr. Chung Wai Ting and Mighty Able Limited in respect of the acquisition of the entire issued share capital of Excellent Connect Limited and the maximum total cash consideration to be paid by the Group shall be HK$125,000,000; the facility agreement dated 9 May 2023 entered into between Union (Group) Investment Limited, the Company and a number of commercial banks in respect of HK$1,000,000,000 term and revolving loan facilities, the interest payable by the Group shall be accrued at the rate of HIBOR plus 1.62% per annum (subject to adjustments);

(ii) the sale and purchase agreement dated 30 November 2023 entered into between the Company, Jade Master International Limited (an indirect wholly-owned subsidiary of the Company), Mason Group Holdings Limited and Full Joyous International Limited in respect of the acquisition of an aggregate of 42.88% of the issued share capital of Pangenia and the cash consideration to be paid by the Group shall be HK$115,000,000;

(iii) the sale and purchase agreement dated 4 January 2024 in relation to the acquisition of Bio-Gene Limited by Jade Master International Limited from the relevant sellers;

(iv) the sale and purchase agreement dated 4 January 2024 in relation to the acquisition of Success Synergy Limited by Jade Master International Limited from the relevant seller; and

(v) the Acquisition Agreements and the Share Purchase Agreement.

**10. GENERAL**

(i) The company secretary of the Company is Siu Chun Pong Raymond, who is a solicitor qualified to practise the Laws of Hong Kong and a member of The Law Society of Hong Kong.

(ii) The registered office of the Company is situated at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(iii) The principal place of business of the Company in Hong Kong is at 20/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

(iv) This circular is prepared in both English and Chinese. In the event of inconsistency, the English version shall prevail.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://www.echealthcare.com/) for a period of 14 days from the date of this circular:

(i) the Acquisition Agreements and the Redacted Share Purchase Agreement;

(ii) the Letter from the Board, the text of which is set out in "Letter from the Board" in this circular;

(iii) the financial information of the Target Group issued by Ernst & Young, the text of which is set out in Appendix II to this circular;

(iv) the management discussion and analysis of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(v) the report on the unaudited pro forma financial information of the Remaining Group issued by Ernst & Young, the text of which is set out in Appendix V to this circular;

(vi) The Valuation Report issued by the Valuer, which is set out in Appendix III to this circular;

(vii) the written consents as referred to in the section headed “8. Qualifications and consents of experts” in this Appendix; and

(viii) this circular.

HKEx Stock Code: 2138

# EC Healthcare
# 醫思健康

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2138)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the "**EGM**") of EC Healthcare (the "**Company**") will be convened and held at 20/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong on Wednesday, 5 February 2025 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution of the Company. Unless the context requires otherwise, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 20 January 2025 (the "**Circular**").

### ORDINARY RESOLUTION

1. "**THAT**:

   (a) the Acquisition Agreements dated 6 November 2024 entered into between (1) Dr. Hui (as vendor) and the Target Company (as purchaser); and (2) Dr. Shum (as vendor) and the Target Company (as purchaser), respectively, in relation to the Acquisition (a copy of which has been produced to the EGM marked "A" and initialed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

   (b) the Share Purchase Agreement dated 6 November 2024 entered into between the Sellers, the Company and the Purchaser in relation to the Disposal (a copy of which has been produced to the EGM marked "B" and initialed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(c) the directors of the Company be and are hereby authorised to execute such other documents, do all other acts and things and take such action as they may consider necessary, desirable or expedient to implement and/or give effect to or otherwise in connection with the Acquisition, the Disposal and the transactions contemplated thereby, and any or all the matters contemplated under the Acquisition Agreements and the Share Purchase Agreement."

Yours faithfully
By order of the Board
**EC Healthcare**
**Raymond Siu**
*Company Secretary*

Hong Kong, 20 January 2025

*Notes:*

1. All resolutions (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote on his/her/its behalf. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his/her/its behalf at the above meeting. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

3. In case of joint registered holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholders of the Company in respect of the Shares.

4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the offices of the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM or any adjournment thereof should he so wish and in such event, the form of proxy shall be deemed to be revoked.

5. The register of shareholders of the Company will be closed from Tuesday, 4 February 2025 to Wednesday, 5 February 2025 (both days inclusive), during which period no transfer of Shares will be effected, in order to determine the identity of the shareholders who are entitled to attend and vote at the EGM. To be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 February 2025.

6. If a black rainstorm warning signal is in force or a tropical cyclone warning signal number 8 or above remains hoisted at 8:00 a.m. on 5 February 2025, the above meeting will be postponed. Shareholders of the Company are requested to read the website of the Company at www.echealthcare.com for details of alternative meeting

arrangements. If shareholders of the Company have any queries concerning the alternative meeting arrangements, please call the Company at (852) 3975 4798 during business hours from 9:30 a.m. to 6:30 p.m. on Monday to Friday, excluding public holidays.

7. The above meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.

8. Shareholders of the Company should make their own decision as to whether they would attend the above meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

*As at the date of this notice, the executive Directors are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie and Mr. Lee Heung Wing; the non-executive Directors are Mr. Luk Kun Shing Ben and Mrs. Leung Yang, Shih Ti Marianne; and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Au Tsun.*