
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the CMH Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Medical & HealthCare Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the CMH Offer.



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

FAREAST GLOBAL LIMITED

(Incorporated in the British Virgin Islands with limited liability)



China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
CHINA MEDICAL & HEALTHCARE GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



YU MING INVESTMENT MANAGEMENT LIMITED
馮銘投資管理有限公司

Financial adviser to CMH



英皇企業融資有限公司
Emperor Corporate Finance Limited

Independent financial adviser to the CMH Independent Board Committee



PELICAN FINANCIAL
百利勤金融

Capitalised terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Yu Ming containing, among other things, the details of the terms and conditions of the CMH Offer are set out on pages 8 to 19 of this Composite Document. A letter from the CMH Board is set out on pages 20 to 29 of this Composite Document. A letter from the CMH Independent Board Committee containing its recommendation in respect of the CMH Offer to the CMH Independent Shareholders is set out on pages 30 to 31 of this Composite Document. A letter from the CMH Independent Financial Adviser containing its advice to the CMH Independent Board Committee in respect of the CMH Offer is set out on pages 32 to 64 of this Composite Document.

The procedures for acceptance and settlement of the CMH Offer are set out on pages 65 to 73 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the CMH Offer must be received by the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Thursday, 21 September 2023, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Overseas CMH Shareholders" in the "Letter from Yu Ming" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas CMH Shareholders wishing to accept the CMH Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the CMH Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas CMH Shareholders are advised to seek professional advice on deciding whether to accept the CMH Offer.

31 August 2023

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror, TACI and CMH.

2023

Despatch date of this Composite Document
and the Form of Acceptance and
commencement date of the CMH Offer (*Note 1*). Thursday, 31 August

First Closing Date (*Note 2*). Thursday, 21 September

Latest time and date for acceptance of the CMH Offer on
the First Closing Date (*Note 2*). 4:00 p.m. on
Thursday, 21 September

Announcement of the results of the CMH Offer
as at the First Closing Date to be posted
on the website of the Stock Exchange no later than 7:00 p.m. on
Thursday, 21 September

Latest date for posting of remittances in respect of
valid acceptances received under the CMH Offer
on or before 4:00 p.m. on the First Closing Date
assuming the CMH Offer becomes or is declared
unconditional in all respects on the First Closing Date (*Note 3*). Tuesday, 3 October

Latest time and date by which the CMH Offer can become
or be declared unconditional as to acceptances (*Note 4*). no later than 7:00 p.m. on
Monday, 30 October

Notes:

1. The CMH Offer is made on Thursday, 31 August 2023, the date of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the First Closing Date.
2. The latest time and date for acceptances to be lodged under the CMH Offer are 4:00 p.m. on Thursday, 21 September 2023, being a date no less than twenty-one (21) days from the date of this Composite Document, unless the Offeror revises or extends the CMH Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the CMH Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the CMH Offer, which will state either the next Closing Date or, if

EXPECTED TIMETABLE

the CMH Offer is at that time unconditional as to acceptances, a statement that the CMH Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the CMH Offer is closed to those CMH Independent Shareholders who have not accepted the CMH Offer.

Beneficial owners of CMH Offer Shares who hold their CMH Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant and who wish to accept the CMH Offer should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures and any deadlines set by HKSCC Nominees Limited.

3. Remittances in respect of the consideration for the CMH Offer Shares tendered under the CMH Offer, less seller's ad valorem stamp duty payable, will be despatched to those CMH Independent Shareholders validly accepting the CMH Offer by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the CMH Offer complete and valid, in accordance with the Takeovers Code.
4. Pursuant to the Takeovers Code, unless with the consent of the Executive, the CMH Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the date of the posting of the initial Composite Document.
5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the CMH Offer and the latest date for posting of remittances for the amounts due under the CMH Offer in respect of valid acceptances, the latest time for acceptance of the CMH Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the CMH Offer and the latest date for posting of remittances for the amounts due under the CMH Offer in respect of valid acceptances, the latest time for acceptance of the CMH Offer will be rescheduled to 4:00 p.m. on the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Borrower A”	Mr. Deng Yaodong
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cashplus”	Cashplus Management Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by Lee and Lee Trust, being a discretionary trust (Mr. Lee and his siblings are the trustees)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	being the First Closing Date, or if the CMH Offer is extended, any subsequent closing date(s) as may be determined by the Offeror and jointly announced by the Offeror, TACI and CMH, with the consent of the Executive in accordance with the Takeovers Code
“CMH”	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 383)

DEFINITIONS

“CMH Acquisition”	(i) the acquisition of 115,000 ex-rights CMH Shares at HK\$0.87 per CMH Share by Fareast Global on 29 May 2023 through on-market transactions conducted on the Stock Exchange; and (ii) the acquisition of 28,743,480 and 52,560,000 nil-paid CMH Rights Shares at HK\$0.01 each by Fareast Global on 31 May 2023 and 1 June 2023 respectively through on-market transactions conducted on the Stock Exchange
“CMH Board”	board of CMH Directors
“CMH Director(s)”	director(s) of CMH
“CMH Group”	CMH and its subsidiaries
“CMH Independent Board Committee”	an independent committee of the CMH Board, comprising Mr. Gao Zhaoyuan, Mr. Zhang Jian and Dr. Xia Xiaoning, established for the purpose of making a recommendation to the CMH Independent Shareholders as to whether the CMH Offer is fair and reasonable and whether to accept the CMH Offer
“CMH Independent Financial Adviser”	Pelican Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by CMH with the approval of the CMH Independent Board Committee for the purpose of advising the CMH Independent Board Committee in relation to the CMH Offer
“CMH Independent Shareholder(s)”	CMH Shareholders other than the Offeror and parties acting in concert with it (excluding Borrower A)
“CMH Offer”	the mandatory conditional cash offer made by Yu Ming for and on behalf of the Offeror to acquire all of the CMH Offer Shares at the CMH Offer Price in accordance with the Takeovers Code

DEFINITIONS

“CMH Offer Price”	HK\$0.89 per CMH Offer Share payable by the Offeror to a CMH Independent Shareholder accepting the CMH Offer
“CMH Offer Share(s)”	all issued CMH Share(s) (other than those already owned and/or to be acquired by the Offeror and the parties acting in concert with it (excluding Borrower A))
“CMH Rights Issue”	the issue by way of rights on the basis of one (1) CMH Rights Share for every two (2) CMH Shares in issue on the record date (i.e. 23 May 2023) at the CMH Subscription Price
“CMH Rights Share(s)”	362,001,819 CMH Shares issued under the CMH Rights Issue
“CMH Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of CMH
“CMH Shareholder(s)”	holder(s) of the CMH Share(s)
“CMH Subscription”	the application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price by the Offeror, comprising (i) 46,438,240 CMH Rights Shares by provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 175,000,000 CMH Rights Shares by excess application
“CMH Subscription Price”	HK\$0.88 per CMH Rights Share
“Companies Act”	The Companies Act of Bermuda 1981 (as amended)
“Composite Document”	this composite offer and response document jointly issued by the Offeror, CMH and TACI to all the CMH Independent Shareholders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the CMH Offer
“Court”	The Supreme Court of Bermuda

DEFINITIONS

“Encumbrance(s)”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate
“Facilities”	unsecured six-month term loan facilities of up to HK\$440 million and HK\$300 million granted by Mr. Lee and Cashplus respectively to the Offeror pursuant to the Facility Agreements for the exclusive purpose of settlement of the consideration for the CMH Offer Shares by the Offeror under the CMH Offer
“Facility Agreements”	the facility agreement dated 7 June 2023 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the facility in the amount of up to HK\$440 million and the facility agreement dated 7 June 2023 entered into between Cashplus as lender and the Offeror as borrower in respect of the facility in the amount of up to HK\$300 million
“First Closing Date”	Thursday, 21 September 2023, being the first closing date of the CMH Offer in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer in respect of the CMH Offer accompanying this Composite Document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Joint Announcement”	the announcement dated 16 June 2023 (as supplemented by the clarification announcement dated 19 June 2023) jointly issued by the Offeror, TACI, AGL and CMH, in relation to, among other things, the CMH Offer
“Last Trading Day”	8 June 2023, being the last trading day of the CMH Shares on the Stock Exchange before the publication of the Joint Announcement
“Latest Practicable Date”	28 August 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Lee”	Mr. Lee Seng Hui, the chief executive and an executive director of AGL and the chairman and a non-executive director of TACI
“Mr. MT Lee”	Mr. Lee Ming Tee, the father of Mr. Lee and an associate of the Offeror
“Mr. Nagahara”	Mr. Akihiro Nagahara, a non-executive director and vice chairman of AGL and an associate of the Offeror
“Mr. Song”	Mr. Song Zengbin, the deputy chairman and an executive director of TACI
“Ms. Chong”	Ms. Chong Sok Un, an executive director of CMH
“Offer Period”	the period commencing from 16 June 2023, being the date of the Joint Announcement and ending on the date of the close of the CMH Offer

DEFINITIONS

“Offeror” or “Fareast Global”	Fareast Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of TACI
“Overseas CMH Shareholder(s)”	the CMH Shareholder(s) whose names appear on the register of members of CMH with registered address(es) outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of CMH, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing on 16 December 2022, being the date of falling six months before commencement of the Offer Period, up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“TACI”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28), being an indirect non wholly-owned subsidiary of AGL
“TACI Director(s)”	the director(s) of TACI

DEFINITIONS

“TACI Group”	TACI and its subsidiaries
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), being the financial adviser to the Offeror in respect of the CMH Offer
“%”	per cent.

LETTER FROM YU MING



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

To the CMH Independent Shareholders,

31 August 2023

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
CHINA MEDICAL & HEALTHCARE GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the CMH Offer.

Immediately after the CMH Acquisition and prior to completion of the CMH Rights Issue, the Offeror and parties acting in concert with it owned 136,164,481 CMH Shares (comprising 92,991,481 CMH Shares, 36,101,000 CMH Shares, 232,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 18.81% of the total issued share capital of CMH prior to the issue of 362,001,819 CMH Rights Shares under the CMH Rights Issue.

The Offeror made an application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price under the CMH Rights Issue, comprising (i) 46,438,240 CMH Rights Shares by provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 175,000,000 CMH Rights Shares by excess application. Mr. MT Lee and Mr. Nagahara made an application to subscribe for 18,050,500 CMH Rights Shares and 116,000 CMH Rights Shares at the CMH Subscription Price by provisional allotment respectively. Pursuant to the results of the CMH Rights Issue, on 16 June 2023, a total of 265,725,519 CMH Rights Shares were allotted and issued to the Offeror, comprising (i) 46,438,240 CMH Rights Shares from provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee

LETTER FROM YU MING

of nil-paid CMH Rights Shares; and (iii) 137,983,799 CMH Rights Shares from excess application, and 18,050,500 CMH Rights Shares and 116,000 CMH Rights Shares were allotted and issued to Mr. MT Lee and Mr. Nagahara from provisional allotment respectively. Mr. Song and Borrower A did not apply for subscription of any CMH Rights Shares.

Immediately following completion of the CMH Rights Issue and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares (comprising 358,717,000 CMH Shares, 54,151,500 CMH Shares, 348,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 38.68% of the total issued share capital of CMH as at the date of completion of the CMH Rights Issue and the Latest Practicable Date. Accordingly, the Offeror is required to make a mandatory conditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued CMH Offer Shares.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the CMH Offer, the information on the Offeror and its intentions in relation to CMH. Further details of the CMH Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the letter from the CMH Board on pages 20 to 29, the letter from the CMH Independent Board Committee on pages 30 to 31 and the letter from the CMH Independent Financial Adviser on pages 32 to of 64 this Composite Document before reaching a decision as to acceptance of the CMH Offer.

THE CMH OFFER

Yu Ming, on behalf of the Offeror, is making the CMH Offer to acquire all the CMH Offer Shares in compliance with the Takeovers Code on the basis set out below:

For every CMH Offer Share HK\$0.89

The CMH Offer Price of HK\$0.89 per CMH Offer Share is equivalent to the total of (i) the CMH Subscription Price of HK\$0.88 per CMH Rights Share paid by the Offeror under the CMH Rights Issue; and (ii) the consideration of HK\$0.01 paid by the Offeror for the acquisition of the nil-paid rights of each CMH Rights Share.

As at the Latest Practicable Date, CMH has 1,086,005,457 CMH Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into CMH Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Further terms of the CMH Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM YU MING

Condition of the CMH Offer

The CMH Offer is conditional upon the Offeror having received valid acceptances of the CMH Offer Shares which, together with the CMH Shares already acquired and/or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of CMH.

Pursuant to the Takeovers Code, where the CMH Offer becomes or is declared unconditional in all respects, the CMH Offer will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the CMH Offer becomes or is declared unconditional in all respects.

The CMH Offer will lapse if the CMH Offer does not become unconditional.

WARNING: Completion of the CMH Offer is subject to the condition above being fulfilled. The issue of this Composite Document does not in any way imply that the CMH Offer will be completed. The CMH Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, CMH Independent Shareholders and potential investors of CMH are advised to exercise caution when dealing in the securities of CMH. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

Comparison of value

The CMH Offer Price of HK\$0.89 per CMH Offer Share represents:

- (a) a discount of approximately 1.11% to the closing price of HK\$0.90 per CMH Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) the average closing price of approximately HK\$0.89 per CMH Share as quoted on the Stock Exchange over the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 1.14% over the average closing price of approximately HK\$0.88 per CMH Share as quoted on the Stock Exchange over the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM YU MING

- (d) a discount of approximately 5.32% to the average closing price of approximately HK\$0.94 per CMH Share as quoted on the Stock Exchange over the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 8.25% to the average closing price of approximately HK\$0.97 per CMH Share as quoted on the Stock Exchange over the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 2.30% over the closing price of HK\$ 0.87 per CMH Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a discount of approximately 47.65% to the unaudited consolidated net asset value attributable to CMH Shareholders of approximately HK\$1.70 per CMH Share (based on the unaudited consolidated net asset value of CMH attributable to CMH Shareholders of approximately HK\$1,850,757,000 as at 30 June 2023 and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date); and
- (h) a discount of approximately 51.63% to the unaudited adjusted consolidated net asset value attributable to CMH Shareholders of approximately HK\$1.84 per CMH Share calculated based on the unaudited adjusted consolidated net asset value attributable to CMH Shareholders of approximately HK\$1,994,764,000 as at 30 June 2023 (taking into account the valuation of the properties of the CMH Group as at 30 June 2023 as set out in Appendix III — Property Valuation Report in this Composite Document) and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date.

Highest and Lowest CMH Share Prices

During the Relevant Period:

- a) the highest closing price of the CMH Shares quoted on the Stock Exchange was HK\$1.48 per CMH Share on 20 January 2023; and
- b) the lowest closing price of the CMH Shares quoted on the Stock Exchange was HK\$0.84 per CMH Share on 24 May 2023.

LETTER FROM YU MING

CMH Offer Consideration

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares. A total of 672,708,957 CMH Offer Shares (including 6,760,000 CMH Shares held by Borrower A) are subject to the CMH Offer. In the event that the CMH Offer is accepted in full by the CMH Independent Shareholders, the aggregate amount payable by the Offeror under the CMH Offer will be HK\$598,710,971.73.

Confirmation of financial resources

The Offeror intends to finance the CMH Offer by the Facilities granted by Mr. Lee and Cashplus to the Offeror pursuant to the Facility Agreements. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the CMH Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the CMH Offer.

The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facilities will not depend on the business of CMH to any significant extent.

Effect of accepting the CMH Offer

By validly accepting the CMH Offer, the accepting CMH Independent Shareholders will sell their tendered CMH Offer Shares to the Offeror which are fully paid-up and free from all Encumbrances, together with all rights attached thereto on or after the date on which the CMH Offer is made, being the date of despatch of this Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, the record date of which falls on or after the date of despatch of this Composite Document.

As at the Latest Practicable Date, CMH confirmed that it has not declared any dividend and CMH does not intend to declare, make or pay any dividend or other distributions prior to the Closing Date.

Overseas CMH Shareholders

The Offeror intends to make the CMH Offer available to all the CMH Independent Shareholders, including the Overseas CMH Shareholders. However, the CMH Offer is in respect of securities of an exempted company incorporated in Bermuda and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas CMH Shareholders who wish to participate in the CMH Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective

LETTER FROM YU MING

jurisdictions in connection with their participation in the CMH Offer. Overseas CMH Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas CMH Shareholders who wish to accept the CMH Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the CMH Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas CMH Shareholder in respect of such jurisdictions).

Any acceptance by any CMH Independent Shareholders and beneficial owners of the CMH Offer Shares will be deemed to constitute a representation and warranty from such CMH Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas CMH Shareholders should consult their professional advisers if in doubt.

Stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the CMH Offer at a rate of 0.13% (or part thereof) of (i) the consideration payable in respect of the relevant acceptance by the CMH Independent Shareholders or (ii) if higher, the market value of the CMH Shares, will be deducted from the cash amount payable by the Offeror to such CMH Independent Shareholders who accept the CMH Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant CMH Independent Shareholders accepting the CMH Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the CMH Offer and the transfer of the CMH Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

INFORMATION ON THE OFFEROR, TACI AND AGL

The Offeror is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of TACI. The principal business activity of the Offeror is investment holding. Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang and Mr. Liu Kin Sun are the directors of the Offeror.

TACI is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, TACI is owned as to (i) approximately 55.83% by AGL, which in turn is beneficially owned as to

LETTER FROM YU MING

approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust; (ii) approximately 18.03% by PIA Ltd (held as investment manager); (iii) approximately 9.74% by Ms. Chong; and (iv) approximately 7.03% by Mr. Chan Kin.

The principal business activity of TACI is investment holding. The TACI Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, logistics services, and the provision of finance, investments in listed and unlisted securities and funds management.

INTENTIONS OF THE OFFEROR IN RELATION TO THE CMH GROUP

It is the intention of the Offeror to continue the existing business of the CMH Group and has no intention to put forward any major changes to the businesses of the CMH Group or redeploy the fixed assets of CMH Group other than in its ordinary course of business after the close of the CMH Offer.

As at the Latest Practicable Date, the Offeror does not have any particular plans and strategies regarding the future development of the CMH Group. Immediately after the close of the CMH Offer, the Offeror will conduct a review of the financial position and operations of the CMH Group in order to formulate a long-term strategy for the CMH Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror has no intention to discontinue any employment of the employees of the CMH Group or to dispose of or re-allocate the CMH Group's assets which are not in the ordinary and usual course of business of the CMH Group.

The Offeror has no intention, understanding, obligation, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose existing business of the CMH Group.

LETTER FROM YU MING

PROPOSED CHANGE TO THE BOARD COMPOSITION OF CMH

The Offeror intends to nominate new CMH Directors to the CMH Board after the close of the CMH Offer. As at the Latest Practicable Date, the Offeror has not determined the candidates to be nominated as new CMH Directors. Any changes to the composition of the CMH Board and biographies of any new CMH Directors to be appointed will be made as and when appropriate in compliance with the Takeovers Code and the Listing Rules.

MAINTAINING THE LISTING STATUS OF CMH AND SUFFICIENT PUBLIC FLOAT OF CMH

If, at the close of the CMH Offer, less than the minimum prescribed percentage applicable to CMH, being 25% of the CMH Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the CMH Shares; or
- (b) there are insufficient CMH Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the CMH Shares.

The Offeror intends CMH to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the CMH Board (if any) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the CMH Shares. The Offeror considers that the appropriate actions to be taken after the close of the CMH Offer shall include placing down of sufficient number of accepted CMH Offer Shares by the Offeror where appropriate. The Offeror and CMH will issue a further announcement as and when necessary in this regard.

However, the Offeror intends to avail itself of powers of compulsory acquisition of any CMH Shares outstanding after the close of the CMH Offer if the level of acceptances of the CMH Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied.

Pursuant to Section 102(1) of the Companies Act, if the CMH Offer has, within four months after the making of the CMH Offer (that is, the despatch of this Composite Document “**Compulsory Acquisition Entitlement Period**”), been approved (in this case, by way of accepting the CMH Offer) by the CMH Independent Shareholders of not less than nine-tenths in value of the CMH Shares other than the CMH Shares already held at the date of the CMH Offer by (or by a nominee for) the Offeror or its subsidiary, provided that such CMH Independent Shareholders are

LETTER FROM YU MING

not less than three-fourths in number of the holders of those CMH Offer Shares, the Offeror may, at any time within two months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting CMH Shareholder that it desires to acquire the CMH Shares held by such dissenting CMH Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Court orders otherwise, be entitled and bound to acquire the CMH Shares held by the dissenting CMH Shareholders on the same terms as other CMH Shares are acquired under the CMH Offer. Any dissenting CMH Shareholder may apply to the Court to object to the proposed compulsory acquisition within one month from the date on which the notice of compulsory acquisition is given.

In addition, pursuant to Section 103(1) of the Companies Act, a holder of not less than 95% of the issued CMH Shares may give a notice of compulsory acquisition to the remaining CMH Shareholders of its intention to acquire their CMH Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holder will be entitled and bound to acquire the CMH Shares from the remaining CMH Shareholders unless any remaining CMH Shareholder applies to the Court for an appraisal. If the Offeror acquires further CMH Shares (whether pursuant to the CMH Offer or otherwise) such that it holds not less than 95% of the issued CMH Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

If the level of acceptances of the CMH Offer Shares (or the Offeror's holding of the total issued share capital of CMH) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act) and not less than 90% of the CMH Shares other than those which are owned by the Offeror and parties acting in concert with it are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends (but is not obliged) to exercise its right under Section 102(1) or Section 103(1) of the Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those CMH Shares not acquired by the Offeror or parties acting in concert with it under the CMH Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in this Composite Document its intention to avail itself of any powers of compulsory acquisition, the CMH Offer may not remain open for acceptance for more than four months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), CMH will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the CMH Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

LETTER FROM YU MING

INFORMATION ON THE CMH GROUP

The CMH Group's principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

Your attention is drawn to the details of the information of the CMH Group as set out under the section headed "Information on the CMH Group" in the "Letter from the CMH Board" and in Appendices II, III and V to this Composite Document.

ACCEPTANCES OF THE CMH OFFER

Procedures for acceptance

To accept the CMH Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the CMH Offer.

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked "CMH Offer" on the envelope, in any event by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures of acceptance of the CMH Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the CMH Offer

Subject to the CMH Offer becoming or being declared unconditional and provided that the accompanying Form of Acceptance, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the

LETTER FROM YU MING

Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code, a cheque for the amount due to each of the accepting CMH Independent Shareholders in respect of the CMH Offer Shares tendered under the CMH Offer (less seller's ad valorem stamp duty payable by them, as the case may be) will be despatched to the accepting CMH Independent Shareholders by ordinary post at their own risk within seven (7) Business Days following the later of the date on which the CMH Offer becomes or is declared unconditional and the date of receipt of all relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting CMH Independent Shareholders is entitled under the CMH Offer will be paid by the Offeror in full in accordance with the terms of the CMH Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such CMH Independent Shareholders.

No fraction of a cent will be payable and the amount of consideration payable to a CMH Independent Shareholder who accepts the CMH Offer will be rounded up to the nearest cent.

If the CMH Offer does not become, or is not declared, unconditional in all respects, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the CMH Independent Shareholders who have accepted the CMH Offer by ordinary post at his/her/its own risk as soon as possible but in any event within ten (10) days following the lapse of the CMH Offer.

Taxation advice

CMH Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the CMH Offer. It is emphasised that none of the Offeror and parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors, or any other person involved in the CMH Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the CMH Offer.

LETTER FROM YU MING

GENERAL

To ensure equality of treatment of all CMH Independent Shareholders, those CMH Independent Shareholders who hold the CMH Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the CMH Offer Shares, whose investments are registered in nominee names, to accept the CMH Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the CMH Offer.

All documents and remittances will be sent to the CMH Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors or any other person involved in the CMH Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the CMH Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the CMH Board”, the “Letter from the CMH Independent Board Committee” and the letter of advice by the CMH Independent Financial Adviser to the CMH Independent Board Committee as set out in the “Letter from the CMH Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited
Warren Lee
Managing Director

LETTER FROM THE CMH BOARD



China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

Executive Directors:

Ms. Chong Sok Un (*Deputy Chairman*)
Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Non-Executive Directors:

Mr. Lai Hin Wing Henry Stephen
Mr. Gao Zhaoyuan

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

47th Floor
United Asia Finance Centre
333 Lockhart Road
Wanchai, Hong Kong

Independent Non-Executive Directors:

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

31 August 2023

To the CMH Independent Shareholders,

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
CHINA MEDICAL & HEALTHCARE GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement, whereby the Offeror, TACI, AGL and CMH jointly announced that Yu Ming, for and on behalf of the Offeror, would make a mandatory conditional general cash offer to acquire all of the CMH Offer Shares.

LETTER FROM THE CMH BOARD

Immediately after the CMH Acquisition and prior to completion of the CMH Rights Issue, the Offeror and parties acting in concert with it owned 136,164,481 CMH Shares (comprising 92,991,481 CMH Shares, 36,101,000 CMH Shares, 232,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 18.81% of the total issued share capital of CMH prior to the issue of 362,001,819 CMH Rights Shares under the CMH Rights Issue.

The Offeror made an application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price under the CMH Rights Issue, comprising (i) 46,438,240 CMH Rights Shares by provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 175,000,000 CMH Rights Shares by excess application. Mr. MT Lee and Mr. Nagahara made an application to subscribe for 18,050,500 CMH Rights Shares and 116,000 CMH Rights Shares at the CMH Subscription Price by provisional allotment respectively. Pursuant to the results of the CMH Rights Issue, on 16 June 2023, a total of 265,725,519 CMH Rights Shares were allotted and issued to the Offeror, comprising (i) 46,438,240 CMH Rights Shares from provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 137,983,799 CMH Rights Shares from excess application, and 18,050,500 CMH Rights Shares and 116,000 CMH Rights Shares were allotted and issued to Mr. MT Lee and Mr. Nagahara from provisional allotment respectively. Mr. Song and Borrower A did not apply for subscription of any CMH Rights Shares.

Immediately following completion of the CMH Rights Issue and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares (comprising 358,717,000 CMH Shares, 54,151,500 CMH Shares, 348,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 38.68% of the total issued share capital of CMH as at the date of completion of the CMH Rights Issue and the Latest Practicable Date. Accordingly, the Offeror is required to make a mandatory conditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued CMH Offer Shares.

This letter forms part of this Composite Document which provides you with, among other things, (i) details of the CMH Offer (including the expected timetable and the terms of the CMH Offer); (ii) a letter of recommendation from the CMH Independent Board Committee to the CMH Independent Shareholders in relation to the CMH Offer; (iii) a letter of advice from the CMH Independent Financial Adviser to the CMH Independent Board Committee in relation to the CMH Offer; and (iv) information relating to the CMH Group and the Offeror, together with the Form of Acceptance. Unless the context otherwise requires, terms used in these letters shall have the same meanings as those defined in this Composite Document.

LETTER FROM THE CMH BOARD

CMH INDEPENDENT BOARD COMMITTEE

The CMH Independent Board Committee, comprising Mr. Gao Zhaoyuan, Mr. Zhang Jian and Dr. Xia Xiaoning, has been established by CMH to advise the CMH Independent Shareholders in relation to the terms and conditions of the CMH Offer, in particular as to whether the CMH Offer is fair and reasonable and as to the acceptance of the CMH Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the CMH Independent Board Committee should comprise all non-executive and independent non-executive directors. Since (i) Ms. Yang Lai Sum, Lisa, being an independent non-executive director of CMH, is also an independent non-executive director of TACI and AGL; (ii) Dr. Wong Wing Kuen, Albert, being an independent non-executive director of CMH, is also an independent non-executive director of APAC Resources Limited, which is owned as to approximately 43.50% by AGL; and (iii) Mr. Lai Hin Wing Henry Stephen, being a non-executive director of CMH, is a partner of a law firm which is the legal adviser to the Offeror in connection with the transactions contemplated herein, such CMH Directors are not independent for the purpose of giving advice or recommendations to the CMH Independent Shareholders and will not be part of the CMH Independent Board Committee.

Pelican Financial Limited has been appointed as the independent financial adviser to advise the CMH Independent Board Committee in respect of the CMH Offer, in particular as to whether the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned and as to the acceptance of the CMH Offer. The appointment of Pelican Financial Limited has been approved by the CMH Independent Board Committee.

You are advised to read the letter from the CMH Independent Board Committee addressed to the CMH Independent Shareholders, the letter from the CMH Independent Financial Adviser, the letter from Yu Ming and the additional information contained in the appendices to this Composite Document before taking any action in respect of the CMH Offer.

THE CMH OFFER

Principal terms of the CMH Offer

The terms of the CMH Offer as set out in the letter from Yu Ming contained in this Composite Document are extracted below. You are recommended to refer to the letter from Yu Ming and the Form of Acceptance for further details.

LETTER FROM THE CMH BOARD

Yu Ming, on behalf of the Offeror, is making the CMH Offer to acquire all the CMH Offer Shares in compliance with the Takeovers Code on the basis set out below:

For every CMH Offer Share HK\$0.89

The CMH Offer Price of HK\$0.89 per CMH Offer Share is equivalent to the total of (i) the CMH Subscription Price of HK\$0.88 per CMH Rights Share paid by the Offeror under the CMH Rights Issue; and (ii) the consideration of HK\$0.01 paid by the Offeror for the acquisition of the nil-paid rights of each CMH Rights Share.

As at the Latest Practicable Date, CMH has 1,086,005,457 CMH Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into CMH Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Further terms of the CMH Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

CMH Offer Consideration

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares. A total of 672,708,957 CMH Offer Shares (including 6,760,000 CMH Shares held by Borrower A) are subject to the CMH Offer. In the event that the CMH Offer is accepted in full by the CMH Independent Shareholders, the aggregate amount payable by the Offeror under the CMH Offer will be HK\$598,710,971.73.

Condition of the CMH Offer

The CMH Offer is conditional upon the Offeror having received valid acceptances of the CMH Offer Shares which, together with the CMH Shares already acquired and/or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of CMH.

Pursuant to the Takeovers Code, where the CMH Offer becomes or is declared unconditional in all respects, the CMH Offer will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the CMH Offer becomes or is declared unconditional in all respects.

The CMH Offer will lapse if the CMH Offer does not become unconditional.

LETTER FROM THE CMH BOARD

Further details of the terms of the CMH Offer and the procedures for acceptance of the CMH Offer are set out in the letter from Yu Ming contained in, and Appendix I to, this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE CMH GROUP

The CMH Group's principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

Set out below is the summary of financial information of the CMH Group for the two years ended 31 December 2021 and 2022 as extracted from the annual report of CMH for the year ended 31 December 2022 and for the six months ended 30 June 2022 and 30 June 2023 as extracted from the interim results announcement of CMH for the six months ended 30 June 2023 dated 18 August 2023 and the interim report of CMH for the six months ended 30 June 2022:

	For the year		For the six months	
	ended 31 December		ended 30 June	
	2021	2022	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Total revenue	1,465,679	1,437,863	736,020	764,419
(Loss)/profit before taxation	(110,468)	(117,169)	(39,038)	2,802
(Loss)/profit for the year/period	(127,270)	(119,145)	(39,810)	564
	As at 31 December		As at 30 June	
	2021	2022	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Total assets	3,489,538	3,232,534	3,342,776	3,439,059
Net assets	1,717,256	1,578,859	1,652,867	1,879,327

Your attention is drawn to the further financial information of the CMH Group as set out in Appendix II to this Composite Document.

LETTER FROM THE CMH BOARD

SHAREHOLDING STRUCTURE OF CMH

The following table sets out the shareholding structure of CMH (i) immediately after the CMH Acquisition and prior to completion of the CMH Rights Issue; and (ii) immediately after completion of the CMH Rights Issue:

	Immediately after the CMH		Immediately after completion			
	Acquisition and prior to		of the CMH Rights Issue			
	completion of the	CMH Rights Issue	No. of CMH	%		
	<i>No. of CMH</i>	<i>Shares</i>	<i>%</i>	<i>No. of CMH</i>	<i>Shares</i>	<i>%</i>
Offeror (<i>Note 1</i>)	92,991,481	12.84%	358,717,000	33.03%		
Mr. MT Lee	36,101,000	4.99%	54,151,500	4.99%		
Mr. Nagahara	232,000	0.03%	348,000	0.03%		
Mr. Song	80,000	0.01%	80,000	0.01%		
Borrower A (<i>Note 2</i>)	6,760,000	0.93%	6,760,000	0.62%		
Offeror and parties acting						
in concert with it	136,164,481	18.81%	420,056,500	38.68%		
Cool Clouds Limited (<i>Note 3</i>)	200,000,000	27.62%	200,000,000	18.42%		
Ms. Chong (<i>Note 4</i>)	130,244,457	17.99%	195,366,685	17.99%		
Victor Beauty Investments Limited (<i>Note 5</i>)	100,000,000	13.81%	100,000,000	9.21%		
Underwriter of CMH Rights Issue	—	0.00%	—	0.00%		
Other public CMH Shareholders	157,594,700	21.77%	170,582,272	15.70%		
Total	724,003,638	100.00%	1,086,005,457	100.00%		

Notes:

- The Offeror is a wholly-owned subsidiary of TACI which in turn is interested as to (i) approximately 55.83% by AGL, which in turn is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust; (ii) approximately 18.03% by PIA Ltd (held as investment manager); (iii) approximately 9.74% by Ms. Chong; and (iv) approximately 7.03% by Mr. Chan Kin.

As at the Latest Practicable Date, 57,486,960 CMH Shares (the "Secured CMH Shares"), representing approximately 5.29% of the total issued share capital of CMH as at the Latest Practicable Date, have been pledged to a subsidiary of AGL (as lender) as collateral securities by a CMH Independent Shareholder (as borrower) for provision of loan. As holder of security interest by its subsidiary, AGL is deemed to have an

LETTER FROM THE CMH BOARD

interest in the Secured CMH Shares. For the avoidance of doubt, the Secured CMH Shares (as security interest) are counted as CMH Shares held by the other public CMH Shareholders and not counted as the CMH Shares held by the Offeror in the shareholding table above.

2. Borrower A (as borrower) has pledged 6,760,000 CMH Shares, representing approximately 0.62% of the total issued share capital of CMH as at the Latest Practicable Date, to a subsidiary of AGL (as lender, the “**Lender**”) as collateral securities for provision of loan. Such loan has defaulted and the Lender has exercised the voting rights of the 6,760,000 CMH Shares pursuant to the relevant loan agreement. Therefore, Borrower A is presumed to be acting in concert with the Offeror.
3. Cool Clouds Limited is a wholly-owned subsidiary of Resuccess Investments Limited which in turn is wholly-owned by Tsinghua Tongfang Co., Ltd.
4. Immediately after completion of the CMH Rights Issue, Ms. Chong, an executive director of CMH, owns 928,125 CMH Shares. Vigor Online Offshore Limited owns 194,438,560 CMH Shares and is a wholly-owned subsidiary of China Spirit Limited which in turn is wholly-owned by Ms. Chong.
5. Victor Beauty Investments Limited is indirectly wholly-owned by China Minsheng Investment Group Corp., Ltd.
6. Save for Ms. Chong (an executive director of CMH) as set out above, none of the CMH Directors holds any CMH Shares as at the Latest Practicable Date.
7. Certain percentages included in the above table have been subject to rounding adjustments.

INFORMATION ON THE OFFEROR, TACI AND AGL

Your attention is drawn to the section headed “Information on the Offeror, TACI and AGL” in the letter from Yu Ming as set out in this Composite Document for further information about the Offeror, TACI and AGL.

INTENTIONS OF THE OFFEROR IN RELATION TO THE CMH GROUP

Your attention is drawn to the paragraph headed “Intentions of the Offeror in relation to the CMH Group” in the letter from Yu Ming set out in this Composite Document.

It is the intention of the Offeror to continue the existing business of the CMH Group and has no intention to put forward any major changes to the businesses of the CMH Group or redeploy the fixed assets of CMH Group other than in its ordinary course of business after the close of the CMH Offer.

As at the Latest Practicable Date, the Offeror does not have any particular plans and strategies regarding the future development of the CMH Group. Immediately after the close of the CMH Offer, the Offeror will conduct a review of the financial position and operations of the CMH Group in order to formulate a long-term strategy for the CMH Group and explore other

LETTER FROM THE CMH BOARD

business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror has no intention to discontinue any employment of the employees of the CMH Group or to dispose of or re-allocate the CMH Group's assets which are not in the ordinary and usual course of business of the CMH Group.

The Offeror has no intention, understanding, obligation, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose existing business of the CMH Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF CMH

The Offeror intends to nominate new CMH Directors to the CMH Board after the close of the CMH Offer. As at the Latest Practicable Date, the Offeror has not determined the candidates to be nominated as new CMH Directors. Any changes to the composition of the CMH Board and biographies of any new CMH Directors to be appointed will be made as and when appropriate in compliance with the Takeovers Code and the Listing Rules.

MAINTAINING THE LISTING STATUS OF CMH AND SUFFICIENT PUBLIC FLOAT OF CMH

If, at the close of the CMH Offer, less than the minimum prescribed percentage applicable to CMH, being 25% of the CMH Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the CMH Shares; or
- (b) there are insufficient CMH Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the CMH Shares.

The Offeror intends CMH to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the CMH Board (if any) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the CMH Shares. The Offeror considers that the appropriate actions to be taken after the close of the CMH Offer shall include placing down of sufficient number of accepted CMH Offer Shares by the Offeror where appropriate. The Offeror and CMH will issue a further announcement as and when necessary in this regard.

LETTER FROM THE CMH BOARD

However, the Offeror intends to avail itself of powers of compulsory acquisition of any CMH Shares outstanding after the close of the CMH Offer if the level of acceptances of the CMH Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied.

Pursuant to Section 102(1) of the Companies Act, if the CMH Offer has, within four months after the making of the CMH Offer (that is, the despatch of this Composite Document “**Compulsory Acquisition Entitlement Period**”), been approved (in this case, by way of accepting the CMH Offer) by the CMH Independent Shareholders of not less than nine-tenths in value of the CMH Shares other than the CMH Shares already held at the date of the CMH Offer by (or by a nominee for) the Offeror or its subsidiary, provided that such CMH Independent Shareholders are not less than three-fourths in number of the holders of those CMH Offer Shares, the Offeror may, at any time within two months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting CMH Shareholder that it desires to acquire the CMH Shares held by such dissenting CMH Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Court orders otherwise, be entitled and bound to acquire the CMH Shares held by the dissenting CMH Shareholders on the same terms as other CMH Shares are acquired under the CMH Offer. Any dissenting CMH Shareholder may apply to the Court to object to the proposed compulsory acquisition within one month from the date on which the notice of compulsory acquisition is given.

In addition, pursuant to Section 103(1) of the Companies Act, a holder of not less than 95% of the issued CMH Shares may give a notice of compulsory acquisition to the remaining CMH Shareholders of its intention to acquire their CMH Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holder will be entitled and bound to acquire the CMH Shares from the remaining CMH Shareholders unless any remaining CMH Shareholder applies to the Court for an appraisal. If the Offeror acquires further CMH Shares (whether pursuant to the CMH Offer or otherwise) such that it holds not less than 95% of the issued CMH Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

If the level of acceptances of the CMH Offer Shares (or the Offeror’s holding of the total issued share capital of CMH) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act) and not less than 90% of the CMH Shares other than those which are owned by the Offeror and parties acting in concert with it are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends (but is not obliged) to exercise its right under Section 102(1) or Section 103(1) of the Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those CMH Shares not acquired by the Offeror or parties acting in concert with it under the CMH Offer.

LETTER FROM THE CMH BOARD

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in this Composite Document its intention to avail itself of any powers of compulsory acquisition, the CMH Offer may not remain open for acceptance for more than four months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), CMH will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the CMH Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the CMH Independent Board Committee set out on pages 30 to 31 of this Composite Document and the letter from the CMH Independent Financial Adviser set out on pages 32 to 64 of this Composite Document, which contain, among other things, their advices in relation to the CMH Offer and the principal factors considered by them in arriving at their recommendations.

The CMH Independent Shareholders are urged to read those letters carefully before taking any action in respect of the CMH Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for the acceptance of the CMH Offer.

In considering what actions to take in connection with the CMH Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own financial advisers.

Yours faithfully,
By Order of the Board
China Medical & HealthCare Group Limited
Chong Sok Un
Deputy Chairman

LETTER FROM THE CMH INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the CMH Independent Board Committee in respect of the CMH Offer.



China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

31 August 2023

To the CMH Independent Shareholders,

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
CHINA MEDICAL & HEALTHCARE GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 31 August 2023 jointly issued by the Offeror, CMH and TACI of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the CMH Board to constitute the CMH Independent Board Committee to consider the terms of the CMH Offer and to advise you as to whether, in our opinion, the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned and as to the acceptance of the CMH Offer. We have declared that we are independent and have no direct or indirect interest in the CMH Offer, and are able to consider the terms of the CMH Offer and to make recommendation to the CMH Independent Shareholders.

Pelican Financial Limited has been appointed, with our approval, as the independent financial adviser to advise us in respect of the CMH Offer and its terms and conditions. Details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the CMH Offer are set out in the letter from the CMH Independent Financial Adviser on pages 32 to 64 of this Composite Document.

LETTER FROM THE CMH INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from Yu Ming set out on pages 8 to 19 of this Composite Document which contains, among other things, information about the CMH Offer, the letter from the CMH Board set out on pages 20 to 29 of this Composite Document which contains information about the CMH Group, the additional information set out in the appendices to this Composite Document, and the accompanying Form of Acceptance in respect of the terms of the CMH Offer and acceptance and settlement procedures for the CMH Offer.

RECOMMENDATION

Having taken into account the advice and recommendation of the CMH Independent Financial Adviser, in particular, the factors and reasons taken into consideration by it in arriving at its opinion as set out in the letter from the CMH Independent Financial Adviser, we consider that the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned, and therefore we recommend the CMH Independent Shareholders to accept the CMH Offer. The CMH Independent Shareholders are recommended to read the full text of the letter from the CMH Independent Financial Adviser set out on pages 32 to 64 of this Composite Document.

However, for those CMH Independent Shareholders who are considering to realise all or part of their holdings in the CMH Shares, they should closely monitor the market price and liquidity of the CMH Shares during the Offer Period. Should the market price of the CMH Shares exceed the CMH Offer Price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the CMH Offer, the CMH Independent Shareholders may wish to consider selling their CMH Shares in the market instead of accepting the CMH Offer.

In any case, the CMH Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the CMH Independent Shareholders should consult their own professional advisers for advice. Furthermore, the CMH Independent Shareholders who wish to accept the CMH Offer are recommended to read carefully the procedures for accepting the CMH Offer as detailed in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of the

CMH Independent Board Committee

Mr. Gao Zhaoyuan

Mr. Zhang Jian

Dr. Xia Xiaoning

Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the CMH Independent Financial Adviser to the CMH Independent Board Committee and the CMH Independent Shareholders in respect of the CMH Offer prepared for the purpose of inclusion in this Composite Document.



To the Independent Board Committee and the Independent Shareholders of China Medical & HealthCare Group Limited

31 August 2023

Dear Sirs/Madams,

**MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
CHINA MEDICAL & HEALTHCARE GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the CMH Independent Board Committee and the CMH Independent Shareholders in respect of the CMH Offer, details of which are set out in the letter from the CMH Board (the “**Board Letter**”) contained in the composite offer and response document jointly issued and despatched by the Offeror, TACI and CMH (the “**Company**”) dated 31 August 2023 (the “**Composite Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement jointly issued by the Offeror, TACI, AGL and CMH relating to, among others, the CMH Offer. Reference is also made to the announcements of CMH Group dated 5 May 2023, 9 May 2023, 23 May 2023 and 15 June 2023 and the prospectus

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

of CMH Group dated 24 May 2023 in relation to the CMH Rights Issue. On 16 June 2023, the Company issued 362,001,819 CMH Rights Shares by way of the Rights Issue, on the basis of one (1) share for every two (2) shares at the subscription price of HK\$0.88 per CMH Rights Share.

Immediately after the CMH Acquisition and prior to completion of the CMH Rights Issue, the Offeror and parties acting in concert with it owned 136,164,481 CMH Shares, representing approximately 18.81% of the total issued share capital of CMH prior to the issue of 362,001,819 CMH Rights Shares under the CMH Rights Issue. The Offeror made an application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price under the CMH Rights Issue.

Immediately following completion of the CMH Rights Issue and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 420,056,500 CMH Shares (comprising 358,717,000 CMH Shares, 54,151,500 CMH Shares, 348,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 38.68% of the total issued share capital of CMH as enlarged by the issue of 362,001,819 CMH Rights Shares. Accordingly, the Offeror is required to make a mandatory conditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued CMH Offer Shares.

Further details of the above can be found in the Board Letter.

In this respect, the CMH Independent Board Committee, comprising of all the non-executive and independent non-executive directors who has no direct or indirect interest in the CMH Offer, namely Mr. Gao Zhaoyuan, Mr. Zhang Jian and Dr. Xia Xiaoning, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeover Codes to advise and make recommendations to the CMH Independent Shareholders in respect of the CMH Offer and in particular, as to whether the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned and as to the acceptance of the CMH Offer.

OUR INDEPENDENCE

Pelican Financial Limited (“**Pelican**”) is not connected to the Directors, chief executive or substantial CMH Shareholders, the Offeror, or any of their respective associates, any company controlled by any of them, or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the CMH Independent Board Committee and the CMH Independent Shareholders. As at the Latest Practicable Date, we did not have any relationships or interest (including any financial or other professional advisor engagements) with the Company, the Offeror, its concerted parties, or any of their respective controlling shareholders, or any party acting, or presumed to be acting in concert with, or have

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

control over any of them, that could be reasonably be regarded as a hindrance to Pelican's independence to act as the independent financial adviser to the CMH Independent Board Committee and the CMH Independent Shareholders in respect of the CMH Offer. In the last two years, there was no other engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the CMH Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the CMH Directors, chief executive of the Company or substantial CMH Shareholders or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the CMH Offer.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned; and (ii) whether the CMH Independent Shareholders should, or should not, accept the CMH Offer.

BASIS OF OUR OPINION

In formulating our opinion to the CMH Independent Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information contained or referred to in the Composite Document and/or provided by the management of the CMH Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company, the CMH Directors and/or the management of the CMH Group. The documents reviewed include, but are not limited to, the annual report of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"), the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"), the interim results of the Company for the six months ended 30 June 2023 (the "**2023 Interim Results**"), the Joint Announcement, the Composite Document (including the property valuation report set out in Appendix III to the Composite Document), and the relevant announcements published by the Company. We have assumed that all information and representations that have been provided by the management of the CMH Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the CMH Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the

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truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its management and/or the CMH Directors, which have been provided to us.

The CMH Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror, its associates and parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the CMH Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the CMH Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Composite Document and provided to us by the CMH Directors and the management of the CMH Group, nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Company and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). We have also not considered the tax, regulatory and other legal implications on the CMH Group or the CMH Shareholders as a result of the CMH Offer, since these depend on their circumstances. In particular, Overseas CMH Shareholders who are residents, citizens or nationals of jurisdictions outside Hong Kong should keep themselves informed about and observe, at their responsibility, any applicable legal and regulatory requirements. Should any subsequent major changes occur during the Offer Period that would affect or alter our opinion, we will notify the CMH Independent Board Committee as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the CMH Offer, we have considered the following principal factors and reasons:

1. Principal terms of the CMH Offer

As set out in the “Letter from Yu Ming” contained in the Composite Document, Yu Ming, for and on behalf of the Offeror, is making the CMH Offer to acquire all the CMH Offer Shares in compliance with the Takeovers Code on the following bases:

For each CMH Offer Share HK\$0.89

The CMH Offer Price of HK\$0.89 per CMH Offer Share is equivalent to the total of (i) the CMH Subscription Price of HK\$0.88 per CMH Rights Share paid by the Offeror under the CMH Rights Issue; and (ii) the consideration of HK\$0.01 paid by the Offeror for the acquisition of the nil-paid rights of each CMH Rights Share.

As at the Latest Practicable Date, the Company has 1,086,005,457 CMH Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into CMH Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

As at the Latest Practicable Date, the Offeror and parties acting in concert with it own 420,056,500 CMH Shares. A total of 672,708,957 CMH Offer Shares (including 6,760,000 CMH Shares held by Borrower A) are subject to the CMH Offer. In the event that the CMH Offer is accepted in full by the CMH Independent Shareholders, the aggregate amount payable by the Offeror under the CMH Offer will be HK\$598,710,971.73.

The CMH Offer is conditional upon the Offeror having received valid acceptances of the CMH Offer Shares which, together with the CMH Shares already acquired and/or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of CMH. The CMH Offer will lapse if the CMH Offer does not become unconditional.

2. Background information of the CMH Group

The CMH Group’s principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

(a) Financial performance

Set out in Table 1 below is a summary of the audited financial results of the CMH Group for the two years ended 31 December 2021 and 2022 as extracted from the 2022 Annual Report and the unaudited financial results of the CMH Group for the six months ended 30 June 2022 and 30 June 2023 as extracted from the 2023 Interim Results.

Table 1: Summarised financial results of the CMH Group

	For the year ended 31 December		For six months ended 30 June	
	2022	2021	2023	2022
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue breakdown</i>				
— Hospital fees and charges	1,382,134	1,372,032	733,887	705,153
— Eldercare related service and sales of nutritions	36,194	39,011	18,765	17,585
— Sales of properties	11,961	46,242	3,810	9,947
— Other sources	7,574	6,210	4,489	3,335
Gross proceeds from sales of investments held for trading	—	2,184	3,468	—
Total Revenue	1,437,863	1,465,679	764,419	736,020
Cost of goods and services	(1,172,307)	(1,196,037)	(614,576)	(618,553)
Gross profit	265,556	267,458	146,375	117,467
Gross profit margin	18.5%	18.2%	19.1%	16.0%
Other gains and losses, and other income	(64,460)	(60,204)	4,077	(2,064)
Selling and distribution costs	(4,036)	(2,667)	(2,714)	(310)
Administrative expenses	(255,214)	(222,764)	(118,416)	(122,560)
Impairment loss of goodwill	—	(34,043)	—	—
Finance costs	(59,015)	(58,248)	(26,520)	(31,571)
(Loss)/profit before taxation	(117,169)	(110,468)	2,802	(39,038)
Income tax expense	(1,976)	(16,802)	(2,238)	(772)
(Loss)/profit for the year/period	(119,145)	(127,270)	564	(39,810)
Loss attributable to CMH Shareholders	(123,574)	(137,296)	(1,755)	(43,902)

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

According to the 2022 Annual Report, the CMH Group recorded a total revenue of approximately HK\$1,437.9 million for the year ended 31 December 2022, with approximately HK\$1,382 million from hospital fees and charges, approximately HK\$36.2 million from the eldercare related service and sales of nutritions, approximately HK\$12.0 million from the sales of properties and approximately HK\$7.6 million from other sources including rental income and dividend income from listed securities in Hong Kong and overseas markets. The total revenue represents a decrease of approximately 1.9% as compared to approximately HK\$1,465.7 million for the year ended 31 December 2021, which was mainly due to the decrease in sales of properties of approximately HK\$34.3 million for the year ended 31 December 2022.

The gross profit of the CMH Group remained relatively stable with approximately HK\$265.6 million for the year ended 31 December 2022 and approximately HK\$267.5 million for the year ended 31 December 2021. The gross profit margin had also remained relatively stable with approximately 18.5% for the year ended 31 December 2022 and approximately 18.2% for the year ended 31 December 2021.

The CMH Group recorded a loss attributable to CMH Shareholders of approximately HK\$123.6 million for the year ended 31 December 2022, representing an approximately 10.0% decrease as compared with the year ended 31 December 2021 of HK\$137.3 million. Such decrease was mainly due to the decrease in income tax expenses of approximately HK\$14.8 million for the year ended 31 December 2022. Furthermore, we noted that the 2021 Annual Report also recorded a loss attributable to owners of the Company of approximately HK\$111.9 million for the year ended 31 December 2020.

Meanwhile, as a result of the CMH Group's financial results as discussed above, the loss per CMH Share decreased from approximately HK18.96 cents for the year ended 31 December 2021 to approximately HK17.07 cents for the year ended 31 December 2022.

According to the 2023 Interim Results, total revenue of the CMH Group increased by approximately 3.9% to approximately HK\$764.4 million for the six months ended 30 June 2023, from approximately HK\$736.0 million for the corresponding period in 2022, which was mainly due to the increase in revenue from operations of the healthcare division of approximately HK\$28.7 million, and was offset by the decrease in sales of properties of approximately HK\$6.1 million for the six months ended 30 June 2023. The CMH Group also recorded a decline of approximately HK\$4.0 million in cost of goods and services for the six months ended 30 June 2023 from the corresponding period in 2022. As a result, the CMH Group recorded a gross profit of approximately HK\$146.4 million, representing an increase of approximately 24.6% from approximately HK\$117.5 million for the corresponding period in 2022. The gross profit margin had also shown an increase from 16.0% for the six months ended 30 June 2022 to 19.1% for the six months ended 30 June 2023.

LETTER FROM THE CMH INDEPENDENT FINANCIAL ADVISER

Consequently, the CMH Group recorded a net profit after tax for the period of approximately HK\$564,000, as compared with the corresponding period in 2022 of approximately HK\$39.8 million net loss after tax. The CMH Group also recorded a loss attributable to shareholders of the Company of approximately HK\$1.8 million for the six months ended 30 June 2023, representing an approximately 96.0% decrease as compared with the loss attributable to owners of the Company for the corresponding period in 2022. The decrease in loss attributable to shareholders of the Company was mainly due to (i) the aforementioned increase in revenue and gross profit; (ii) the decrease in cost of medical consumables; and (iii) the decrease in finance cost, but were partially off-set by the increase in cost of pharmaceutical and medicine.

(b) Financial position

Set out in Table 2 below is the summary of the audited consolidated assets and liabilities of the CMH Group as at 31 December 2021 and 2022 as extracted from the 2022 Annual Report and the unaudited consolidated assets and liabilities of the CMH Group as at 30 June 2023 as extracted from the 2023 Interim Results:

Table 2: Summarised financial position of the CMH Group

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Total assets			
— non-current assets	2,162,953	2,199,101	2,507,443
— current assets	1,276,106	1,033,433	982,095
	3,439,059	3,232,534	3,489,538
Total liabilities			
— non-current liabilities	404,471	522,957	433,807
— current liabilities	1,155,261	1,130,718	1,338,475
	1,559,732	1,653,675	1,772,282
Net current assets/(liabilities)	120,845	(97,285)	(356,380)
Net assets	1,879,327	1,578,859	1,717,256
Net assets attributable to CMH Shareholders	1,850,757	1,554,942	1,700,597

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The CMH Group's total assets as at 31 December 2022 amounted to approximately HK\$3,232.5 million, which mainly included (i) property, plant and equipment of approximately HK\$1,480.9 million, consisting hospital buildings in the PRC and medical and electronic equipment; (ii) bank balances and cash (including the restricted and pledged bank deposits) of approximately HK\$614.1 million; (iii) investment properties of approximately HK\$557.1 million; and (iv) properties under development for sale of approximately HK\$185.6 million.

The CMH Group's non-current assets decreased by approximately HK\$308.3 million or 12.3%, from approximately HK\$2,507.4 million as at 31 December 2021 to approximately HK\$2,199.1 million as at 31 December 2022, which was mainly due to (i) a transfer of investment properties (under non-current assets) with a carrying amount of HK\$186.0 million to properties under development for sale (under current assets) upon the change of use, (ii) the decrease in property, plant, and equipment of approximately HK\$60.9 million; and (iii) the decrease in right-of-use assets of approximately HK\$22.2 million due to depreciation and exchange differences. The current assets increased by approximately HK\$51.3 million or 5.2% from approximately HK\$982.1 million as at 31 December 2021 to approximately HK\$1,033.4 million as at 31 December 2022 was mainly due to a transfer of investment properties (under non-current assets) with a carrying amount of HK\$186.0 million to properties under development for sale (under current assets) upon the change of use, which was partially offset by the decrease of debtors, deposits and prepayments of approximately HK\$85.4 million.

The CMH Group's total liabilities as at 31 December 2022 amounted to approximately HK\$1,653.7 million, which mainly consisted of (i) borrowings of approximately HK\$933.6 million; (ii) the creditors, deposits, receipts in advance and accrued charges of approximately HK\$419.7 million; and (iii) current tax liabilities of approximately HK\$111.5 million.

As at 31 December 2022, the CMH Group's non-current liabilities amounted to approximately HK\$523.0 million, representing an increase of approximately HK\$89.2 million or 20.6% from approximately HK\$433.8 million as at 31 December 2021. The increase was mainly due to (i) the increase in long-term borrowings of approximately HK\$72.4 million; and (ii) the increase in deferred tax liabilities of approximately HK\$18.0 million. As at 31 December 2022, the current liabilities amounted to approximately HK\$1,130.7 million, representing a decrease of approximately HK\$207.8 million or 15.5% from approximately HK\$1,338.5 million. The decrease was mainly due to (i) the decrease in creditors, deposits, receipts in advance and accrued charges of approximately HK\$142.4 million and (ii) the decrease in current borrowings of approximately HK\$58.7 million.

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As a result, the CMH Group's audited net assets attributable to CMH Shareholders amounted to approximately HK\$1,554.9 million as at 31 December 2022, representing a decrease of approximately 8.6% as compared to that of approximately HK\$1,700.6 million as at 31 December 2021.

The CMH Group's gearing ratio as at 31 December 2022, calculated by dividing the CMH Group's net borrowings (after deducting pledged bank deposits, restricted bank deposits and bank balances and cash from the total borrowings) by total equity, was approximately 20.2%. This represented an increase of approximately 3.7% as compared to approximately 16.5% as at 31 December 2021.

According to the 2023 Interim Results, the CMH Group's total assets amounted to approximately HK\$3,439.1 million as at 30 June 2023, representing an increase of approximately 6.4% from HK\$3,232.5 million as at 31 December 2022. The non-current assets slightly decreased by approximately 1.6% to HK\$2,163.0 million, while the current assets have an increase of approximately HK\$242.7 million, or 23.5%, to HK\$1,276.1 million. The increase in current assets was mainly due to (i) the increase of bank balances and cash (including the restricted and pledged bank deposits) of approximately HK\$240.5 million which mainly contributed by the proceeds raised from the right issues which were completed on 16 June 2023; and (ii) the increase in debtors, deposits and prepayments of approximately HK\$27.5 million, which was partially offset by (i) the decrease in properties held for sale of approximately HK\$12.0 million; (ii) the decrease in properties under development for sale of approximately HK\$8.8 million; and (iii) the decrease in investments held for trading of approximately HK\$4.1 million.

On the other hand, the total liabilities for the CMH Group decreased by approximately HK\$94.0 million or 5.7%, from HK\$1,653.7 million as at 31 December 2022 to approximately HK\$1,559.7 million as at 30 June 2023. The non-current liabilities recorded a decrease of approximately HK\$118.5 million to HK\$404.5 million as at 30 June 2023, while the current liabilities recorded an increase of approximately HK\$24.5 million to HK\$1,155.3 million as at 30 June 2023. The decrease in non-current liabilities is mainly attributable to the decrease in long-term borrowings of approximately HK\$120.0 million, while the increase in current liabilities is mainly due to the increase in creditors, deposits, receipts in advance and accrued charges of approximately HK\$94.5 million, which was partially offset by (i) the decrease in short-term borrowings of approximately HK\$56.9 million; and (ii) the decrease in contract liabilities of approximately HK\$10.2 million.

As a result, the CMH Group's unaudited net assets attributable to CMH Shareholders amounted to approximately HK\$1,850.8 million as at 30 June 2023, representing an increase of approximately 19.0% as compared to that of approximately HK\$1,554.9 million as at 31 December 2022.

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As at 30 June 2023, the CMH Group has a net cash position and the net cash to equity ratio, calculated by dividing the CMH Group's net cash (after deducting the total borrowings from the cash and cash equivalents) by total equity, was approximately 5.2%.

For details of the financial information of the CMH Group, please refer to Appendix II to the Composite Document.

Based on the above, we observed that the CMH Group showed signs of improved financial position in the first half of 2023 with increased revenue, improved operational efficiency and strengthened liquidity position. However, it is worth noting that while these indicators for the first half of 2023 are positive, they are not a guarantee of future performance considering that the CMH Group was in a loss-making position and had net current liabilities for three consecutive financial years. The future performance of the CMH Group will also depend on factors such as market conditions, competition, and overall economic performance which are discussed below.

3. Valuation of the Property Interests and the Adjusted NAV of the CMH Group

(a) *Valuation of the property interests*

The valuation of the properties held by the CMH Group (the “**Property Interests**”) as at 30 June 2023 was conducted by Norton Appraisals Holdings Limited, an independent valuer (the “**Valuer**”).

We have discussed with the Valuer to enquire about its experience in valuing similar property interests in the PRC and Hong Kong and its independence. We have also reviewed the terms of engagement of the Valuer, in particular its scope of work. We noted that its scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely affect the degree of assurance given by the Valuer in the property valuation report set out in Appendix III to the Composite Document (the “**Valuation Report**”).

The Valuer confirmed that it has carried out inspections, made relevant enquiries and obtained relevant information as set out in the Valuation Report. We have discussed with the management of the CMH Group to understand the latest status and/or the development plans of the Property Interests.

As set out in the Valuation Report, the total market value of the Property Interests in the existing state attributable to the CMH Group as at 30 June 2023 was approximately HK\$2,169.7 million, with HK\$1,940.3 million in the PRC and HK\$229.4 million in Hong Kong.

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As stated in the Valuation Report, the valuation is conducted in compliance with the standards and guidelines set out in the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors, the Takeovers Code and Chapter 5 and Practice Note 12 of the Listing Rules. We have reviewed and discussed the property valuation with the Valuer regarding the methodology, basis and assumptions adopted in arriving at the values of the Property Interests. In particular, we have discussed with the Valuer to assess whether the approaches, being the direct comparison approach, the investment approach and the depreciated replacement cost method, are appropriate for each type of Property Interests. We have also reviewed the valuation methodologies adopted for different types of properties of certain property companies and noted that the methodologies adopted in the Valuation Report are usual.

We noted that the Valuer has relied on the CMH Group's PRC legal advisers, Beijing Yingke Law Firm Nanjing Office and ETR Law Firm, regarding the titles to each of the Properties Interests in the PRC. With reference to the legal opinion provided for the Property Interests in the PRC, the Valuer has valued the Property Interests on the basis that the Company sells the Property Interests on the open market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the value of such property interests.

In valuing the Property Interests in Group I which is held under development by the CMH Group in the PRC, we noted that the Valuer has valued the property interests on the basis that this property will be developed and completed in accordance with the latest development proposal provided by the CMH Group. In ascertaining a valuation for the Properties Interests under Group I, the Valuer has adopted the direct comparison approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the developments to reflect the development potential of the property and the quality of the completed development. In respect of the Property Interests in Groups II, which is property held for future development by the CMH Group in the PRC, the Valuer has adopted the direct comparison approach by way of assuming sale of the property interest in its existing states with the benefit of vacant possession and by making reference to comparable sale evidence as available in the relevant markets. We understand that the use of direct comparison approach for Property Interests in Group I and II is in line with market practice for properties of this type and is therefore appropriate.

In valuing the Property Interests in Groups III and IV, which are properties held for investment by the CMH Group in Hong Kong and the PRC, the Valuer has adopted investment approach which is generally adopted for valuing investment property, the market value of such property is the aggregate of its term value, which is calculated by capitalising the existing rent for its unexpired term of the contractual tenancy and its reversionary value, derives from the capitalised current market rent arise from lease renewal/new letting or from the disposal based on

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the current market price as at the date of valuation or, wherever appropriate, the direct comparison approach by making reference to comparable sale evidence as available in the relevant markets. We have discussed and understand from the Valuer that when using direct comparison approach, the Valuer has mainly made reference to lettings within the subject property as well as other relevant comparable rental evidence of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors. We understand these consideration factors are commonly used in the industry and would consider it reasonable.

In valuing the Property Interests in Groups V and VI which are properties held for owner occupation by the CMH Group in Hong Kong and the PRC, and in Group VII which is held for sale and under development for sale by the CMH Group in the PRC, the Valuer has valued each of these property interests (except for Nos. 12 and 13) by direct comparison approach assuming such property interests are capable of being sold in their existing states and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets. For valuation of Property Nos. 12 and 13 in Group VI, which are currently operated as hospitals in Nanjing City and Kunming City in the PRC, the Valuer has valued the property interests based on their ongoing existing uses. Due to the nature of buildings and structures constructed, there is no readily identifiable market sales comparable, and the buildings and structures cannot be valued by comparison with cost. The Valuer has adopted the depreciated replacement cost method, which combines the Valuer's opinion of the land value of the property in its existing use and the cost to reproduce or replace the buildings and structures of the property in new condition from which deductions are then allow for the age, conditions and all relevant forms of functional obsolescence and optimisation.

In respect of the Property Interests in Groups VIII and IX, which are rented by the CMH Group in Hong Kong and in the PRC respectively, we noted that the Valuer has not attributed any commercial value to the property interests due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Taking into account the nature of the properties and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the methodologies and basis adopted by the Valuer for determining the values of the Property Interests are appropriate, and can be relied upon in the evaluation of the CMH Offer Price and the adjusted consolidated net asset value attributable to CMH Shareholders discussed below in this letter.

(b) Adjusted NAV

In evaluating the CMH Offer, we have taken into account the unaudited adjusted consolidated net asset value attributable to CMH Shareholders (the “**Adjusted NAV**”) as set out in Appendix II, which is calculated based on the unaudited adjusted consolidated net asset value attributable to CMH Shareholders of approximately HK\$1,994.8 million as at 30 June 2023 (taking into account the valuation of the properties of the CMH Group as at 30 June 2023 as set out in Appendix III Property Valuation Report in this Composite Document) and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date. The Adjusted NAV per share was approximately HK\$1.84 per CMH Share after taking into account the property valuation as set out in Appendix III to this Composite Document, representing a discount of approximately 51.63% compared to the CMH Offer Price of HK\$0.89 per Share. Further analysis of this is set out in the section headed “Evaluation of the CMH Offer Price” below.

4. Business prospects of the CMH Group

The CMH Group’s principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment. According to the 2022 Annual Report, more than 96.1% of the CMH Group’s revenue is derived from the hospital fees and charges, which encompasses the operations of hospitals in the PRC. Consequently, our analysis of CMH Group’s business prospects will predominantly focus on the healthcare segment.

As stated in the 2022 Annual Report, the CMH Group’s healthcare division has two integrated hospitals and one clinic in operation, namely the Nanjing hospital (“**NJH**”), Kunming hospital (“**KMH**”) and Cedar Care Polyclinic in Nanjing (“**NCCC**”). NJH is a Class III B integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and operates 41 clinical medical and technical departments. KMH is another Class III A integrated hospital of the CMH Group located in Kunming City, Yunnan Province, the PRC and operates 42 clinical medical and technical departments. NCCC, the high-end integrated clinic situated at the prime commercial building in central business district of Hexi, Nanjing, Jiangsu Province, the PRC, commenced operation in October 2022 and offers a wide range of healthcare services, such as general practice, ophthalmology, otorhinolaryngology, stomatology and medical aesthetic.

For a brief description of the hospital classification system and Class III hospitals, please refer to the overview section below.

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Overview of Healthcare Segment in the PRC

Healthcare service providers in the PRC can be classified into three categories: (i) hospitals, which are mainly classified into public hospitals and non-public hospitals; (ii) primary healthcare institutions, which include community health centers; and (iii) other healthcare institutions, such as centers for disease control and specialized institutions for specific diseases.

According to a report released on 17 May 2023 by the National Health Commission of the PRC (the “**NHC Report**”)¹, the total healthcare spending in the PRC increased from RMB5,259.8 billion in 2017 to RMB7,684.5 billion in 2021, representing a compound annual growth rate (“**CAGR**”) of 10.6% during this period. The CAGR is driven by the increasing aging population² (aged 65 years or above in the total population rose from 11.4% in 2017 to 14.9% in 2022) as well as the prevalence of chronic disease arising from a variety of causes such as unhealthy lifestyles, high social and living pressure and environmental pollution. As a result, healthcare institutions, especially hospitals, which play an essential role in China’s healthcare service industry, are experiencing a growing demand for healthcare services. In 2021, hospitals served nearly 45.8% of total out-patients and approximately 81.5% of total in-patients, highlighting their significant role in addressing the healthcare needs of the population.

According to the data published by the National Bureau of Statistics³, the total number of hospitals in China increased from 31,056 in 2017 to approximately 37,000 in 2022 (with 25,000 being non-public hospitals and 12,000 being public hospitals), at a CAGR of 3.6%. Compared to the data in 2017, we noted that the number of non-public hospitals increased by approximately 33.3% from 18,759, while the number of public hospitals decreased by approximately 2.4% from 12,297, showing that the number of non-public hospitals is growing at a faster rate than the overall market.

Additionally, along with the continuous growth in economy and urbanization, the disposable income per capita increased from RMB25,973.8 per year in 2017 to RMB36,883 per year in 2022, representing a CAGR of 7.3%, leading to the rising purchasing power for private healthcare services. Further illustrating this growth, the disposable income per capita in the first quarter of 2023 was RMB10,870, indicating a 5.1% increase from RMB10,345 for the corresponding period in 2022.

¹ Please refer to the 2021 report published by the National Health Commission of the PRC at <http://www.nhc.gov.cn/mohwsbwstjxxzx/tjtjnj/202305/6ef68aac6bd14c1eb9375e01a0faa1fb/files/b05b3d958fc546d98261d165cea4adba.pdf>

² Please refer to the population data at National Bureau of Statistics at http://www.stats.gov.cn/sj/zxfb/202302/t20230228_1919011.html

³ Please refer to the total number of hospitals in China at National Bureau of Statistics at https://www.gov.cn/guoqing/2023-03/10/content_5745876.htm

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Moreover, driven by the favorable governmental policies (as mentioned below) and the unmet healthcare demand due to the scarcity and uneven distribution of medical resources in China, the private healthcare institution segment is growing at a faster rate than the overall market in terms of revenue and is expected to make increasingly larger contributions. In comparison to China's overall healthcare service market, which its revenue grew from RMB3,316.6 billion in 2016 to RMB5,482.4 billion in 2021 at a CAGR of 10.6%, the revenue of China's private healthcare institutions experienced a greater increase, rising from RMB335.8 billion in 2016 to RMB871.0 billion in 2021 at a CAGR of 21.0%. Furthermore, the number of private healthcare institutions expanded rapidly, growing from 440,887 in 2016 to 495,415 in 2021, with a CAGR of 2.4%.

In terms of hospital classifications, hospitals in the PRC are categorized as Class I, Class II and Class III hospitals, with Class III representing the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Further, based on the level of service provision, size, medical technology, medical equipment, and management and medical quality, these three classes are further subdivided into A, B and C grades in accordance to "Hospital Grading Management Measures" 《醫院分級管理標準》, which aims to evaluate and classify hospitals according to their overall performance and compliance with the specified standards. The assessment system totaling a maximum score of 1000 points, consists of various criteria, including but not limited to the following categories: (i) medical management and technical level (480 points); (ii) hospital management (140 points); (iii) teaching and research management and level (105 points) and so on. Based on their scores, hospitals are categorized into three levels: A, B, and C grade. A grade signifies the top ranking of each class, requiring a score of 900 points or above, B grade hospitals must score between 750 and 899 points, while C grade, signifying the lowest ranking in each class, includes hospitals scoring below 749 points.

According to the NHC Report, there were 3,275 Class III hospitals, of which only 486 were non-public hospitals in 2021. In particular, there were only 27 Class III non-public hospitals in Jiangsu Province and 18 in Yunnan Province.

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Government Policies

As discussed above, the number of non-public hospitals increased during 2017 to 2021, while the public hospitals decreased during the same period, which indicates that the non-public hospitals become more and more important in the industry. The PRC government has successively issued a number of policies to support and encourage the development of socially-run medical institutions. These policies have provided direction for the development and growth of socially-run medical institutions in terms of the setting up of such medical institutions, the training and use of talents, the content of medical services and the payment of medical insurance, such as:

1. In June 2021, the Ministry of Human Resources and Social Security, the National Health Commission and the National Bureau of Traditional Chinese Medicine issued the “Guidance on Deepening the Reform of the Title System for Health Professionals and Technicians” 《關於深化衛生技術人員職稱制度改革的實施意見》, which states that health professionals and technicians in socially-run medical institutions to enjoy the same treatment as health professionals and technicians in public medical institutions in terms of title declaration and evaluation, and are not subject to restrictions such as household registration, personnel records and different medical entities.
2. In January 2022, the National Health Commission issued the Guidelines for Planning the Establishment of Medical Institutions (2021–2025) 《醫療機構設置規劃指導原則(2021–2025年)》, which states that the space for privately-operated medical institutions will be expanded, and there will be no planning restrictions on the total number and space for privately-operated medical institutions.
3. In May 2022, the General Office of the State Council issued the “Notice on the National Health Plan for the 14th Five Year Plan” 《“十四五” 國民健康規劃的通知》, which aims to make basic medical and health services more equitable and accessible, bridging gaps in resource allocation and service capabilities between urban and rural areas, and different regions and groups. It will also actively develop “Internet + medical and health” services, improve the policy on charging for Internet treatment, and incorporate eligible internet medical services into the scope of medical insurance payment in accordance with the procedures.

In light of the above, it is anticipated that there will be an increase in the number of medical institutions and hospitals, as well as an improvement in healthcare workers’ remuneration. These policies aim to create a more equitable and accessible healthcare system, ultimately benefiting both patients and healthcare professionals. While it is expected that the healthcare spending would increase in the PRC due to the above mentioned factors such as aging population and a growing

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per capita disposable income, the overall revenue for hospitals would also be expected to increase but would also be shared among increased number of institutions under these policies, and the cost of operations may rise due to the need for additional labour support and inflation.

Our analysis

According to the 2022 Annual Report, the CMH Group recorded a consecutive net loss attributable to the owners of the Company of approximately HK\$137.3 million and HK\$123.6 million respectively for each of the two years ended 31 December 2022, and net current liabilities of approximately HK\$356.4 million and HK\$97.3 million as at 31 December 2021 and 2022 respectively, indicating operational and financial challenges. Given that the CMH Group is in the progress of constructing the second phase of KMH, and the Oncology and Nuclear Medicine Centre of NJH and continue the development of high-end out-patient clinics, NCCC, there are still needs for further financial resources. In addition, we noted that the Company had raised funds for financing the development of phase II of KMH through CMH Rights Issue, which was completed on 16 June 2023, whereas further equity fundraising may be subject to the restrictions under Rule 7.27B of the Listing Rules, which limits the cumulative theoretical dilution effect to 25% within 12 months, unless there are exceptional circumstances. Also, as mentioned in the Company's prospectus dated 24 May 2023 (as supplemented by the supplemental announcement dated 23 May 2023) regarding the CMH Rights Issue, obtaining a long-term debt financing is difficult as the relevant medical use land and buildings of KMH are prohibited as pledge of assets in obtaining loan pursuant to relevant provision under Civil Code of the PRC, and short-term debt financing is not appropriate as is subject to renewal and refinancing risk for financing a long term project. Consequently, the CMH Group's ability to secure long-term loans from financial institutions using these assets as collateral is limited. This restriction may pose additional financial challenges and require the CMH Group to explore alternative funding sources or strategies to fulfill its financial needs for future developments if more capital is indeed needed.

In conclusion, we are of the view that while the healthcare segment in the PRC is expected to grow in the future, several factors contributed to the uncertainties for the CMH Group's profitability in the near future. As mentioned above, (i) the revenue for hospitals would be shared among increased number of institutions, hence more competition is expected; (ii) the expected increase of cost of operation, (iii) the need to deploy substantial initial capital for constructing further phases of hospital and continuing the development of high-end out-patient clinics, including construction costs, equipment procurement, installation, calibration and maintenance. Furthermore, it may take some time for a newly established center to achieve monthly breakeven and much longer to recoup the initial investment. Although the CMH Group has shown improved financial position for the first half of 2023, given the various operational and financial challenges faced by the CMH Group, it remains uncertain whether the CMH Group will sustain its current break-even position or even improve its financial results.

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5. Information on the Offeror, TACI and AGL

The Offeror is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of TACI. The principal business activity of the Offeror is investment holding. Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang and Mr. Liu Kin Sun are the directors of the Offeror.

TACI is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. As at the date of this joint announcement, TACI is owned as to approximately 55.83% by AGL, which in turn is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust.

The principal business activity of TACI is investment holding. The TACI Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property development mainly comprising apartments, villas, office buildings and commercial properties, property investment, hospitality related activities, provision of elderly care services, property management, cleaning and security guarding services, logistics services, and the provision of finance, investments in listed and unlisted securities and funds management.

6. Intentions of the Offeror in relation to the CMH Group

According to the circular of TACI dated 18 August 2023, the Offeror, in making the decision to enter into of the CMH Acquisition, the CMH Subscription and the CMH Offer, is based on its belief in the long-term prospect and growth of the CMH Group, which indicates that the Offeror is willing to bear a risk in a longer term, despite the uncertainties that lie ahead.

And as stated in the "Letter from Yu Ming" contained in the Composite Document, the Offeror intends to continue the existing business of the Group and has no intention to put forward any major changes to the businesses of the CMH Group or redeploy the fixed assets of CMH Group other than in its ordinary course of business after the close of the CMH Offer.

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As at the Latest Practicable Date, the Offeror does not have any particular plans and strategies regarding the future development of the CMH Group. Immediately after the close of the CMH Offer, the Offeror will conduct a review of the financial position and operations of the CMH Group in order to formulate a long-term strategy for the CMH Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror has no intention to discontinue any employment of the employees of the CMH Group or to dispose of or re-allocate the CMH Group's assets which are not in the ordinary and usual course of business of the CMH Group.

The Offeror has no intention, understanding, obligation, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose the existing business of the CMH Group.

The Offeror intends to nominate new CMH Directors to the CMH Board after the close of the CMH Offer. As at the Latest Practicable Date, the Offeror has not determined the candidates to be nominated as new CMH Directors. Any changes to the composition of the CMH Board and biographies of any new CMH Directors to be appointed will be made as and when appropriate in compliance with the Takeovers Code and the Listing Rules.

7. Maintaining the listing status of the Company and sufficient public float of the Company

The Stock Exchange has indicated that if, upon closing of the CMH Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the CMH Shares; or
- (ii) there are insufficient CMH Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the CMH Shares.

The Offeror intends CMH to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the CMH Board (if any) have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the CMH Shares. The Offeror considers that the appropriate actions to be

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taken after the close of the CMH Offer shall include placing down of sufficient number of accepted CMH Offer Shares by the Offeror where appropriate. The Offeror and the Company will issue a further announcement as and when necessary in this regard.

However, the Offeror also intends to avail itself of powers of compulsory acquisition of any CMH Shares outstanding after the close of the CMH Offer if the level of acceptances of the CMH Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied.

Pursuant to Section 102(1) of the Companies Act, if the CMH Offer has, within four months after the making of the CMH Offer (that is, the despatch of the Composite Document “**Compulsory Acquisition Entitlement Period**”), been approved (in this case, by way of accepting the CMH Offer) by the CMH Independent Shareholders of not less than nine-tenths in value of the CMH Shares other than the CMH Shares already held at the date of the CMH Offer by (or by a nominee for) the Offeror or its subsidiary, provided that such CMH Independent Shareholders are not less than three-fourths in number of the holders of those CMH Offer Shares, the Offeror may, at any time within two months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting CMH Shareholder that it desires to acquire the CMH Shares held by such dissenting CMH Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Supreme Court of Bermuda (the “**Court**”) orders otherwise, be entitled and bound to acquire the CMH Shares held by the dissenting CMH Shareholders on the same terms as other CMH Shares are acquired under the CMH Offer. Any dissenting CMH Shareholder may apply to the Court to object to the proposed compulsory acquisition within one month from the date on which the notice of compulsory acquisition is given.

In addition, pursuant to Section 103(1) of the Companies Act, a holder of not less than 95% of the issued CMH Shares may give a notice of compulsory acquisition to the remaining CMH Shareholders of its intention to acquire their CMH Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holder will be entitled and bound to acquire the CMH Shares from the remaining CMH Shareholders unless any remaining CMH Shareholder applies to the Court for an appraisal. If the Offeror acquires further CMH Shares (whether pursuant to the CMH Offer or otherwise) such that it holds not less than 95% of the issued CMH Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

If the level of acceptances of the CMH Offer Shares (or the Offeror’s holding of the total issued share capital of CMH) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act) and not less than 90% of the CMH Shares other than those which are owned by the Offeror and parties acting in concert with it are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends (but is not obliged) to

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exercise its right under Section 102(1) or Section 103(1) of the Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those CMH Shares not acquired by the Offeror or parties acting in concert with it under the CMH Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the CMH Offer may not remain open for acceptance for more than four months from the despatch date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), CMH will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the CMH Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

As set out in the “Letter from Yu Ming” in the Composite Document, immediately following completion of the CMH Rights Issue and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares, representing approximately 38.68% of the total issued share capital of CMH as at the date of completion of the CMH Rights Issue and the Latest Practicable Date.

As mentioned above, it is the Offeror’s intention to avail itself of powers of compulsory acquisition of any CMH Shares outstanding after the close of the CMH Offer if the level of acceptances of the CMH Offer reaches the prescribed level under the Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied. In view of the CMH Group’s uncertain future prospects and financial outcomes in recent years, we are of the opinion that the CMH Offer provides an opportunity for CMH Independent Shareholders to realise their investment in the Company for cash at the CMH Offer Price should the performance of the CMH Group is negatively impacted by the uncertainties.

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8. Evaluation of the principal terms of the CMH Offer

In considering the fairness and reasonableness of the terms of the CMH Offer, we have conducted the following analyses:

(a) *Comparison of value*

The CMH Offer Price of HK\$0.89 per CMH Share represents:

- (i) a discount of approximately 1.11% to the closing price of HK\$0.90 per CMH Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0% over the average closing price of approximately HK\$0.89 per CMH Share as quoted on the Stock Exchange over the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 1.14% over the average closing price of approximately HK\$0.88 per CMH Share as quoted on the Stock Exchange over the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 5.32% to the average closing price of approximately HK\$0.94 per CMH Share as quoted on the Stock Exchange over the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 8.25% to the average closing price of approximately HK\$0.97 per CMH Share as quoted on the Stock Exchange over the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 2.30% over the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a discount of approximately 47.65% to the unaudited consolidated net asset value attributable to CMH Shareholders of approximately HK\$1.70 per CMH Share (the “**NAV per CMH Share**”) (based on the unaudited consolidated net asset value of CMH attributable to CMH Shareholders of approximately HK\$1,850.8 million as at 30 June 2023 and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date); and
- (viii) a discount of approximately 51.63% to the unaudited adjusted consolidated net asset value attributable to CMH Shareholders of approximately HK\$1.84 per CMH Share (the “**Adjusted NAV per CMH Share**”) calculated based on the unaudited adjusted

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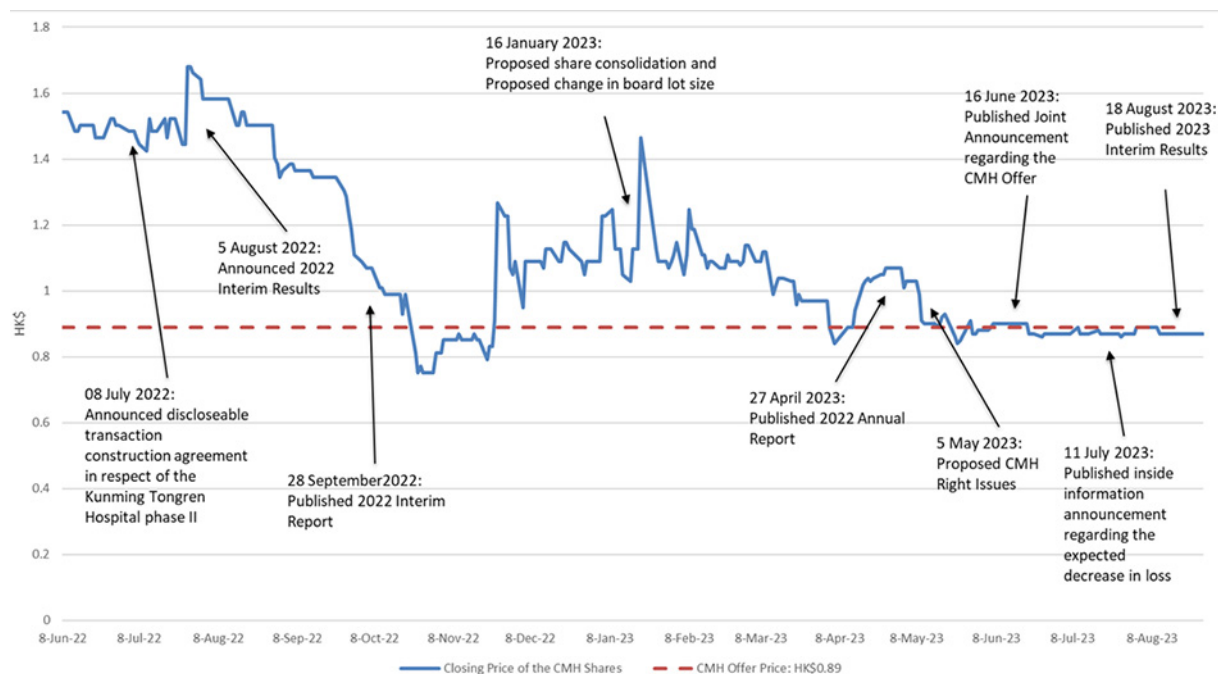
consolidated net asset value attributable to CMH Shareholders of approximately HK\$1,994.8 million as at 30 June 2022 (taking into account the valuation of the properties of the CMH Group as at 30 June 2023 as set out in Appendix III Property Valuation Report in this Composite Document) and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date.

As illustrated above, the Offer Price is close to the recent closing prices of the CMH Shares on the Stock Exchange.

(b) Historical Share price performance

We have analysed the historical closing prices of the CMH Shares and the CMH Offer Price, by reviewing the daily closing prices of the CMH Shares as quoted on the Stock Exchange during the period from 8 June 2022 (being the date one year prior to the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”). We consider such a sampling period of approximately one year prior to the Latest Practicable Date is adequate as it represents a reasonable period to provide a general overview of the recent price performance of the CMH Shares. The following chart sets out the daily closing prices of the CMH Shares on the Stock Exchange during the Review Period.

Chart 1: Historical daily closing prices of the CMH Shares during the Review Period



Source: the website of the Stock Exchange

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As illustrated in the chart above, during the Review Period, the closing prices of the CMH Shares was within the range of HK\$0.75 and HK\$1.68 per CMH Share, with the average price of approximately HK\$1.11 per CMH Share. As at the Last Trading Day, the closing price of the CMH Share was HK\$0.90. Accordingly, the CMH Offer Price of HK\$0.89 per CMH Offer Share is within the range of the closing prices of the CMH Shares and at a discount of approximately 19.8% over the average price of the CMH Share during the Review Period, as well as at a discount of approximately 1.11% over the closing price of the CMH Shares as at the Last Trading Day.

We noted that the CMH Share prices have been fluctuating from 8 June 2022 and reached its highest at HK\$1.68 per CMH Share on 27 July 2022, and we noted that the Company is not aware of any specific factor that would lead to the increase in the price of CMH Shares. Since then, the CMH Share prices were on a decreasing trend and hit the lowest of HK\$0.75 per CMH Share on 25 October 2022. We noted that during the period from August 2022 to October 2022, the Hang Seng Index dropped constantly with its lowest being 14,687.02 on 31 October 2022 and the decline in the Share price was generally in line with that of the Hang Seng Index; and hence we consider that the drop in the Share price might be due to the then undesirable market sentiment. Subsequently, the closing prices of the CMH Share fluctuated between HK\$0.75 per CMH Share and HK\$0.87 per CMH Share up until 24 November 2022 and experienced a surge and reached HK\$1.27 per CMH Share on the same day. We have discussed with the Company regarding such a surge in the CMH Share prices and noted that the Company is not aware of any specific factor which would have led to that. On 16 January 2023, the Company proposed share consolidation and change in board lot size, which was completed on 22 February 2023, the CMH Share prices increased from HK\$1.03 per CMH Share and reached HK\$1.46 per CMH Share on 20 January 2023, which then dropped to HK\$1.13 per CMH Share the next trading day. Since then, the closing prices of the CMH Share continued to decrease to HK\$0.84 per CMH Share on 6 April 2023 and fluctuated between HK\$0.84 per CMH Share and HK\$1.07 per CMH Share and closed at HK\$0.90 as at the Last Trading Day.

For the period commencing on the day following the Last Trading Day and 19 June 2023, the trading of the CMH Shares was suspended, and resumed on 20 June 2023. There was no material change in the closing prices of the CMH Shares afterwards and it closed at HK\$0.87 as at the Latest Practicable Date.

Given the closing price of the CMH Shares has remained to be fluctuated at a level close to the CMH Offer Price since 10 May 2023 and up to the Latest Practicable Date, should the CMH Shares continue to trade above the CMH Offer Price, the Independent Shareholders may dispose of their CMH Shares in the open market at a higher price than the CMH Offer Price instead of accepting the CMH Offer. The CMH Independent Shareholders should consider the overall perspective of the various factors contained in different sections of this letter before making their decision on the acceptance of the CMH Offer.

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(c) Liquidity of the Shares

In addition to the above analyses, we have also reviewed the trading liquidity of the CMH Shares during the Review Period. The table below sets out the trading volume of the CMH Shares on the Stock Exchange during the Review Period.

Table 3: Historical monthly trading volume of the CMH Shares during the Review Period

Months	Number of trading days	Average daily trading volume (Note 1)	% of average daily trading volume to total issued CMH Shares held by the public (Note 2)	% of average daily trading volume to total issued CMH Shares (Note 3)
2022				
June	17	16,588	0.000%	0.000%
July	20	14,203	0.000%	0.000%
August	23	27,621	0.000%	0.000%
September	21	37,146	0.000%	0.000%
October	20	45,197	0.000%	0.000%
November	22	9,155	0.000%	0.000%
December	20	13,994	0.000%	0.000%
2023				
January	18	29,968	0.000%	0.000%
February	20	18,968	0.003%	0.003%
March	23	15,850	0.002%	0.003%
April	17	6,180	0.001%	0.001%
May	21	45,625	0.006%	0.008%
June (Note 4)	14	206,924	0.031%	0.019%
July	20	31,995	0.003%	0.005%
August (Note 5)	20	9,330	0.001%	0.001%
Minimum			0.000%	0.000%
Average			0.003%	0.003%
Maximum			0.031%	0.019%

Source: the website of the Stock Exchange

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the CMH Shares for the month/period by the number of trading days during the month/period.
2. CMH Shares held by the public CMH Shareholders are based on information set out in the section headed “Shareholding structure of CMH” in the Board Letter.
3. The calculation is based on the average daily trading volumes of the CMH Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
4. Trading in the CMH Shares has been suspended from 9:00 a.m. on 9 June 2023 and resumed at 9:00 a.m. on 20 June 2023.
5. The period from 1 August 2023 to the Latest Practicable Date.

As set out in the above table, during the Review Period, the average daily trading volume of the CMH Shares was low and in a range (i) between approximately nil and 0.019%, with an average of approximately 0.003%, of the total number of issued Shares as at the end of the respective month; and (ii) between approximately nil and 0.031%, with an average of approximately 0.003% of the total number of issued CMH Shares held by the public.

Considering the low historical trading volume of the CMH Shares as stated above, it is uncertain as to whether there would be sufficient liquidity in the CMH Shares for the CMH Offer Shareholders to dispose of a significant number of CMH Shares in the open market without causing an adverse impact on its share price. Accordingly, the historical market trading prices of the CMH Shares may not necessarily reflect the proceeds that the CMH Shareholders can receive by the disposal of their CMH Shares in the open market and therefore the CMH Offer may represent an opportunity for the CMH Independent Shareholders, particularly for those who hold a large volume of CMH Shares, to dispose of part or all of their CMH Shares at the CMH Offer Price if they so wish.

(d) Comparable analysis

In assessing the fairness and reasonableness of the CMH Offer Price, we have identified an exhaustive list of companies listed on the Main Board of the Stock Exchange which (i) were principally engaged in investment in and management and operation of healthcare and hospital businesses; and (ii) had a market capitalisation of between HK\$900.0 million and HK\$1,300.0 million in view that (i) the market capitalisation of the Company was approximately HK\$944.8 million, which is derived from multiplying the closing price of HK\$0.87 per CMH Share at the Last Trading Day by the total number of issued CMH Shares of 1,086,005,457 as at the Latest Practicable Date; (ii) the implied market capitalisation or the total value of the CMH Group under the CMH Offer of approximately HK\$966.5 million (the “**Implied Market Capitalisation**”),

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which is derived from multiplying the CMH Offer Price of HK\$0.89 per CMH Share by the total number of issued CMH Shares of 1,086,005,457 as at the Latest Practicable Date. Based on the aforesaid criteria, we have identified the below two comparable listed companies (the “**Comparable Companies**”).

We consider our selection criteria and the Comparable Companies as fair and reasonable, given that (i) like the Company, the Comparable Companies are all listed on the Main Board of the Stock Exchange and are principally engaged in the healthcare and hospital businesses, with the business having contributed to over 60% of their revenue for their latest financial year; (ii) they generate all of their revenue from the PRC; and (iii) the market capitalisation of the Comparable Companies and the Company were between HK\$900.0 million and HK\$1,300.0 million as at the Last Trading Day hence the Comparable Companies’ share performance (or market values) as well as book values, would provide fair and meaningful references for comparison. Nevertheless, it should be noted that the operations and prospects of the Comparable Companies are not the same as the CMH Group and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies. We have considered the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the two most commonly adopted valuation benchmarks in comparing the valuation of a company’s shares, in evaluating the CMH Shares, as implied by the CMH Offer Price, against those of the Comparable Companies. However, since the CMH Group recorded a net loss for the year ended 31 December 2022, an analysis of the Group’s and the Comparable Companies’ P/E Ratios is not applicable, instead we have adopted the price-to-sale (“**P/S Ratio**”), which is commonly used to value companies with no earnings or those incurring losses, as the revenue is the top-level parameter of a company’s financial performance and an alternative to P/E Ratio. On the other hand, taking into account the business nature of the CMH Group and the tangible assets, including investment properties, property, plant and equipment, right-of-use assets, deposits for acquisition of property, plant and equipment, inventories, properties under development for sale and properties held for sale, represented over 77.7% of its total assets as at 31 December 2022, therefore P/B Ratio is also appropriate for assessment.

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The following table sets out (i) the P/B Ratio and the P/S Ratio of the Comparable Companies based on their closing share prices as at the Last Trading Day and their latest published financial information as disclosed in their respective latest annual reports; and (ii) the implied P/B Ratio of the CMH Group calculated based on the CMH Offer Price and its 2023 Interim Results.

Table 4: Analysis of the CMH Group’s and Comparable Companies’ P/B Ratios and P/S Ratios

Company	Stock code	Market capitalisation <i>(Note 1)</i> <i>(Approx. HK\$ million)</i>	Revenue share from healthcare and hospital services %	Revenue share from the PRC %	P/B Ratio <i>(Note 2)</i> <i>(times)</i>	Premium/over/(to) NAV <i>(Note 3)</i> %	P/S Ratio <i>(Note 4)</i> <i>(times)</i>
Hospital Corporation of China Limited (“HCCL”)	3869	912.1	99.0	100.0	3.24	224.26	0.73
Honliv Healthcare Management Group Company Limited (“Honliv”)	9906	1,260.0	63.6	100.0	2.08	108.47	1.57
Maximum:		1,260.00			3.24	224.26	1.57
Minimum:		912.10			2.08	108.47	0.73
Average and Median:		1,086.00			2.66	166.36	1.15
<i>The CMH Group (implied under the CMH Offer)</i>		966.5 <i>(Note 5)</i>	96.1	99.6	0.52 <i>(Note 6)</i>	(47.65)	0.67 <i>(Note 7)</i>
<i>The CMH Group (implied under the CMH Offer with Adjusted NAV)</i>					0.48 <i>(Note 8)</i>	(51.63)	0.67 <i>(Note 7)</i>

Source: the website of the Stock Exchange

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Notes:

1. The market capitalisations of the Comparable Companies were calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Last Trading Day.
2. The P/B Ratio is derived from dividing the respective market capitalisation by the respective consolidated equity attributable to the owners of the company as extracted from their latest available annual reports.
3. The premium over NAV(s) of the Comparable Companies are calculated with reference to their P/B Ratios.
4. The P/S Ratio is derived from dividing the respective market capitalisation by the respective revenue as extracted from their latest available annual reports.
5. The market capitalisation of the Company is computed based on the CMH Offer Price of HK\$0.89 per Share and the total number of issued CMH Shares of 1,086,005,457 as at the Latest Practicable Date.
6. The implied P/B Ratio of the Company is calculated based on the market capitalisation of the Company represented by the CMH Offer Price, and the unaudited net asset value attributable to equity holders of the Company on 30 June 2023 as extracted from the 2023 Interim Results.
7. The implied P/S Ratio of the Company is calculated based on the market capitalisation of the Company represented by the CMH Offer Price, and the audited revenue of the CMH Group for the year ended 31 December 2022 as extracted from the 2022 Annual Report.
8. The implied P/B Ratio of the Company with Adjusted NAV is calculated based on the market capitalisation of the Company represented by the CMH Offer Price and the Adjusted NAV.

As shown in the above table, the P/B Ratio of the two Comparable Companies are approximately 2.08 times and 3.24 times, with an average and median of approximately 2.66 times. Accordingly, the implied P/B Ratio of the CMH Offer Price of approximately 0.52 times and the implied P/B Ratio of the CMH Offer Price with Adjusted NAV of approximately 0.48 times, are below the P/B Ratios of the two Comparable Companies.

We also noted that the premium over NAVs of the Comparable Companies are approximately 108.47% and 224.26%, giving an average and median of approximately 166.36%. In contrast, the discount of the CMH Offer Price to Adjusted NAV per Share of the Company is approximately 51.63%, which is lower than the premium over NAVs of the Comparable Companies. The discrepancy, between the P/B Ratio and premium over NAVs of the Comparable Companies and those implied by the CMH Offer Price, could be due to the different financial positions of the Comparable Companies, with Honliv being profitable, and HCCL, despite having a loss, had a net asset value significantly lower than that of the CMH Group, being approximately one-seventh that of the CMH Group.

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Furthermore, the P/S Ratio of the Comparable Companies are approximately 0.62 times and approximately 1.57 times, with an average and a median of approximately 1.15 times. The implied P/S Ratio of the CMH Offer Price of approximately 0.67 times is lower than the P/S Ratios of both Comparable Companies.

Nonetheless, investors might be factoring in aspects such as profitability and financial health, which could influence the perception of risk and future growth potential, and hence, the valuation. Additionally, it is also important to note that the assets of the CMH Group are mostly illiquid, consisting primarily of property, plant, and equipment, including hospitals and medical equipment, thus the relevance of comparing the CMH Offer Price to the NAV per CMH Share and Adjusted NAV per CMH Share is limited due to the difficulty in realising the value of these illiquid assets. Hence, the above comparable analysis serves as an additional reference for CMH Independent Shareholders when considering the CMH Offer and is intended for illustrative purposes only.

RECOMMENDATION

Based on our analyses above, having considered the following:

- (i) while the CMH Group has turned from loss making to profit making in the first half of 2023, the CMH Group was in a loss-making position and net current liabilities for three consecutive financial years prior to that. Although the healthcare segment in the PRC is expected to grow in the future due to the abovementioned factors such as aging population and a growing per capita disposable income, the revenue for hospitals will be shared among an increased number of institutions, and the expected increase in operational costs and the need to deploy substantial initial capital for constructing further phases of hospitals and continuing the development of high-end outpatient clinics create challenges and uncertainties in the future performance and prospects of the CMH Group as discussed in the section headed “Business prospects of the CMH Group” above;
- (ii) despite the closing prices of the CMH Shares was above the CMH Offer Price during the majority of the Review Period, the historical trading volume of the CMH Shares was low, with a range from nil to 0.031% of the total number of CMH Shares held by public CMH Shareholders during the same period. Given the low historical trading volume of the CMH Shares, it is uncertain as to whether there would be sufficient liquidity in the CMH Shares for the CMH Independent Shareholders to dispose of their CMH Shares in the open market, especially those with large volume of CMH Shares, without depressing the CMH Share price. Accordingly, the historical market trading prices of the CMH Shares may not necessarily reflect the proceeds that the CMH Independent Shareholders can receive upon the disposal of their CMH Shares in the open market and therefore the

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CMH Offer may represent an opportunity for the CMH Independent Shareholders, particularly for those who hold a large volume of CMH Shares, to dispose of part or all of their CMH Shares at the CMH Offer Price if they so wish. In this context, the CMH Offer may represent an opportunity for them to realise their investment;

- (iii) while in approximately 90% of the trading days from mid-November 2022 and up to the announcement of the CMH Rights Issue on 5 May 2023, the CMH Shares had a trading price above the CMH Offer Price, there was a general downward trend of the closing price of the CMH Shares since the end of July 2022 and the trading price of the CMH Shares fluctuated at a level close to the CMH Offer Price since 11 May 2023 and also after the Last Trading Day, hence it is uncertain whether the trading price of the CMH Shares could be sustained at a level higher than the CMH Offer Price during and after the Offer Period;
- (iv) despite in approximately 90% of the trading days since mid-November 2022 and up to the announcement of the CMH Rights Issue on 5 May 2023, the CMH Shares had a trading price above the CMH Offer Price and that the CMH Offer Price represents a discount of approximately 1.11% to the closing price of HK\$0.90 per CMH Share as quoted on the Stock Exchange on the Last Trading Day, it is indeed equivalent to the average closing price of approximately HK\$0.89 per Share as quoted on the Stock Exchange over the five (5) consecutive trading days immediately prior to and including the Last Trading Day; and represents a premium of approximately 2.30% over the closing price of HK\$0.87 per CMH Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) As stated in the circular of TACI dated 18 August 2023 in relation to the CMH Subscription among other things, the CMH Subscription Price of HK\$0.88 per CMH Rights Share was carried out with a purpose of raising new capital for the Company to finance part of the phase II development of KMH. Both the Company and the Offeror carried a much longer term perspective on the potential of the CMH Group, particularly following the completion of the relevant development. As such, the CMH Rights Issue would likely appeal to investors who align with the Offeror's long-term perspective, and it subsequently triggered the CMH Offer. Also, as per the circular regarding the CMH Rights Issue issued by the Company dated 24 May 2023, the Company considered the CMH Subscription Price as fair and reasonable. However, it is important to note that the above view is irrelevant for CMH Shareholders in considering the CMH Offer Price as that was for a different context. As such considering the low liquidity of the CMH Share, the uncertain operating environment faced by the Company as discussed above, and the recent stock market instability in Hong Kong, the CMH Offer Price of HK\$0.89 per CMH Offer Share (representing a premium of HK\$0.01 over the CMH Subscription

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Price), which we consider fair and reasonable, provides an immediate exit opportunity for CMH Shareholders who do not wish to hold their investment long-term. This allows the CMH Shareholders to realise their investment immediately since they may encounter difficulties in liquidating their CMH Shares in the open market;

we are of the opinion that the terms of the CMH Offer are fair and reasonable so far as the CMH Independent Shareholders are concerned. Accordingly, we recommend the CMH Independent Board Committee to advise the CMH Independent Shareholders to accept the CMH Offer. Nonetheless, we would like to remind the CMH Independent Shareholders who would like to realise part or all of their investments in the CMH Shares to closely monitor the market price and liquidity of the CMH Shares during the Offer Period and may, instead of accepting the CMH Offer, consider selling their CMH Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the CMH Offer.

As noted from “Letter from Yu Ming”, the Offeror intends to nominate new CMH Directors to the CMH Board after the close of the CMH Offer and formulate a long-term strategy for the CMH Group and explore other business/investment opportunities for enhancing its future development, CMH Independent Shareholders who do not accept the CMH Offer may benefit from the new management or new business/investment opportunities to be explored by the Offeror for the CMH Group in the long-term, particularly following the completion of the relevant development. However, given that any potential future long-term plan may or may not be realised, the CMH Independent Shareholders who do not accept the CMH Offer will still be subject to the uncertainties on the future prospects of the CMH Group’s business.

As each CMH Independent Shareholder would have different investment objectives and/or circumstances, we advise the CMH Independent Board Committee to also advise the CMH Independent Shareholders who may require advice concerning any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers. Furthermore, they should carefully read the procedures for accepting the CMH Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. PROCEDURES FOR ACCEPTANCE

- (a) If you accept the CMH Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the CMH Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your CMH Offer Shares is/are in your name, and you wish to accept the CMH Offer in respect of your CMH Offer Shares, the duly completed and signed Form of Acceptance should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “CMH Offer” on the envelope, in any event by no later than 4:00 p.m., on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your CMH Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the CMH Offer in respect of your CMH Offer Shares in full or in part, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the CMH Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of CMH Offer Shares in respect of which you intend to accept the CMH Offer to the Registrar;
 - (ii) arrange for the CMH Offer Shares to be registered in your name by CMH through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or

- (iii) if your CMH Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the CMH Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your CMH Offer Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system on or before the deadline set by HKSCC (which is normally one (1) Business Day before the latest date on which acceptances of the CMH Offer must be received by the Registrar).
- (d) If you have lodged transfer(s) of any of your CMH Offer Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the CMH Offer in respect of your CMH Offer Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or Yu Ming or their respective agent(s) to collect from CMH or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your CMH Offer Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the CMH Offer in respect of your CMH Offer Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your CMH Offer Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or

transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (f) Acceptance of the CMH Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Acceptance and any relevant documents as required under this paragraph have been so received and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant CMH Offer Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant CMH Offer Shares;
 - (ii) from a registered CMH Independent Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the CMH Offer Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered CMH Independent Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (h) Seller's Hong Kong ad valorem stamp duty on acceptances of the CMH Offer at a rate of 0.13% (or part thereof) of the consideration payable in respect of the relevant acceptance by the CMH Independent Shareholders or if higher, the market value of the CMH Offer Shares, will be deducted from the cash amount payable by the Offeror to such CMH Independent Shareholders who accept the CMH Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant CMH Independent Shareholders accepting

the CMH Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the CMH Offer and the transfer of the CMH Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (i) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the CMH Offer have previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance and the CMH Offer will close on the First Closing Date.
- (b) The Offeror and CMH will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the First Closing Date stating the results of the CMH Offer and whether the CMH Offer has been extended, revised or has lapsed.
- (c) If the CMH Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the CMH Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given to the CMH Independent Shareholders before the CMH Offer are closed to those CMH Independent Shareholders who have not accepted the CMH Offer.
- (d) If, in the course of the CMH Offer, the Offeror revises the terms of the CMH Offer, all CMH Independent Shareholders, whether or not they have already accepted the CMH Offer, will be entitled to accept the revised CMH Offer under the revised terms. The revised CMH Offer must be kept open for at least fourteen (14) days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.
- (e) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENT

- (a) By 6:00 p.m. on a Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or lapse of the CMH Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the CMH Offer has been revised or extended or has lapsed.

Such announcement must state the following:

- (i) the total number of CMH Shares and rights over CMH Offer Shares for which acceptances of the CMH Offer have been received;
- (ii) the total number of CMH Shares and rights over CMH Shares held, controlled or directed by the Offeror or parties acting in concert with it before the commencement date of the Offer Period;
- (iii) the total number of CMH Shares and rights over CMH Shares acquired or agreed to be acquired by the Offeror or parties acting in concert with it during the Offer Period;
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CMH which the Offeror or parties acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
- (v) the percentages of the relevant classes of share capital of CMH and the percentages of voting rights of CMH represented by these numbers of CMH Shares.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the CMH Offer tendered by the CMH Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor of the CMH Offer shall be entitled to withdraw his/her/its acceptance after twenty-one (21) days from the First Closing Date if the CMH Offer has not by then become unconditional as to acceptances.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcement” above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the CMH Independent Shareholders who have tendered acceptances to the CMH Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the CMH Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant share certificate(s) and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant CMH Independent Shareholder(s).

5. SETTLEMENT

- (a) Once the CMH Offer has become, or has been declared, unconditional in all respects, settlement in cash in respect of acceptances of the CMH Offer, less seller’s ad valorem stamp duty, will be made by cheque as soon as possible, but in any event, within seven (7) Business Days of the date of which (i) the CMH Offer has become or is declared unconditional in all respects; or (ii) the duly completed acceptance of the CMH Offer and the relevant documents of title in respect of such acceptances are received by the Registrar of CMH in Hong Kong by no later than 4:00 p.m. on the First Closing Date, complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code, whichever is later. Each cheque will be despatched by ordinary post to the address specified on the relevant CMH Independent Shareholder’s Form of Acceptance at his/her/its own risk.
- (b) Settlement of the consideration to which any accepting CMH Independent Shareholders is entitled under the CMH Offer will be implemented by the Offeror in full in accordance with the terms of the CMH Offer (save with respect to the payment of seller’s ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such CMH Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a CMH Independent Shareholder who accepts the CMH Offer will be rounded up to the nearest cent.

- (d) If the CMH Offer does not become, or is not declared, unconditional in all respects, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the CMH Independent Shareholders who have accepted the CMH Offer by ordinary post at his/her/its own risk as soon as possible but in any event within ten (10) days following the lapse of the CMH Offer.

6. OVERSEAS CMH SHAREHOLDERS

The Offeror intends to make the CMH Offer available to all the CMH Independent Shareholders, including the Overseas CMH Shareholders. However, the CMH Offer is in respect of securities of an exempted company incorporated in Bermuda and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas CMH Shareholders who wish to participate in the CMH Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the CMH Offer. Overseas CMH Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas CMH Shareholders who wish to accept the CMH Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the CMH Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas CMH Shareholder in respect of such jurisdictions).

Any acceptance by any CMH Independent Shareholders and beneficial owners of the CMH Offer Shares will be deemed to constitute a representation and warranty from such CMH Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas CMH Shareholders should consult their professional advisers if in doubt.

7. TAX IMPLICATIONS

None of the Offeror, TACI, CMH, Yu Ming, the CMH Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the CMH Offer is in a position to advise the CMH Independent Shareholders on their individual tax implications. CMH Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the CMH Offer. It is emphasised that none of the Offeror,

TACI, CMH, Yu Ming, the CMH Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the CMH Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the CMH Offer.

8. GENERAL

- (a) All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the CMH Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to CMH Independent Shareholders at their addresses, in the case of CMH Independent Shareholders, specified on the relevant Form of Acceptance. None of the Offeror, the Offeror's ultimate beneficial owners, CMH and parties acting in concert with it, Yu Ming, the CMH Independent Financial Adviser, the Registrar or any of their respective directors, officers or associates, or any other person involved in the CMH Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result.
- (b) Acceptance of the CMH Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, TACI, Yu Ming and CMH that the CMH Offer Shares acquired under the CMH Offer are sold by such person or persons free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date on which the CMH Offer is made, being the date of despatch of this Composite Document.
- (c) Acceptance of the CMH Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of CMH Offer Shares it has indicated in the Form(s) of Acceptance is the aggregate number of CMH Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the CMH Offer on their behalf.
- (d) The provisions set out in the Form of Acceptance form part of the terms of the CMH Offer.

- (e) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the CMH Offer is made will not invalidate the CMH Offer in any way.
- (f) The CMH Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of Form of Acceptance by or on behalf of an CMH Independent Shareholder will constitute such CMH Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the CMH Offer.
- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Yu Ming (or such person or persons as the Offeror and/or Yu Ming may direct) to complete and execute any document on behalf of the person accepting the CMH Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the CMH Offer Shares in respect of which such person has accepted the CMH Offer.
- (h) The CMH Offer is made in accordance with the Takeovers Code.
- (i) References to the CMH Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decision, CMH Independent Shareholders must rely on their own examination of the CMH Group and the terms of the CMH Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, TACI, CMH, Yu Ming, or their respective professional advisers. CMH Independent Shareholders should consult their own professional advisers for professional advice.
- (k) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE CMH GROUP

The following table is a summary of certain consolidated financial information of the CMH Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as disclosed in the annual reports of CMH and for the six months ended 30 June 2022 and 30 June 2023 as disclosed in the 2023 interim results announcement of CMH dated 18 August 2023.

	For the year ended 31 December			For the six months ended 30 June	
	2020 <i>(audited)</i> HK\$'000	2021 <i>(audited)</i> HK\$'000	2022 <i>(audited)</i> HK\$'000	2022 <i>(unaudited)</i> HK\$'000	2023 <i>(unaudited)</i> HK\$'000
Revenue	1,194,148	1,463,495	1,437,863	736,020	760,951
Cost of goods and services	(973,416)	(1,196,037)	(1,172,307)	(618,553)	(614,576)
Gross profit	220,732	267,458	265,556	117,467	146,375
Other gains and losses, and other income	(39,289)	(60,204)	(64,460)	(2,064)	4,077
Selling and distribution costs	(3,352)	(2,667)	(4,036)	(310)	(2,714)
Administrative expenses	(224,731)	(222,764)	(255,214)	(122,560)	(118,416)
Impairment loss of goodwill	—	(34,043)	—	—	—
(Loss)/profit from operations	(46,640)	(52,220)	(58,154)	(7,467)	29,322
Finance costs	(49,922)	(58,248)	(59,015)	(31,571)	(26,520)
(Loss)/profit before taxation	(96,562)	(110,468)	(117,169)	(39,038)	2,802
Income tax expense	(8,577)	(16,802)	(1,976)	(772)	(2,238)
(Loss)/profit for the year/period	<u>(105,139)</u>	<u>(127,270)</u>	<u>(119,145)</u>	<u>(39,810)</u>	<u>564</u>
(Loss)/profit for the year/period attributable to:					
Owners of CMH	(111,928)	(137,296)	(123,574)	(43,902)	(1,755)
Non-controlling interests	6,789	10,026	4,429	4,092	2,319
Other comprehensive income for the year/period, net of tax	95,312	43,892	(19,252)	(24,579)	(9,388)
Total comprehensive income for the year/period	<u>(9,827)</u>	<u>(83,378)</u>	<u>(138,397)</u>	<u>(64,389)</u>	<u>(8,824)</u>
Total comprehensive income for the year/period attributable to:					
Owners of CMH	(19,552)	(84,477)	(145,655)	(67,499)	(13,477)
Non-controlling interests	9,725	1,099	7,258	3,110	4,653

	For the year ended 31 December			For the six months ended 30 June	
	2020 <i>(audited)</i> HK\$ (Restated)	2021 <i>(audited)</i> HK\$ (Restated)	2022 <i>(audited)</i> HK\$ (Restated)	2022 <i>(unaudited)</i> HK\$ (Restated)	2023 <i>(unaudited)</i> HK\$
Basic and diluted loss per share attributable to Owners of CMH	(15.35) cents	(18.82) cents	(16.94) cents	(6.02) cents	(0.23) cents
Dividend per share	—	—	—	—	—

Save as disclosed above, there is no other income or expense which are material in respect of the consolidated financial statements of the CMH Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and for the six months ended 30 June 2022 and 30 June 2023. There has been no change in the CMH Group's accounting policies which would result in the figures in its consolidated financial statements being not comparable to a material extent.

Saved for the material uncertainty related to going concern disclosed below, the auditor's report issued by Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the CMH Group for the year ended 31 December 2020, and the auditor's reports issued by RSM Hong Kong, in respect of the audited consolidated financial statements of the CMH Group for the years ended 31 December 2021 and 31 December 2022, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

As set out in the auditor's report issued by RSM Hong Kong, in respect of the audited consolidated financial statements of the CMH Group for the year ended 31 December 2021, the CMH Group incurred a net loss of approximately HK\$127,270,000 during the year ended 31 December 2021 and, as of that date, the CMH Group's current liabilities exceeded its current assets by approximately HK\$356,380,000. As stated on pages 78 to 79 of the 2021 annual report under Note 2 to the consolidated financial statements for the year ended 31 December 2021, these conditions indicate that a material uncertainty exists that may cast significant doubt on the CMH Group's ability to continue as a going concern. Subsequent to the reporting period, the CMH Group was able to obtain the consent of certain banks to refinance the bank borrowings of approximately HK\$106,500,000 currently included in current liabilities as at 31 December 2021. In addition, the CMH Group was also able to increase the credit limit of an undrawn medium term standby loan facility of HK\$300,000,000 to HK\$415,000,000 from a financial institution. The management considered that such medium term standby loan facility gives the CMH Group more flexibility in refinancing its current liabilities with non-current borrowings. The management also considered that given the gearing of the CMH Group is relatively low, it can raise additional finance if necessary. The management further considered that the net loss for the year ended 31 December 2021 comprised mainly various non-cash items such as impairment loss recognised on

loan receivable and goodwill, hence the impact of the net loss on the cash flows would be much smaller. In view of the above, the auditor is of the opinion that the going concern assumption is appropriate and the auditor's opinion is not modified in respect of the matter.

2. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the CMH Group for the financial years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2022 and 2023 are set out in the following documents which have been published on the website of the Stock Exchange at <http://www.hkexnews.hk> and CMH's website at <http://www.cmhg.com.hk>:

- (i) for the year ended 31 December 2020, on pages 68 to 184 of the 2020 annual report of CMH released on 29 April 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902739.pdf>;
- (ii) for the year ended 31 December 2021, on pages 71 to 157 of the 2021 annual report of CMH released on 28 April 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802207.pdf>;
- (iii) for the year ended 31 December 2022, on pages 78 to 173 of the 2022 annual report of CMH released on 27 April 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704222.pdf>;
- (iv) for the six months ended 30 June 2022, on pages 1 to 34 of the 2022 interim report of CMH released on 28 September 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0928/2022092800662.pdf>; and
- (v) for the six months ended 30 June 2023 on pages 1 to 15 of the 2023 interim results announcement of CMH released on 18 August 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0818/2023081801852.pdf>.

3. INDEBTEDNESS

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the CMH Group prior to the printing of this Composite Document, the CMH Group's indebtedness are set out below:

As at 30 June 2023, the CMH Group had outstanding total borrowings of approximately HK\$756,698,000, comprising secured bank borrowings of approximately HK\$111,952,000, unsecured bank borrowings of approximately HK\$346,443,000, secured other borrowings of approximately HK\$14,275,000, and unsecured term loans of approximately HK\$284,028,000.

As at 30 June 2023, the CMH Group, as lessees, had lease liabilities of approximately HK\$42,245,000.

As at 30 June 2023, investments held for trading of approximately HK\$8,007,000, certain buildings (included in property, plant and equipment) of approximately HK\$226,700,000, certain investment properties of approximately HK\$312,735,000, certain properties under development for sale of approximately HK\$140,000,000, pledged bank deposits of approximately HK\$32,310,000 and certain medical equipment (included in property, plant and equipment) of approximately HK\$54,689,000 were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the CMH Group.

Save as disclosed above and apart from intra-group liabilities, at the closing business on 30 June 2023, the CMH Group did not have any loan capital issued and outstanding or agreed to be issued, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other contingent liabilities.

4. UNAUDITED ADJUSTED NET ASSET VALUE PER CMH SHARE

Set out below is the details of the calculation of the unaudited consolidated net asset value of the CMH Group attributable to the CMH Shareholders as at 30 June 2023 as adjusted by the revaluation of property interests as contained in the property valuation report set out in Appendix III to this Composite Document (the “**Unaudited Adjusted NAV**”) and the Unaudited Adjusted NAV per CMH Share:

HK\$

Unaudited consolidated net asset value of CMH Group attributable to CHM Shareholders as at 30 June 2023 (<i>Note 1</i>)	1,850,757,000
Adjustments:	
Fair value gain arising from the valuation of property interests attributable to CMH Shareholders as at 30 June 2023 (<i>Note 2</i>)	323,305,000
Deferred tax on attributable fair value gain (<i>Note 3</i>)	<u>(179,298,000)</u>
Unaudited Adjusted NAV	<u><u>1,994,764,000</u></u>
Unaudited Adjusted NAV per CMH Share (<i>Note 4</i>)	<u><u>1.84</u></u>

Notes:

1. Based on the unaudited condensed consolidated statement of financial position of the CMH Group as at 30 June 2023.
2. Being the fair value gain arising from the excess of the market values of the property interests held by the CMH Group in existing state attributable to the CMH Shareholders as at 30 June 2023, as valued by Norton Appraisals Holdings Limited, over their corresponding book values attributable to the CMH Shareholders as at 30 June 2023.
3. Being the potential PRC corporate income tax and PRC land appreciation tax on attributable fair value gain on the property interests of the CMH Group.
4. Based on 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date.

5. MATERIAL CHANGE

Save as disclosed below, the CMH Rights Issue disclosed and the CMH Offer set out in this Composite Document, the CMH Directors confirmed that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the CMH Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the CMH Group were made up, and up to and including the Latest Practicable Date.

According to the unaudited interim results of the CMH Group for the six months ended 30 June 2023 published on 18 August 2023, the CMH Group recorded a total revenue of approximately HK\$764.4 million, representing an approximately 3.9% increase as compared with the total revenue for the six months ended 30 June 2022 (“**HY2022**”) of approximately HK\$736.0 million. The CMH Group also recorded a loss attributable to CMH Shareholders of HK\$1.8 million, representing an approximately 96.0% decrease as compared with the loss attributable to

CMH Shareholders for HY2022. The decrease in loss attributable to CMH Shareholders was mainly due to (i) the increase in revenue from operations of the healthcare division; (ii) the decrease in cost of medical consumables; but were partially off-set by (iii) the increase in cost of pharmaceutical and medicine.

6. MISCELLANEOUS

CMH had announced on 11 July 2023 an expected decrease in loss for the five months ended 31 May 2023 as compared with the loss for the corresponding period in 2022 and the loss for the six months ended 30 June 2022. The estimated loss attributable to CMH Shareholders for the five months ended 30 May 2023 constitutes a profit forecast for the purpose of Rule 10 of the Takeovers Code. The profit forecast in the CMH announcement dated 11 July 2023 does not meet the standard required by Rule 10 of the Takeovers Code. Pursuant to Practice Note 2 of the Takeovers Code, the reports from CMH's financial adviser and auditors or consultant accountants on the profit forecasts are required to be included in the next document to be sent to CMH Shareholders (the "**Profit Forecast Reports**").

The unaudited interim results of CMH for the six months ended 30 June 2023 was published on 18 August 2023 ("**CMH Interim Results**"), being prior to the despatch of this Composite Document. Accordingly, the requirement to include the Profit Forecast Reports in the next document sent to CMH Shareholders pursuant to Rule 10 of the Takeovers Code has been superseded by publication of the CMH Interim Results.

The following is the text of a letter, summary of valuation and valuation report received from Norton Appraisals Holdings Limited, an independent valuer, prepared for the purpose of inclusion in this Composite Document, in connection with its valuation of the Properties as at 30 June 2023.



Unit E, 21/F., Seabright Plaza
9-23 Shell Street
North Point, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337
31 August 2023

The Directors
China Medical & HealthCare Group Limited
47th Floor, United Asia Finance Centre
333 Lockhart Road
Wanchai, Hong Kong

Dear Sirs,

INSTRUCTION, PURPOSE AND DATE OF VALUATION

In accordance with the instructions from China Medical & HealthCare Group Limited (hereinafter referred to as the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to value the properties held by the Group (the “**Properties**”) in the People’s Republic of China (hereinafter referred to as the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of values of such property interests as at 30 June 2023 (hereinafter referred to as the “**Date of Valuation**”) for public documentation purpose.

DEFINITION OF MARKET VALUE

Our valuations are our opinion of value of the property on the basis of “Market Value” which in accordance with the HKIS Valuation Standard 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liabilities should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuations have been made on the assumption that the Group sells the Properties on the open market without the benefit of a deferred terms contract, leaseback, management agreement or any similar arrangement which could serve to affect the values of such property interests.

TITLE INVESTIGATION

We have caused title searches for those properties located in Hong Kong at the relevant Land Registries. We have not, however, searched the original documents to verify ownership or to determine the existing of any lease amendments which do not appear on the copies handed to us.

We have relied to a considerable extent on the information given by the Group and the legal opinion provided by its legal advisers on PRC laws, Beijing Yingke Law Firm Nanjing Office and ETR Law Firm (hereinafter referred to as the “**PRC Legal Adviser(s)**”), dated 24 August 2023 for the titles to each of the properties located in the PRC in Groups I, II, IV, VI, VII and IX.

METHOD OF VALUATION

In valuing the property interest in Group I which is held under development by the Group in the PRC, we have valued the property interest on the basis that this property will be developed and completed in accordance with the Group’s latest development proposal provided to us. In arriving at our opinion of value, we have valued it by Direct Comparison Approach by making reference to comparable transactions in the locality with adjustments to the unit rates of these comparables including but not limited to location, size, surrounding environment, building age and building condition and have also taken into account the construction costs that will be expended to complete the development to reflect the development potential of the property and the quality of the completed development. The “capital value when completed” represents our opinion of the aggregate selling prices of the development assuming that it would have been completed at the date of valuation.

In valuing the property interest in Group II which is held for future development by the Group in the PRC, we have valued the property interest by Direct Comparison Approach assuming sale of the property in its existing states with the benefit of vacant possession and by making reference to comparable sale evidence as available in the relevant markets.

In valuing the property interests in Groups III and IV which are held for investment by the Group in Hong Kong and the PRC, we have adopted Investment Approach which is normally adopted for valuing investment property, the market value of such property is the aggregate of its term value, which is calculated by capitalized the existing rent for its unexpired term of the contractual tenancy and its reversionary value, derives from the capitalised current market rent arise from lease renewal/new letting or from the disposal based on the current market price as at the date of valuation or, wherever appropriate, Direct Comparison Approach by making reference to comparable sale evidence as available in the relevant markets.

In valuing the property interests in Groups V and VI which are held for owner occupation by the Group in Hong Kong and the PRC, and in Group VII which is held for sale and under development for sale by the Group in the PRC, we have valued each of these property interests (except Nos. 12 and 13) by Direct Comparison Approach assuming such properties are capable of being sold in their existing states and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

In valuing Property Nos. 12 and 13 in Group VI which are currently operated as hospitals in Nanjing City and Kunming City in the PRC, we have valued the property interests on the basis of their continued existing uses. Due to the nature of buildings and structures constructed, there is no readily identifiable market sales comparable, and the buildings and structures cannot be valued by comparison with cost. In arriving at our opinion of values, we have adopted Depreciated Replacement Cost Method which sums our opinion of the land value of the property in its existing use and the cost to reproduce or replace the buildings and structures of the property in new condition from which deductions are then allowed for the age, conditions and all relevant forms of functional obsolescence and optimisation.

We have not attributed any commercial value to the property interests in Groups VIII and IX which are rented by the Group in Hong Kong and in the PRC respectively, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Properties by our Associate Director Mr. Oliver Pan who possesses a Master Degree in Investment from University of Reading for properties in Kunming City and Lianyungang City, Mr. Angus Wong who possesses a Bachelor Degree in Surveying for properties in Guangzhou in the PRC and Hong Kong and Mr. Paul Wong who is the person in charge of the valuations for the properties in Shanghai and Nanjing City in the PRC in March 2023. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are free from rot, infestation or other defects.

Furthermore, we did not carry out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of/or suitability for services, etc. for future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We have not carried out site measurements to verify the correctness of the site and floor areas in respect of the relevant Properties but have assumed that the areas shown on the documents and official site plans handed to us are correct.

ASSUMPTION AND BASIS

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, development proposals, construction costs already expended, estimated outstanding construction costs, site and floor areas and all other relevant matter in the identification of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the Properties nor any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrance, restrictions and outgoings of an onerous nature which could affect their values.

In our valuations, we have complied with all the requirements set out in The Codes on Takeovers and Mergers and Share Buy-backs issued by The Securities and Futures Commission and the Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2020 published by HKIS.

POTENTIAL TAX LIABILITY

As advised by the management of the Group, in the event that the Properties are sold at the amounts of the valuations, the tax liabilities arising from the disposal of the properties will include stamp duty (progressive rates ranging from 1.5% to 8.5% on transaction amount) and profits tax (16.5% on the gain (non-capital gain)) for properties held for investment/owner-occupation by the Group in Hong Kong under Groups III and V; land appreciation tax (30% to 60% on the net appreciated amount less deductibles), corporate income tax (15% to 25% on the gain) and stamp duty (0.05% on the transaction amount) for properties held for under development/investment/owner-occupation/sale by the Group in the PRC under Groups I, II, IV, VI and VII. The Group confirmed that it has intention to dispose the properties held for sale in the PRC under Group VII whilst it has neither plan nor intention to dispose the remaining properties. Thus save for the properties held for sale in the PRC under Group VII, the likelihood of potential tax liabilities arising from the disposal of these properties being crystallized is remote in the near future.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Hong Kong dollars. The exchange rate adopted in our valuations are approximately HK\$1 = RMB0.9277 which was approximately the prevailing exchange rate as at the Date of Valuation.

Our summary of values and the valuation report are enclosed herewith.

Yours faithfully,

For and on behalf of

Norton Appraisals Holdings Limited

Paul M. K. Wong *MHKIS, RPS (G.P.), MCIREA*

Director

Oliver Y. Pan *MRICS, CFA, FRM*

Associate Director

Notes: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 32 years' experience in valuation of properties in Hong Kong and the PRC.

Mr. Oliver Y. Pan is a member of the Royal Institution of Chartered Surveyor who has more than 9 years' experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
Group I — Property held for under-development by the Group in the PRC			
1 Extension to Kunming Tongren Hospital (Phase II) located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	99,800,000	100%	99,800,000
	<hr/>		<hr/>
Sub-total:	99,800,000		99,800,000
Group II — Property held for future development by the Group in the PRC			
2 Remaining site of Kunming Tongren Hospital Campus located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	86,300,000	100%	86,300,000
	<hr/>		<hr/>
Sub-total:	86,300,000		86,300,000

Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)	
Group III — Properties held for investment by the Group in Hong Kong				
3	Factory Units A to F on 14th Floor and Lorry Parking Space No. L1 on Ground Floor, Wing Cheung Industrial Building, 109 How Ming Street, Kwun Tong, Kowloon	42,200,000	100%	42,200,000
4	Sections A of Lot Nos. 3 and 150, the Remaining Portion of Section A of Lot No. 175, Lot Nos. 190 and 246, and the Remaining Portion of Lot No. 299 in Demarcation District No. 40, Lot No. 218, Section A of Lot No. 230 and the Remaining Portion of Section D of Lot No. 339 in Demarcation District No. 41, Sha Tau Kok, Fanling, New Territories	15,100,000	100%	15,100,000
5	Workshop No. 1 on 1st Floor and Workshop No. 3 on 2nd Floor, Crown Industrial Building, 106 How Ming Street, Kwun Tong, Kowloon	35,300,000	100%	35,300,000
6	Units A and B on 5th Floor and Parking Space No. 7 on Basement, Lladro Building, 72 Hoi Yuen Road, Kwun Tong, Kowloon	114,500,000	100%	114,500,000
	Sub-total:	207,100,000		207,100,000

Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
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Group IV — Properties held for investment by the Group in the PRC

7	Villa No. 23, Fairway Lodge, Zhaoqing Resort and Golf Club, Liucun Management Zone, Huilong Town, Gaoyao District, Zhaoqing City, Guangdong Province, the PRC	1,850,000	100%	1,850,000
8	Unit Nos. A1, B1, A2, B2, A3 and B3, Block No. 63, Fairway Lodge, Zhaoqing Resort and Golf Club, Liucun Management Zone, Huilong Town, Gaoyao District, Zhaoqing City, Guangdong Province, the PRC	2,370,000	100%	2,370,000
9	Various portions in Block Nos. 6, 9, 11, 29, 36 and 39 (part) of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	335,800,000	100%	335,800,000
Sub-total:		340,020,000		340,020,000

Group V — Properties held for owner-occupation by the Group in Hong Kong

10	Unit F4 on 12th Floor, Tuen Mun Industrial Centre, 2 San Ping Circuit, Tuen Mun, New Territories	6,330,000	100%	6,330,000
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Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
11 Factory Units A and B on 15th Floor with their respective flat roofs thereunder on 14th Floor, Wing Cheung Industrial Building, 109 How Ming Street, Kwun Tong, Kowloon	16,000,000	100%	16,000,000
Sub-total:	22,330,000		22,330,000

Group VI — Properties held for owner-occupation by the Group in the PRC

12 Kunming Tongren Hospital and its ancillary buildings located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	329,000,000	100%	329,000,000
13 Nanjing Tongren Hospital and its ancillary buildings and Elderly Rehabilitation Centre, No. 2007 Jiyin Avenue, Jiangning Economic & Technology Development Zone, Nanjing City, Jiangsu Province, the PRC	636,500,000	80%	509,200,000
14 12 shop units in Blocks 1 and 2 親情公寓 of 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	No Commercial Value	80%	No Commercial Value

Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
15 3 residential units in Blocks 9 and 10 of 康雅苑 (Kangya Garden) (康橋水岸), Phase 4 of 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	14,100,000	80%	11,280,000
16 Block Nos. 12, 13 and 39 (part) of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	226,700,000	100%	226,700,000
17 24 residential units in Towers 1 and 2 of Block 57, Phase I of Dianchi Yinxiang Garden, Guangfu Road, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	22,000,000	100%	22,000,000
Sub-total:	1,228,300,000		1,098,180,000

Group VII — Properties held for sale and under development for sale by the Group in the PRC

18 129 nos. carparking spaces in Phase I of Dianchi Yinxiang Garden, Guangfu Road, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	11,100,000	100%	11,100,000
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Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
19 5 residential units in Blocks 10 and 11, 康雅苑 (Kangya Garden) (康橋水岸) (Phase 4) and 162 car parking spaces, 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	45,400,000	80%	36,320,000
20 11 unsold residential units and 390 car parking spaces of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	72,900,000	100%	72,900,000
21 A parcel of land located outside the Export and Processing Zone, Development Zone, Lianyungang City, Jiangsu Province, the PRC	24,500,000	100%	24,500,000
22 Block No. 7 of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	140,000,000	100%	140,000,000
23 Unit Nos. 4B-8A on the 45th level, Office Tower, CITIC Plaza, 233 Tianhe North Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	31,100,000	100%	31,100,000
Sub-total:	325,000,000		315,920,000

Property	Market value in existing state as at 30 June 2023 (HK\$)	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 June 2023 (HK\$)
Group VIII — Property rented by the Group in Hong Kong			
24 The whole of 47th Floor, United Asia Finance Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	No Commercial Value	100%	No Commercial Value
Sub-total:	No Commercial Value		No Commercial Value
Group IX — Properties rented by the Group in the PRC			
25 16/F and 17/F of Block C, Golden Eagle Tiandi, No. 888 Ying Tian Main Street, Jianye District, Nanjing City, Jiangsu Province, the PRC	No Commercial Value	100%	No Commercial Value
26 Office Unit 2601-A3, Main Block of Cyber Times Building, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	No Commercial Value	80%	No Commercial Value
Sub-total:	No Commercial Value		No Commercial Value
Grand Total:	2,308,850,000		2,169,650,000

VALUATION REPORT

Group I — Property held for under-development by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)																	
1	<p>Extension to Kunming Tongren Hospital (Phase II) located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC</p> <p>Kunming Tongren Hospital Campus (the “Development”) is a comprehensive hospital/nursing/healthcare project with a site area of 177,085 sq.m. including the existing Kunming Tongren Hospital and the proposed extension to Kunming Tongren Hospital (Phase II) and the nursing-home buildings located in Dianchi National Tourist District.</p> <p>Dianchi district is approved as a National Tourist District by the State Council in 1992, and now has different tourist spots such as hotels, golf courses and museums. It takes around 50 minutes to drive from the subject site to Kunming Changshui International Airport.</p> <p>The property comprises an apportion site area of 56,504 sq.m. and to be developed into three 2-9 storey hospital/ancillary buildings (being Kunming Tongren Hospital Phase II) with a total gross floor area of 65,941 sq.m.</p> <p>Details of area breakdown are listed as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Uses</th> <th colspan="2">Gross Floor Area (sq.m)</th> </tr> <tr> <th>super-structure</th> <th>sub-structure</th> </tr> </thead> <tbody> <tr> <td>Integrated in-patient building</td> <td>35,290</td> <td>12,300</td> </tr> <tr> <td>Specialty hospital</td> <td>4,898</td> <td>1,389</td> </tr> <tr> <td>Rehabilitation medical building</td> <td>9,064</td> <td>3,000</td> </tr> <tr> <td>Total:</td> <td><u>49,252</u></td> <td><u>16,689</u></td> </tr> </tbody> </table>	Uses	Gross Floor Area (sq.m)		super-structure	sub-structure	Integrated in-patient building	35,290	12,300	Specialty hospital	4,898	1,389	Rehabilitation medical building	9,064	3,000	Total:	<u>49,252</u>	<u>16,689</u>	<p>The property is currently under construction and scheduled to be completed in late 2025.</p>	<p>99,800,000</p> <p>(100% interest attributable to the Group: 99,800,000)</p>
Uses	Gross Floor Area (sq.m)																			
	super-structure	sub-structure																		
Integrated in-patient building	35,290	12,300																		
Specialty hospital	4,898	1,389																		
Rehabilitation medical building	9,064	3,000																		
Total:	<u>49,252</u>	<u>16,689</u>																		
<p>The land use rights of the Development have been granted for a term expiring on 26 December 2072 for medical/charity/scientific education uses.</p>																				

Notes:

Section I: Title Documents

- i) Pursuant to a Land Use Rights Grant Contract No. Kun Guo Tu Zi Chu (2004) He Tong Zi Di 285 entered into between the Kunming Land Resource Administration Bureau (the “Grantor”) and 昆明同仁實業開發有限公司 (Kunming Tongren Industrial Development Co., Ltd.) (the “Grantee”) (“KMTRI”, its assets and liabilities had been merged and absorbed by KMTRH (defined below) in January 2022), an indirect wholly-owned subsidiary of the Company, the land use rights of the Development with a site area of 192,017 sq.m. were granted by the Grantor to the Grantee for a land use rights term of 50 years for medical and health uses.
- ii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030921 dated 29 January 2023, the land use rights of part of the Development with an area of 171,672.02 sq.m. are held by 昆明同仁醫院有限公司 (Kunming Tongren Hospital Co., Ltd) (“KMTRH”), an indirect wholly-owned subsidiary of the Company, for a term from 27 December 2022 to 26 December 2072 for 醫衛慈善用地 (medical/charity land uses).
- iii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030920 dated 29 January 2023, the land use rights of part of the Development with an area of 5,412.73 sq.m. are held by KMTRH for a term from 27 December 2022 to 26 December 2072 for 科教用地 (scientific education uses).

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 9153010067873418XQ dated 12 November 2020, KMTRH is established with a registered capital of RMB80,000,000 and the operation period is commencing from 12 September 2008.

Section III: Status of the Property

- v) Two Construction Land Use Planning Permits Nos. Kun Gui Di Zheng (2003) 2179 and Kun Gui Di Zheng (2003) 2180 in relation to two parcels of land with a total area of approximately 373,335.20 sq.m. (of which the subject land parcel forms part) were issued by the Kunming Town Planning Bureau on 26 September 2003 in the name of KMTRI. The permitted uses of one of the two land parcels with an area of approximately 200,001 sq.m. are medical and health uses and other land parcel with an area of approximately 173,334.20 sq.m. is permitted for ancillary living community use.
- vi) Pursuant to a Planning Permit of Construction Work No. Jian Zi Deng Kun Ming Shi, 202200055 dated 23 February 2022 in the name of KMTRH, the development of the Phase II of Kunming Tongren Hospital with a total gross floor area of approximately 48,640.60 sq.m. (superstructure) and 17,380.84 sq.m. (substructure) has been approved.
- vii) As advised by the Group, the construction costs expended and outstanding as at 30 June 2023 were approximately of HK\$23,700,000 and HK\$220,000,000 respectively. In the course of our valuation, we have taken into account the said construction costs.
- viii) The “capital value when completed” of phase II of the Development is approximately HK\$363,500,000.
- ix) For reference purpose, the breakdowns of the market value for the portions of building and land of the property are HK\$23,700,000 and HK\$76,100,000 respectively.

Section IV: PRC Legal Opinion

- x) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) KMTRH is in possession of the land use rights of the property;
 - (b) KMTRH is entitled to develop, occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) KMTRH has been duly organised and validly existing as a limited liability company.

Group II — Property held for future development by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
2 Remaining site of Kunming Tongren Hospital Campus located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	<p>Kunming Tongren Hospital Campus (the “Development”) is a comprehensive hospital/nursing/healthcare project with a site area of 177,085 sq.m. including the existing Kunming Tongren Hospital and the proposed extension to Kunming Tongren Hospital (Phase II) and the nursing-home buildings located in Dianchi National Tourist District.</p> <p>Dianchi district is approved as a National Tourist District by the State Council in 1992, and now has different tourist spots such as hotels, golf courses and museums. It takes around 50 minutes to drive from the subject site to Kunming Changshui International Airport.</p> <p>The property comprises the undeveloped site of the Development with a site area of 64,056 sq.m. and is planned to be developed into various nursing-house buildings with a total gross floor area of 108,919.07 sq.m. for superstructures and 44,908.40 sq.m. for substructures.</p> <p>As advised by the Company, no relevant planning permit is obtained as at the Date of Valuation.</p> <p>The land use rights of the Development have been granted for a term expiring on 26 December 2072 for medical/charity/scientific education uses.</p>	The property is currently a vacant site.	86,300,000 <i>(100% interest attributable to the Group: 86,300,000)</i>

Notes:

Section I: Title Documents

- i) Pursuant to a Land Use Right Grant Contract No. Kun Guo Tu Zi Chu (2004) He Tong Zi Di 285 entered into between the Kunming Land Resource Administration Bureau (the “**Grantor**”) and 昆明同仁實業開發有限公司 (Kunming Tongren Development Co., Ltd.) (the “**Grantee**”) (“**KMTRI**”, its assets and liabilities had been merged and absorbed by KMTRH (defined below) in January 2022), an indirect wholly-owned subsidiary of the Company, the land use rights of the Development with a site area of 192,017 sq.m. were granted by the Grantor to the Grantee for a land use right term of 50 years for medical and health land uses.

- ii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030921 dated 29 January 2023, the land use rights of part of the Development with an area of 171,672.02 sq.m. are held by 昆明同仁醫院有限公司 (Kunming Tongren Hospital Co., Ltd.) (“KMTRH”), an indirect wholly-owned subsidiary of the Company, for a term from 27 December 2022 to 26 December 2072 for 醫衛慈善用地 (medical/charity land uses).
- iii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030920 dated 29 January 2023, the land use rights of part of the Development with an area of 5,412.73 sq.m. are held by KMTRH for a term from 27 December 2022 to 26 December 2072 for 科教用地 (scientific education uses).

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 9153010067873418XQ dated 12 November 2020, KMTRH is established with a registered capital of RMB80,000,000 and the operation period is commencing from 12 September 2008.

Section III: Status of the Property

- v) Two Construction Land Use Planning Permits Nos. (Kun Gui Di Zheng (2003) 2179 and Kun Gui Di Zheng (2003) 2180) in relation to two parcels of land with a total area of approximately 373,335.20 sq.m. (of which the subject land parcel forms part) were issued by the Kunming Town Planning Bureau on 26 September 2003 in the name of KMTRI. The permitted uses of one of the two land parcels with an area of approximately 200,001 sq.m. are medical and health uses and other land parcel with an area of approximately 173,334.20 sq.m. is permitted for ancillary living community use.

Section IV: PRC Legal Opinion

- vi) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (a) KMTRH is in possession of the land use rights of the property;
 - (b) KMTRH is entitled to develop, occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) KMTRH has been duly organised and validly existing as a limited liability company.

Group III — Properties held for investment by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)	
3	<p>Factory Units A to F on 14th Floor and Lorry Parking Space No. L1 on Ground Floor, Wing Cheung Industrial Building, 109 How Ming Street, Kwun Tong, Kowloon</p> <p>72/1,200th shares of and in Kun Tong Inland Lot No. 24 (the "Lot")</p>	<p>Wing Cheung Industrial Building is a 16-storey industrial building completed in 1988 located in the traditional industrial area of Kwun Tong. It takes approximately 5 minutes to walk from the property to Kwun Tong MTR station.</p> <p>The property comprises all those six factory units on the 14th Floor with a total gross floor area approximately of 642.70 sq.m. (6,918 sq.ft.) and a lorry parking space on the ground floor of the industrial building.</p> <p>The Lot is held under the Government Lease for a term of 21 years from 1 July 1955 renewed for a further term of 21 years. The term has been statutorily extended until 30 June 2047.</p>	<p>Units on 14th Floor are leased for various terms with the latest tenancy expiring on 28 February 2026 at the total monthly rent of HK\$104,532 (exclusive of management fee and rates). Lorry Parking Space No. L1 on Ground Floor is let for a term of 3 years expiring on 31 March 2026 at a monthly rent of HK\$3,100</p>	<p>42,200,000</p> <p><i>(100% interest attributable to the Group: 42,200,000)</i></p>

Note:

The registered owner of the property is Star Paging Properties Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB3735388 dated 18 May 1988 and now known as Star Telecom Properties Limited vide Memorial No. UB6912050 dated 16 April 1996.

- iii) The registered owner of Lot Nos. 218 and 230A of the property is Star Paging Properties Limited (now known as Star Telecom Properties Limited), vide Memorial No. N234108 dated 30 November 1989.
- iv) The registered owner of Lot No. 339D Remaining Portion of the property is Star Paging Properties Limited (now known as Star Telecom Properties Limited), vide a Deed of Exchange No. 05102200940010 dated 30 September 2005.
- v) According to the Outline Zoning Plan No. S/NE — STK/2, the respective lots of the property are subject to the zoning uses of:

D.D.	Lot No.	Zoning
40	3 sA	“V”
40	150 sA	“V”
40	246	“V”
40	299 RP	“V”
40	175 sA RP	No Zoning
40	190	No Zoning
41	218	Rec (1)
41	230 sA	Rec (1)
41	339 sD RP	Rec (1)

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)	
5	<p>Workshop No. 1 on 1st Floor and Workshop No. 3 on 2nd Floor, Crown Industrial Building, 106 How Ming Street, Kwun Tong, Kowloon</p> <p>56/1,148th shares of and in Kun Tong Inland Lot No. 26 (the "Lot")</p>	<p>Crown Industrial Building is a 16-storey industrial building completed in 1989.</p> <p>The property comprises 2 industrial units on the 1st and 2nd Floors with a total gross floor area approximately of 528.52 sq.m. (5,689 sq.ft.) of Crown Industrial Building.</p> <p>The Lot is held under the Government Lease for a term of 21 years from 1 July 1955 renewed for a further term of 21 years. The term has been statutorily extended until 30 June 2047.</p>	<p>Workshop No. 1 of the property is leased for a term of 3 years expiring on 1 April 2024 at a monthly rent of HK\$32,844 (exclusive of management fee and rates), Workshop No. 3 of the property is leased for a term 3 years expiring on 4 March 2026 at a monthly rent of HK\$48,708 (exclusive of management fee and rates).</p>	<p>35,300,000</p> <p><i>(100% interest attributable to the Group: 35,300,000)</i></p>

Notes:

- i) The registered owner of Workshop No. 1 of the property is Star Paging Properties Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB4348067 dated 20 February 1990 and now known as Star Telecom Properties Limited vide Memorial No. UB6912050 dated 16 April 1996.
- ii) The registered owner of Workshop No. 3 of the property is Star Paging Properties Limited, vide Memorial No. UB4348068 dated 20 February 1990 and now known as Star Telecom Properties Limited vide Memorial No. UB6912050 dated 16 April 1996.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
6	Units A and B on 5th Floor and Parking Space No. 7 on Basement, Lladro Building, 72 Hoi Yuen Road, Kwun Tong, Kowloon 101/2,000th shares of and in Kun Tong Inland Lot No. 87 (the "Lot")	Lladro Building is a 16-storey (including basement) industrial building completed in 1986. The property comprises 2 industrial units on the 5th Floor, having a total gross floor area approximately of 1,683.85 sq.m. (18,125 sq.ft.), and a private car parking space on the basement of Lladro Building. The Lot is held under the Government Lease for a term of 21 years from 1 July 1955 renewed for a further term of 21 years. The term has been statutorily extended until 30 June 2047.	The property is subject to a 2-year tenancy expiring on 15 July 2024 with a monthly rent of HK\$257,050 (exclusive of management fee and rates). 114,500,000 <i>(100% interest attributable to the Group: 114,500,000)</i>

Note:

The registered owner of the property is Forepower Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial Nos. UB6217397 and UB6217398 both dated 11 January 1995.

Group IV — Properties held for investment by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
7	<p>Villa No. 23, Fairway Lodge, Zhaoqing Resort and Golf Club, Liucun Management Zone, Huilong Town, Gaoyao District, Zhaoqing City, Guangdong Province, the PRC</p> <p>Zhaoqing Resort and Golf Club (the “Development”) comprises one 9-hole and one 18-hole golf courses, a club house, a golf lodge and ancillary club facilities comprehensive villa/apartment/hotel development.</p> <p>The Development is located in Gayao District, which is an urban district of Zhaoqing. Located on the southern bank of the Xi River, Gaoyao was promoted to a county-level city in 1993 and back to urban district status in 2015. Gaoyao District has many government departments, public facilities and industrial projects. It takes approximately 80 minutes to drive from the property to Guangzhou Baiyun International Airport.</p> <p>The property comprises a 2-storey garden house erected upon a lot having a site area of approximately 920.27 sq.m. (9,906 sq.ft.) and a gross floor area of 278.2515 sq.m. (2,995 sq.ft.) completed in 1995.</p> <p>The land use rights of the property have been granted for a land use term to be expired on 19 December 2062 for residential use.</p>	<p>The property is currently vacant.</p>	<p>1,850,000</p> <p><i>(100% interest attributable to the Group: 1,850,000)</i></p>

Notes:

Section I: Title Documents

- i) Pursuant to Certificate for the State-owned Land Use Rights No. Gao Yao Guo Yong (2003) Zi 060039 issued by Gaoyao Land Administrative Bureau in 24 October 2003, the land use rights of the property, comprising a site area of 920.27 sq.m., have been granted to Widerich Limited, an indirect foreign wholly-owned subsidiary of the Company, for a land use term expiring on 19 December 2062 for residential use.
- ii) Pursuant to Certificate of Real Estate Ownership No. Yue Fang Di Zheng Zi 2614481 dated 5 July 2004, the building ownership of the property, comprising a gross floor area of 278.2515 sq.m. (2,995 sq.ft.), is vested in Widerich Limited.

Section II: PRC Legal Opinion

- iii) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Widerich Limited is in possession of the land use rights and building ownerships of the property;
 - (b) Widerich Limited is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) Widerich Limited has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
8	Unit Nos. A1, B1, A2, B2, A3 and B3, Block No. 63, Fairway Lodge, Zhaoqing Resort and Golf Club, Liucun Management Zone, Huilong Town, Gaoyao District, Zhaoqing City, Guangdong Province, the PRC	Zhaoqing Resort and Golf Club (the “Development”) comprises one 9-hole and one 18-hole golf courses, a club house, a golf lodge and ancillary club facilities comprehensive villa/apartment/hotel development. The property comprises all six residential units of a 3-storey residential building completed in 1995 with a total gross floor area of approximately 542.26 sq.m. (5,838 sq.ft.). The land use rights of the property are assumed to have been granted for common terms of 70 years for residential use.	2,370,000 <i>(100% interest attributable to the Group: 2,370,000)</i>

Notes:

Section I: Title Documents

- i) Pursuant to six Certificates of Real Estate Ownership dated 1 August 2003 and 12 November 2003 respectively, the land use rights and the building ownerships, with a total gross floor area of 542.26 sq.m. of the property have been granted to Kintic Limited, an indirect foreign wholly-owned subsidiary of the Company, for residential use with details as follows:

Certificate No.	Issue Date	Floor	Unit No.	Gross Floor Area	
				(sq.m.)	(sq.ft.)
Yue Fang Di Zheng Zi 1835236號	1 August 2003	Level 1	A1	90.05	969
Yue Fang Di Zheng Zi 1835237號	1 August 2003	Level 2	A2	90.54	975
Yue Fang Di Zheng Zi 1846668號	12 November 2003	Level 3	A3	90.54	975
Yue Fang Di Zheng Zi 1835238號	1 August 2003	Level 1	B1	90.05	969
Yue Fang Di Zheng Zi 1846670號	12 November 2003	Level 2	B2	90.54	975
Yue Fang Di Zheng Zi 1846669號	12 November 2003	Level 3	B3	90.54	975
Total:				542.26	5,838

Section II: PRC Legal Opinion

- ii) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Kintic Limited is in possession of the land use rights and building ownerships of the property;
 - (b) Kintic Limited is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) Kintic Limited has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)												
9	<p>Various portions in Block Nos. 6, 9, 11, 29, 36 and 39 (part) of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC</p> <p>Tide Health Campus is an integrated healthcare and elderly housing development (the “Development”) comprising 26 blocks of 5 to 7-storey apartment building, 4 blocks of 12-storey serviced apartment, a 6-storey nursing house, a 4-storey club house, 3 blocks of 2 to 4-storey shops and various ancillary facilities completed in around 2015.</p> <p>The Development is located in Qingpu District of Shanghai, which is the westernmost district of Shanghai. Qingpu District is a primarily residential and industrial suburb of Shanghai, also with some shopping malls and cultural sites. It takes approximately 40 minutes to drive from the Development to Shanghai Hongqiao Airport.</p> <p>The property comprises various portions of the Development with a total gross floor area of 26,451.33 sq.m. Detail of the floor area breakdown are listed as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Block No.</th> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">9, 11</td> <td style="vertical-align: top;">Servicing apartment</td> <td style="text-align: right; vertical-align: bottom;">17,116.76</td> </tr> <tr> <td style="vertical-align: top;">6, 29, 36, 39 (part)</td> <td style="vertical-align: top;">Retail shops/shopping mall</td> <td style="text-align: right; vertical-align: bottom;">9,334.57</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">26,451.33</td> </tr> </tbody> </table>	Block No.	Use	Gross Floor Area (sq.m.)	9, 11	Servicing apartment	17,116.76	6, 29, 36, 39 (part)	Retail shops/shopping mall	9,334.57			26,451.33	<p>The property is let under various tenancies.</p>	<p style="text-align: right;">335,800,000</p> <p style="text-align: right;"><i>(100% interest attributable to the Group: 335,800,000)</i></p>
Block No.	Use	Gross Floor Area (sq.m.)													
9, 11	Servicing apartment	17,116.76													
6, 29, 36, 39 (part)	Retail shops/shopping mall	9,334.57													
		26,451.33													
<p>The land use rights of the Development have been granted for common terms expiring on 15 February 2053 for commercial use.</p>															

Notes:

Section I: Title Documents

- i) Pursuant to four Certificates for Real Estate Ownership Nos. (2016) 007629, (2016) 007632, (2016) 020584 and (2018) 025736 issued by Shanghai Housing Security & Administration Bureau and Shanghai Planning Land & Resources Administration Bureau in 2016 and 2018, the land use rights of the subject site with an area of 107,516.6 sq.m. and the building ownerships of a total gross floor area of 171,478.56 sq.m. of the Development have been vested in 德地置業發展(上海)有限公司 (Tide Properties Development (Shanghai) Co., Ltd.) (“Tide”), an indirect wholly-owned subsidiary of the Company, with common land use terms expiring on 15 February 2053 for commercial use.

Section II: Corporate Background

- ii) Pursuant to the Business Licence No. 00000002202003240008 dated 24 March 2020, Tide has been established with a registered capital of RMB388,000,000 with the operation period from 21 August 2012 to 20 August 2052.

Section III: Status of the Property

- iii) Pursuant to the Certificates for Construction Engineering Planning No. Hu Qing Jian (2013) FA31011820135777 dated 16 December 2013 and (2014) FA31011820144324 dated 17 March 2014, the construction of the Development with a total gross floor area of 185,969.56 sq.m. (including 30,883.82 sq.m. for basement carparks) has been approved.

Section IV: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Tide is in possession of the land use rights and building ownerships of the property;
 - (b) The property is subject to a loan facility in favour of Shanghai Rural Commercial Bank (Qingpu Branch) for the guarantee of a total loan amount of RMB80,000,000 with a period from 23 December 2022 to 23 June 2025, other than this, the property is free from any mortgage or other third party encumbrance;
 - (c) Tide is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights after obtaining consents from the lender;
 - (d) Tide has been duly organised and validly existing as a limited liability company; and
 - (e) The said tenancies are valid and legally binding to both parties.

Group V — Properties held for owner-occupation by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
10	Unit F4 on 12th Floor, Tuen Mun Industrial Centre, 2 San Ping Circuit, Tuen Mun, New Territories	Tuen Mun Industrial Centre is a 16-storey industrial building completed in around 1979 and is located in the traditional industrial area of Tuen Mun district. It takes approximately 5 minutes to walk from the property to Tuen Mun MTR station.	The property is currently owner-occupied.
	10/3,712th shares of and in Tuen Mun Town Lot No. 76 (the "Lot")	The property comprises a workshop unit on the 12th Floor of Tuen Mun Industrial Centre with a gross floor area approximately of 230.58 sq.m. (2,482 sq.ft.).	6,330,000 <i>(100% interest attributable to the Group: 6,330,000)</i>
		The Lot is held under the New Grant No. TM2152 for a term of 99 years from 1 July 1898. The term has been statutorily extended until 30 June 2047.	

Note:

The registered owner of the property is Star Telecom Properties Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. TM761185 dated 16 April 1996.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
11 Factory Units A and B on 15th Floor with their respective flat roofs thereunder on 14th Floor, Wing Cheung Industrial Building, 109 How Ming Street, Kwun Tong, Kowloon	Wing Cheung Industrial Building is a 16-storey industrial building completed in 1988. The property comprises 2 factory units on the 15th Floor, the corresponding flat roofs of the industrial building with a total gross floor area of approximately 291.16 sq.m. (3,134 sq.ft.), excluding the flat roofs area approximately of 160.72 sq.m. (1,730 sq.ft.).	The property is currently owner-occupied.	16,000,000 <i>(100% interest attributable to the Group: 16,000,000)</i>
32/1,200th shares of and in Kun Tong Inland Lot No. 24 (the "Lot")	The Lot is held under the Government Lease for a term of 21 years from 1 July 1955 renewed for a further term of 21 years. The term has been statutorily extended until 30 June 2047.		

Note:

The registered owner of the property is Star Paging Properties Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB3735388 dated 18 May 1988 and now known as Star Telecom Properties Limited vide Memorial No. UB6912050 dated 16 April 1996.

Group VI — Properties held for owner-occupation by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)										
12	<p>Kunming Tongren Hospital and its ancillary buildings located at 1099 Guangfu Road, Jinhe Community, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC</p> <p>Kunming Tongren Hospital Campus (the “Development”) is a comprehensive hospital/nursing/healthcare project with a total site area of 177,085 sq.m. including the existing Kunming Tongren Hospital and the proposed extension to Kunming Tongren Hospital (Phase II) and the nursing-home buildings located in Dianchi National Tourist District.</p> <p>Dianchi district is approved as a National Tourist District by the State Council in 1992, and now has different tourist spots such as hotels, golf courses and museums. It takes around 50 minutes to drive from the subject site to Qunming Changshui International Airport.</p> <p>The property is the existing Kunming Tongren Hospital complex comprising 4 blocks of single to 9-storey building completed in around 2010 including an out-patient building, a hospital building, an in-patient building and an ancillary building with an apportion site area of 56,524 sq.m. and a total gross floor area of 66,449.89 sq.m.</p> <p>Details of the floor area are listed as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hospital buildings</td> <td style="text-align: right;">52,064.78</td> </tr> <tr> <td>(basement)</td> <td style="text-align: right;">13,935.83</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">449.28</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">66,449.89</td> </tr> </tbody> </table> <p>The land use rights of the Development have been granted for a term expiring on 26 December 2072 for medical/charity/scientific education uses.</p>	Uses	Gross Floor Area (sq.m.)	Hospital buildings	52,064.78	(basement)	13,935.83	Others	449.28	Total:	66,449.89	<p>The property is currently owner-operated as hospital use.</p>	<p style="text-align: right;">329,000,000</p> <p style="text-align: right;"><i>(100% interest attributable to the Group: 329,000,000)</i></p>
Uses	Gross Floor Area (sq.m.)												
Hospital buildings	52,064.78												
(basement)	13,935.83												
Others	449.28												
Total:	66,449.89												

Notes:

Section I: Title Documents

- i) Pursuant to a Land Use Rights Grant Contract No. Kun Guo Tu Zi Chu (2004) He Tong Zi Di 285 entered into between the Kunming Land Resource Administration Bureau (the “Grantor”) and 昆明同仁實業開發有限公司 (Kunming Tongren Industrial Development Co., Ltd.) (the “Grantee”) (“KMTRI”, its assets and liabilities had been merged and absorbed by KMTRH (defined below) in January 2022), an indirect wholly-owned subsidiary of the Company, the land use rights of the Development with a site area of 192,017 sq.m. were granted by the Grantor to the Grantee for a land use rights term of 50 years for medical and health uses.
- ii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030921 dated 29 January 2023, the land use rights of part of the Development with an area of 171,672.02 sq.m. are held by 昆明同仁醫院有限公司 (Kunming Tongren Hospital Co., Ltd.) (“KMTRH”), an indirect wholly-owned subsidiary of the Company, for a term from 27 December 2022 to 26 December 2072 for 醫衛慈善用地 (medical/charity land uses).
- iii) Certificate for Real Property Ownership No. Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030920 dated 29 January 2023, the land use rights of part of the Development with an area of 5,412.73 sq.m. are held by KMTRH for a term from 27 December 2022 to 26 December 2072 for 科教用地 (scientific education uses).
- iv) Pursuant to two Real Estate Ownership Nos. Yun (2021) Xi Shan Qu Bu Dong Chan Quan Di 0669277 and 0669278 dated 5 November 2021, the land use rights and the ownerships of the property vested in KMTRH with a term from 6 August 2004 to 5 August 2054 for medical/charity land uses.

Section II: Corporate Background

- v) Pursuant to the Business Licence No. 9153010067873418XQ dated 12 November 2020, KMTRH is established with a registered capital of RMB80,000,000 and the operation period is commencing from 12 September 2008.

Section III: Status of the Property

- vi) Two Construction Land Use Planning Permits Nos. Kun Gui Di Zheng (2003) 2179 and Kun Gui Di Zheng (2003) 2180 in relation to two parcels of land with a total area of approximately 373,335.20 sq.m. (of which the subject land parcel forms part) were issued by the Kunming Town Planning Bureau on 26 September 2003 in the name of KMTRI. The permitted uses of one of the two land parcels with an area of approximately 200,001 sq.m. are medical and health uses and other land parcel with an area of approximately 173,334.20 sq.m. is permitted for ancillary living community use.
- vii) As revealed by a Planning Permit of Construction Work No. (Kun Gui Jian Zheng (2005) 2234) issued by the Kunming Town Planning Bureau on 17 October 2006 in the name of KMTRI, the development of the hospital and ancillary community with a gross floor area of approximately 70,780 sq.m. (superstructure) and 18,830 sq.m. (substructure) has been approved.
- viii) As revealed by a Construction Works Commencement Permit No. (Jian Zi 2005 Di 025 issued by the Kunming Dianchi National Tourist Resort Construction Bureau on 15 December 2005, the carrying out of construction work for the subject buildings with a gross floor area of approximately 70,780 sq.m. (superstructures) and 18,830 sq.m. (substructures) has been approved.

Section IV: PRC Legal Opinion

- ix) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) KMTRH is in possession of the land use rights and building ownerships of the property;
 - (b) KMTRH is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) KMTRH has been duly organised and validly existing as a limited liability company.

Section V: Others

- x) For reference purpose, the breakdowns of the market value for the portions of buildings and land of the property are HK\$253,000,000 and HK\$76,000,000 respectively.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
13	<p>Nanjing Tongren Hospital and its ancillary buildings and Elderly Rehabilitation Centre, No. 2007 Jiyin Avenue, Jiangning Economic & Technology Development Zone, Nanjing City, Jiangsu Province, the PRC</p> <p>Nanjing Tongren Hospital (the “Development”) is located in Jiangning Economic & Technology Development Zone of Nanjing. The immediate locality is a local university, a park and several residential high-rises. It takes approximately 30 minutes to drive from the property to Nanjing Lukou International Airport.</p> <p>The property comprises various blocks of buildings (excl. block D) are erected on 3 parcel of lands with a total site area of 160,143.11 sq.m. including a 12-storey (plus 2 basement levels) hospital building and 3 blocks of 3 to 4-storey elderly rehabilitation centre. The total gross floor area of the aforesaid buildings is approximately 139,289 sq.m. (including basement of 31,250 sq.m.) completed in around 2007.</p> <p>The land use rights of the Development have been granted for respective terms expiring on 1 May 2054 and 20 November 2055 for medical and health uses.</p>	<p>The property is currently owner-operated for hospital use.</p>	<p>636,500,000</p> <p>(80% interest attributable to the Group: 509,200,000)</p>

Notes:

Section I: Title Documents

- i) Pursuant to a Certificate for Real Property Ownership No. Su (2016) Ning Jiang Bu Dong Chan Quan Di 0019301 dated 8 September 2016 issued by Nanjing Land Resource Administration Bureau (the “**Land Bureau**”), the land use rights of portion of the subject land parcel with an area of 24,051.20 sq.m. are held by 南京同仁醫院有限公司 (Nanjing Tongren Hospital Co., Ltd.) (“**NJTRH**”) for a term expiring on 1 May 2054 for medical and health uses, an indirect 80% interest-owned subsidiary of the Company.
- ii) Pursuant to a Certificate for Real Property Ownership No. Su (2016) Ning Jiang Bu Dong Chan Quan Di 0019302 dated 5 August 2016 issued by the Land Bureau, the land use rights of portion of the subject land parcel with an area of 91,162.31 sq.m. are held by NJTRH for a term expiring on 1 May 2054 for medical and health uses.
- iii) Pursuant to a Certificate for Real Property Ownership No. Su (2016) Ning Jiang Bu Dong Chan Quan Di 0021995 dated 22 September 2016 issued by the Land Bureau, the land use rights of portion of the subject land parcel with an area of 44,929.60 sq.m. together with 3 elderly rehabilitation buildings with a total gross floor area of 18,289.36 sq.m. are held by NJTRH for a term expiring on 20 November 2054 for medical and health uses (醫療衛生用地).

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 320121000202201190130 dated 11 November 2019, NJTRH has been established with a registered capital of RMB50,000,000 for an operation period from 9 September 2007 to 8 August 2037.

Section III: Status of the Property

- v) Pursuant to 3 Planning Permits of Construction Work No. Jiang Ning Jian Zi (2003) Di No. 859, Jiang Ning Jian Zi (2004) Di No. 1012 and Jiang Ning Jian Zi (2005) Di No. 0052 all issued by the Nanjing Jiangning District Town Planning Bureau on 11 December 2003, 7 December 2004 and 26 January 2005 respectively in the name of NJTRH, the construction of the hospital building of the property with a total gross floor area of 89,750 sq.m. (superstructure) and 31,250 sq.m. (substructure) has been approved.
- vi) Pursuant to a Planning Permit of Construction Work No. Jiang Ning Jian Zi (2006) Di No. 384 issued by the Nanjing Jiangning District Town Planning Bureau on 24 June 2006 in the name of NJTRH, the construction of the 3 blocks of elderly rehabilitation centre of the property with a total gross floor area of 18,756 sq.m. has been approved.

Section IV: PRC Legal Opinion

- vii) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (a) NJTRH is in possession of the land use rights and portion building ownerships of the property;
 - (b) NJTRH is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) NJTRH is applying the registration for the ownership of the hospital building from relevant authority and should have no onerous legal obstacle;
 - (d) the property is free from any mortgage or other third party encumbrance; and
 - (e) NJTRH has been duly organised and validly existing as a limited liability company.

Section V: Others

- viii) For reference purpose, the breakdowns of the market value for the portions of buildings and land of the property are HK\$533,000,000 and HK\$103,500,000 respectively.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
14 12 shop units in Blocks 1 and 2 親情公寓 of 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	Kangbo Garden (the “ Development ”) is a comprehensive 37 blocks-residential development located in Jiangning District with a total gross floor area of 244,213 sq.m. and is developed by 4 phases completed in around 2009 to 2016. Jiangning District is an economic and technology development Zone of Nanjing, the immediate locality is a local university, a park and several residential high-rises. It takes approximately 30 minutes to drive from the property to Nanjing Lukou International Airport. The property comprises 12 ground floor shop units of Blocks 1 and 2 of the Development with a total of gross floor area of 1,943.92 sq.m. completed in around 2009. The land use rights of the property have been granted with a term up to 12 October 2046 for wholesale and retail uses.	The property is currently owner-occupied.	No Commercial Value (80% interest attributable to the Group: No Commercial Value)

*Notes:***Section I: Title Documents**

- i) Pursuant to 12 Certificates for State-owned Land Use Rights Nos. Jiang Ning Guo Yong (2009) Di 15545, 15548, 15528, 15537, 15546, 15538, 15544, 15543, 15531, 15532, 15526 all dated 20 June 2009 and No. 14816 dated 15 June 2009, the land use rights of the property have been granted to 南京同仁實業有限公司 (Nanjing Tongren Industrial Co., Ltd.) (“**NJTRI**”), an indirect 80% interest-owned subsidiary of the Company, with a term up to 12 October 2046 for wholesale and retailing uses.
- ii) Pursuant to 12 Building Ownership Certificates No. Jiang Ning Fang Quan Zheng Dong Shan Zi Di JN00105987, 00105989, 00105990, 00105991, 00105993, 00105994, 00105996, 00105997, 00105999, 00106000, 00106007, 00106006 all dated 8 June 2009, the ownerships of the property with a total gross floor area of 1,943.92 sq.m. have been vested in NJTRI.

Section II: Corporate Background

- iii) Pursuant to the Business Licence No. 320121000201911110536 dated 11 November 2019, NJTRI has been established with a registered capital of RMB80,000,000 for an operation period from 19 August 2003 to 4 July 2023.

Section III: Status of the property

- iv) Pursuant to the Commitment Letter issued by NJTRI on 9 October 2016, NJTRI agreed to transfer the rights of use of the property to 江寧區秣陵街道辦事處 (Jiangning District Mo Ling Street Office).

Section IV: PRC Legal Opinion

- v) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) NJTRI is in possession of the land use rights and building ownerships of the property;
 - (b) Pursuant to the Commitment Letter as state in note (iv) above, the right of use of the property is restricted;
and
 - (c) NJTRI has been duly organised and validly existing as a limited liability company.

Section V: Others

- vi) We have not attributed any commercial value to the property due to NJTRI does not entitle to transfer the land use rights of the property by ways to transfer or letting.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
15 3 residential units in Blocks 9 and 10 of 康雅苑 (Kangya Garden) (康橋水岸), Phase 4 of 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	<p>Kangbo Garden (the “Development”) is a comprehensive 37 blocks-residential development located in Jiangning District with a total gross floor area of 244,213 sq.m. and is developed by 4 phases completed in around 2009 to 2016.</p> <p>Jiangning District is an economic and technology development Zone of Nanjing, the immediate locality is a local university, a park and several residential high-rises. It takes approximately 30 minutes to drive from the property to Nanjing Lukou International Airport.</p> <p>The property comprises 3 residential units of in Block Nos. 9 and 10 of the Development with a total gross floor area of 327.74 sq.m. (3,528 sq.ft.) completed in around 2016.</p> <p>The land use rights of the property have been granted for a term up to 12 October 2076 for residential use.</p>	The property is currently owner-occupied.	14,100,000 <i>(80% interest attributable to the Group: 11,280,000)</i>

*Notes:***Section I: Title Documents**

- i) Pursuant to the Three Building Ownership Certificates Nos. Ning Fang Quan Zheng Jiang Shang Zi JN00255783, JN00255785 and JN00255796 dated 11 April 2016, the titles of the property (Units 408 & 1404 in Block 9 and Unit 1606 in Block 10) with a total gross floor area of 327.74 sq.m. have been vested to 南京同仁實業有限公司 (Nanjing Tongren Industrial Co., Ltd.) (“**NJTRI**”), an indirect 80% interest-owned subsidiary of the Company, for residential use.
- ii) Pursuant to the State-owned land use rights Certificate No. (2006) 16924 dated 23 November 2006, the land use rights of part of the Development, having a site area of 13,086.1 sq.m., have been granted to NJTRI with a term of 70 years for residential use.
- iii) Pursuant to the State-owned land use rights Certificate No. (2008) 18109 dated 16 October 2008, the land use rights of part of the Development, having a site area of 127,467.1 sq.m., have been granted to NJTRI with a term of 70 years for urban mixed residential use.

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 320121000201911110536 dated 11 November 2019, NJTRI has been established with a registered capital of RMB80,000,000 for an operation period from 19 August 2003 to 4 July 2023.

Section III: PRC Legal Opinion

- v) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) NJTRI is in possession of the land use rights and building ownerships of the property;
 - (b) NJTRI is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) NJTRI has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
16	Block Nos. 12, 13 and 39 (part) of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	Tide Health Campus is an integrated healthcare and elderly housing development (the “ Development ”) comprising 26 blocks of 5 to 7-storey apartment building, 4 blocks of 12-storey serviced apartment, a 6-storey nursing house, a 4-storey club house, 3 blocks of 2 to 4-storey shops and various ancillary facilities completed in around 2015.	The property is currently owner-occupied.

226,700,000
(100% interest attributable to the Group: 226,700,000)

The Development is located in Qingpu District of Shanghai, which is the westernmost district of Shanghai. Qingpu District is a primarily residential and industrial suburb of Shanghai, also with some shopping malls and cultural sites. It takes approximately 40 minutes to drive from the Development to Shanghai Hongqiao Airport.

The property comprises 2 nursing buildings and 1 club house with a total gross floor area of 20,350.43 sq.m. Details of the floor area breakdown are listed as follows:

Block No.	Use	Gross Floor Area (sq.m.)
12	Nursing	8,663.12
13	Nursing	4,502.76
39 (part)	Club house	<u>7,184.55</u>
	Total:	<u><u>20,350.43</u></u>

The land use rights of the Development have been granted for common terms expiring on 15 February 2053 for commercial use.

Notes:

Section I: Title Documents

- i) Pursuant to four Certificates for Real Estate Ownership Nos. (2016) 007629, (2016) 007632, (2016) 020584 and (2018) 025736 issued by Shanghai Housing Security & Administration Bureau and Shanghai Planning Land & Resources Administration Bureau in 2016 and 2018, the land use rights of the subject site with an area of 107,516.6 sq.m. and the building ownerships of a total gross floor area of 171,478.56 sq.m. of the Development have been vested in 德地置業發展(上海)有限公司 (Tide Properties Development (Shanghai) Co. Ltd.) (“Tide”), an indirect wholly-owned subsidiary of the Company, with common land use terms expiring on 15 February 2053 for commercial use.

Section II: Corporate Background

- ii) Pursuant to the Business Licence No. 00000002202003240008 dated 24 March 2020, Tide has been established with a registered capital of RMB388,000,000 with the operation period from 21 August 2012 to 20 August 2052.

Section III: Status of the Property

- iii) Pursuant to the Certificates for Construction Engineering Planning No. Hu Qing Jian (2013) FA31011820135777 dated 16 December 2013 and (2014) FA31011820144324 dated 17 March 2014, the construction of the Development with a total gross floor area of 185,969.56 sq.m. (including 30,883.82 sq.m. for basement car parks) has been approved.

Section IV: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Tide is in possession of the land use rights and building ownerships of the property;
- (b) The property is subject to a loan facility in favour of Shanghai Rural Commercial Bank (Qingpu Branch) for the guarantee of a total loan amount of RMB80,000,000 with a period from 23 December 2022 to 23 June 2025, other than this, the property is free from any mortgage or other third party encumbrance;
- (c) Tide is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights after obtaining consents from the lender; and
- (d) Tide has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
17	<p>24 residential units in Towers 1 and 2 of Block 57, Phase I of Dianchi Yinxiang Garden, Guangfu Road, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC</p> <p>Dianchi Yinxiang Garden (the “Development”) is a 78 blocks large-scale residential development located in Dianchi National Tourist District of Kunming. It has been approved as a National Tourist District by the State Council in 1992, and now has different tourist spots such as hotels, golf courses and museums. It takes around 50 minutes to drive from the land to Kunming Changshui International Airport.</p> <p>The properties comprise 24 residential units with a total gross floor area of 1,701.12 sq.m. (18,311 sq.ft.) in Phase I of the Development completed in 2006.</p> <p>The land use rights of the property have been granted for a term from 6 August 2004 to 5 August 2074 for residential use.</p>	The property is currently vacant.	<p>22,000,000</p> <p>(100% interest attributable to the Group: 22,000,000)</p>

Notes:

Section I: Title Documents

- i) Pursuant to 24 Real Property Ownership Certificates issued by Kunming Natural Resources and Planning Bureau, the titles of the property (including Unit 801 in Tower 1 & Units 301-304, 401-404, 501-504, 601-604, 701-704, 1004, 1101 and 1104 in Tower 2 of Block 57 of the Development), having a total gross floor area of 1,701.12 sq.m., together with the land use rights for a term commencing from 6 August 2004 to 5 August 2074 for urban residential use are vested in 昆明同仁實業有限公司 (Kunming Tongren Industrial Development Co., Ltd.) (“**KMTRI**”, its assets and liabilities had been merged and absorbed by KMTRH (defined below) in January 2022), an indirect wholly-owned subsidiary of the Company.
- ii) Certificate for Real Property Ownership No. 雲(2023)西山區不動產權第 Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030921 dated 29 January 2023, the land use rights of part of the Development with an area of 171,672.02 sq.m. are held by Kunming Tongren Hospital Co., Ltd (昆明同仁醫院有限公司) (Kunming Tongren Hospital Co., Ltd) (“**KMTRH**”) an indirect wholly-owned subsidiary of the Company, for a term from 27 December 2022 to 26 December 2072 for 醫衛慈善用地. (medical/charity land uses).

Section II: Corporate Background

- iii) Pursuant to the Business Licence No. 9153010067873418XQ dated 12 November 2020, KMTRH is established with a registered capital of RMB80,000,000 and the operation period is commencing from 12 September 2008.

Section III: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) KMTRH is in possession of the land use rights and building ownerships of the property;
 - (b) KMTRH is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) KMTRH has been duly organised and validly existing as a limited liability company.

Group VII — Properties held for sale and under development for sale by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
18	129 nos. carparking spaces in Phase I of Dianchi Yinxiang Garden, Guangfu Road, Dianchi National Tourist District, Kunming City, Yunnan Province, the PRC	Dianchi Yinxiang Garden (the “ Development ”) is a 78 blocks large-scale residential development located in Dianchi National Tourist District of Kunming. It has been approved as a National Tourist District by the State Council in 1992, and now has different tourist spots such as hotels, golf courses and museums. It takes around 50 minutes to drive from the land to Kunming Changshui International Airport.	The property is currently vacant.
			11,100,000 <i>(100% interest attributable to the Group: 11,100,000)</i>
	<p>The properties comprise a total of 129 car parking spaces in Phase I of the Development completed in 2006.</p> <p>The land use rights of the property have been granted for a term from 6 August 2004 to 5 August 2074 for residential use.</p>		

Notes:

Section I: Title Documents

- i) Pursuant to 24 Real Property Ownership Certificates issued by Kunming Natural Resources and Planning Bureau, the titles of the property (including Unit 801 in Tower 1 & Units 301-304, 401-404, 501-504, 601-604, 701-704, 1004, 1101 and 1104 in Tower 2 of Block 57 of the Development), having a total gross floor area of 1,701.12 sq.m., together with the land use rights for a term commencing from 6 August 2004 to 5 August 2074 for urban residential use are vested in 昆明同仁實業有限公司 (Kunming Tongren Industrial Development Co., Ltd.) (“**KMTRI**”, its assets and liabilities had been merged and absorbed by KMTRH (defined below) in January 2022), an indirect wholly-owned subsidiary of the Company.
- ii) Certificate for Real Property Ownership No. 雲(2023)西山區不動產權第 Yun (2023) Xi Shan Qu Bu Dong Chan Quan Di 0030921 dated 29 January 2023, the land use rights of part of the Development with an area of 171,672.02 sq.m. are held by Kunming Tongren Hospital Co., Ltd (昆明同仁醫院有限公司) (Kunming Tongren Hospital Co., Ltd) (“**KMTRH**”) an indirect wholly-owned subsidiary of the Company, for a term from 27 December 2022 to 26 December 2072 for 醫衛慈善用地. (medical/charity land uses).

Section II: Corporate Background

- iii) Pursuant to the Business Licence No. 9153010067873418XQ dated 12 November 2020, KMTRH is established with a registered capital of RMB80,000,000 and the operation period is commencing from 12 September 2008.

Section III: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) KMTRH is in possession of the land use rights and building ownerships of the property;
 - (b) KMTRH is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) KMTRH has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
19	<p>5 residential units in Blocks 10 and 11, 康雅苑 (Kangya Garden) (康橋水岸) (Phase 4) and 162 car parking spaces, 康博花園 (Kangbo Garden), 28 Wen Xin Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC</p> <p>Jiangning District is an economic and technology development Zone of Nanjing, the immediate locality is a local university, a park and several residential high-rises. It takes approximately 30 minutes to drive from the property to Nanjing Lukou International Airport.</p> <p>The property comprises 5 residential units in Blocks 10 and 11 (Phase 4) with a total gross floor area of 591.52 sq.m. (6,367 sq.ft.) and 162 car parking spaces of the Development completed in around 2016.</p> <p>The land use rights of the property have been granted for a term up to 12 October 2076 for residential use.</p>	The property is currently vacant.	<p>45,400,000</p> <p><i>(80% interest attributable to the Group: 36,320,000)</i></p>

*Notes:***Section I: Title Documents**

- i) Pursuant to Six Building Ownership Certificates Nos. Ning Fang Quan Zheng Jiang Shang Zi JN00255790, JN00255792, JN00255793, JN00255794 and JN00255787 dated 11 April 2016, the titles of the property (Units 1106, 1306, 1406 & 1506 in Block 10 and Unit 1604 in Block 11) with a total gross floor area of 591.52 sq.m. have been to 南京同仁實業有限公司 (Nanjing Tongren Industrial Co., Ltd.) (“**NJTRI**”), an indirect 80% interest-owned subsidiary of the Company.
- ii) Pursuant to the State-owned land use rights Certificate No. (2006) 16924 dated 23 November 2006, the land use rights of part of the Development, having a site area of 13,086.1 sq.m., have been granted to NJTRI with a term of 70 years for residential use.
- iii) Pursuant to the State-owned land use rights Certificate No. (2008) 18109 dated 16 October 2008, the land use rights of part of the Development, having a site area of 127,467.1 sq.m., have been granted to NJTRI with a term of 70 years for urban mixed residential use.

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 320121000201911110536 dated 11 November 2019, NJTRI has been established with a registered capital of RMB80,000,000 for an operation period from 19 August 2003 to 4 July 2023.

Section III: PRC Legal Opinion

- v) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) NJTRI is in possession of the land use rights and building ownerships of the property;
 - (b) NJTRI is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) NJTRI has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)																																							
20	<p>11 unsold residential units and 390 car parking spaces of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC</p> <p>Tide Health Campus is an integrated healthcare and elderly housing development (the “Development”) comprising 26 blocks of 5 to 7-storey apartment building, 4 blocks of 12-storey serviced apartment, a 6-storey nursing house, a 4-storey club house, 3 blocks of 2 to 4-storey shops and various ancillary facilities completed in around 2015.</p> <p>The Development is located in Qingpu District of Shanghai, which is the westernmost district of Shanghai. Qingpu District is a primarily residential and industrial suburb of Shanghai, also with some shopping malls and cultural sites. It takes approximately 40 minutes to drive from the Development to Shanghai Hongqiao Airport.</p> <p>The property comprises 11 unsold units and 390 basement carparking spaces of the Development with a total gross floor area of 17,079.56 sq.m. (including 15,708.38 sq.m. for car parking). Details of the floor area breakdown are listed as follows:</p>	<p>The property is currently vacant.</p>	<p style="text-align: right;">72,900,000</p> <p style="text-align: right;"><i>(100% interest attributable to the Group: 72,900,000)</i></p>																																							
	<table border="1"> <thead> <tr> <th style="text-align: center;">No.</th> <th style="text-align: center;">Unit</th> <th style="text-align: center;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">33</td><td style="text-align: center;">301</td><td style="text-align: center;">142.32</td></tr> <tr><td style="text-align: center;">40</td><td style="text-align: center;">201</td><td style="text-align: center;">142.20</td></tr> <tr><td style="text-align: center;">47</td><td style="text-align: center;">202</td><td style="text-align: center;">142.22</td></tr> <tr><td style="text-align: center;">16</td><td style="text-align: center;">301</td><td style="text-align: center;">58.57</td></tr> <tr><td style="text-align: center;">27</td><td style="text-align: center;">201</td><td style="text-align: center;">142.22</td></tr> <tr><td style="text-align: center;">63</td><td style="text-align: center;">202</td><td style="text-align: center;">139.14</td></tr> <tr><td style="text-align: center;">57</td><td style="text-align: center;">602</td><td style="text-align: center;">119.48</td></tr> <tr><td style="text-align: center;">62</td><td style="text-align: center;">202</td><td style="text-align: center;">120.51</td></tr> <tr><td style="text-align: center;">58</td><td style="text-align: center;">201</td><td style="text-align: center;">122.05</td></tr> <tr><td style="text-align: center;">58</td><td style="text-align: center;">202</td><td style="text-align: center;">142.22</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">102</td><td style="text-align: center;">100.39</td></tr> <tr> <td colspan="2" style="text-align: right;">Total:</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">1,371.32</td> </tr> </tbody> </table>	No.	Unit	Gross Floor Area (sq.m.)	33	301	142.32	40	201	142.20	47	202	142.22	16	301	58.57	27	201	142.22	63	202	139.14	57	602	119.48	62	202	120.51	58	201	122.05	58	202	142.22	2	102	100.39	Total:		1,371.32		
No.	Unit	Gross Floor Area (sq.m.)																																								
33	301	142.32																																								
40	201	142.20																																								
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63	202	139.14																																								
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	<p>The land use rights of the Development have been granted for common terms expiring on 15 February 2053 for commercial use.</p>																																									

Notes:

Section I: Title Documents

- i) Pursuant to four Certificates for Real Estate Ownership Nos. (2016) 007629, (2016) 007632, (2016) 020584 and (2018) 025736 issued by Shanghai Housing Security & Administration Bureau and Shanghai Planning Land & Resources Administration Bureau in 2016 and 2018, the land use rights of the subject site with an area of 107,516.6 sq.m. and the building ownerships of a total gross floor area of 171,478.56 sq.m. of the Development have been vested in 德地置業發展(上海)有限公司 (Tide Properties Development (Shanghai) Co. Ltd.) (“Tide”), an indirect wholly-owned subsidiary of the Company, with common land use terms expiring on 15 February 2053 for commercial use.

Section II: Corporate Background

- ii) Pursuant to the Business Licence No. 00000002202003240008 dated 24 March 2020, Tide has been established with a registered capital of RMB388,000,000 with the operation period from 21 August 2012 to 20 August 2052.

Section III: Status of the Property

- iii) Pursuant to the Certificates for Construction Engineering Planning No. Hu Qing Jian (2013) FA31011820135777 dated 16 December 2013 and (2014) FA31011820144324 dated 17 March 2014, the construction of the Development with a total gross floor area of 185,969.56 sq.m. (including 30,883.82 sq.m. for basement car parks) has been approved.

Section IV: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Tide is in possession of the land use rights and building ownerships of the property;
 - (b) Tide is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) Tide has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
21	<p>A parcel of land located outside the Export and Processing Zone, Development Zone, Lianyungang City, Jiangsu Province, the PRC</p> <p>The property is located in the Lianyungang Economical & Technological Development Area of Lianyuanguang City. It is one of the first state-level development areas and is located in the city center of Liyuanguang, the Development Area is now the industrial base of different high-tech industries. It takes approximately 40 minutes to drive from the property to Lianyungang Huaguoshan Airport.</p> <p>The property comprises a rectangular in-shape land with a site area of 6,665 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years up to 22 November 2046 for commercial/financing uses.</p>	<p>The property is currently a vacant site.</p>	<p style="text-align: right;">24,500,000</p> <p style="text-align: right;"><i>(100% interest attributable to the Group: 24,500,000)</i></p>

Notes:

Section I: Title Documents

- i) Pursuant to the Contract for Grant of State-owned Land Use Rights No. 001480 (referred to as the “**Land Grant Contract**”) entered into between 江蘇省連雲港市國土資源局 (Lianyungang State Land Resource Administration Bureau) (the “**Land Bureau**”) and 連雲港嘉泰城市發展有限公司 (“**Jiatai**”, currently known as Lianyungang Jiatai Construction Co., Ltd 連雲港嘉泰建設工程有限公司 (Lianyungang Jiatai City Development Co., Ltd)), an indirect wholly-owned subsidiary of the Company, on 23 October 2006, the Land Bureau has agreed to grant the land use rights of the property to Jiatai at a total consideration of RMB5,100,000. The salient conditions stipulated in the Land Grant Contract are summarized as follows:

- | | | |
|------------------------|---|--|
| (a) Location | : | A parcel of land located at car parking area of Export Processing Zone in Lianyungang City |
| (b) Lot No. | : | LTC 2006-52# |
| (c) Site area | : | 6,665.20 sq.m. |
| (d) Use | : | Commercial/Office uses |
| (e) Land Use Term | : | 40 years |
| (f) Plot ratio | : | Not exceeding 3.5 |
| (g) Site coverage | : | Not exceeding 50% |
| (h) Height restriction | : | Not exceeding 100m |
| (i) Landscaping area | : | Not lesser than 20% |
| (j) Building covenant | : | Jiatai agreed to commerce the development of the property on or before 30 March 2007 |

- ii) Pursuant to the Contract for Transfer State-owned Land Use Rights entered into between Jiatai, and 連雲港海畔房地產開發有限公司 (Lianyungang Haipan Property Development Co., Ltd.) (“**Haipan**”), an indirect wholly-owned subsidiary of Jiatai, on 12 April 2010, Jiatai agreed to transfer the remaining period of the land use rights together with the buildings and structures thereon of the property to Haipan at nil consideration.
- iii) Pursuant to the Certificate for State-owned Land Use Rights No. Lian Guo Yong (2016) Zi Di 000162 issued by the Land Bureau dated 12 January 2016, the land use rights of the property, having a site area of 6,665.5 sq.m., have been granted to Haipan for a term up to 22 November 2046 for 商務金融用地 (commercial/financing uses) use.

Section II: Corporate Background

- iv) Pursuant to the Business Licence No. 320791000201909030018 dated 3 September 2019, Haipan has been established with a registered capital of RMB10,000,000 for an operation period commencing from 9 February 2007 to 8 February 2057. The scope of business is to develop, operate, manage and sale of real estate.

Section III: PRC Legal Opinion

- v) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (a) Haipan is in possession of the land use rights of the property;
 - (b) Haipan is entitled to develop, occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) Haipan has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
22 Block No. 7 of Tide Health Campus, Lane No. 888 Kanye Road, Zhujiajiao Town, Qingpu District, Shanghai, the PRC	Tide Health Campus is an integrated healthcare and elderly housing development (the “ Development ”) comprising 26 blocks of 5 to 7-storey apartment building, 4 blocks of 12-storey serviced apartment, a 6-storey nursing house, a 4-storey club house, 3 blocks of 2 to 4-storey shops and various ancillary facilities completed in around 2015.	The property is currently vacant.	140,000,000 <i>(100% interest attributable to the Group: 140,000,000)</i>
	The Development is located in Qingpu District of Shanghai, which is the westernmost district of Shanghai. Qingpu District is a primarily residential and industrial suburb of Shanghai, also with some shopping malls and cultural sites. It takes approximately 40 minutes to drive from the Development to Shanghai Hongqiao Airport.		
	The property comprises the serviced apartment building No. Block 7 of the Development with a gross floor area of 8,686.88 sq.m.		
	The land use rights of the Development have been granted for common terms expiring on 15 February 2053 for commercial use.		

Notes:

Section I: Title Documents

- i) Pursuant to four Certificates for Real Estate Ownership Nos. (2016) 007629, (2016) 007632, (2016) 020584 and (2018) 025736 issued by Shanghai Housing Security & Administration Bureau and Shanghai Planning Land & Resources Administration Bureau in 2016 and 2018, the land use rights of the subject site with an area of 107,516.6 sq.m. and the building ownerships of a total gross floor area of 171,478.56 sq.m. of the Development have been vested in 德地置業發展(上海)有限公司 (Tide Properties Development (Shanghai) Co., Ltd.) (“**Tide**”), an indirect wholly-owned subsidiary of the Company, with common land use terms expiring on 15 February 2053 for commercial use.

Section II: Corporate Background

- ii) Pursuant to the Business Licence No. 00000002202003240008 dated 24 March 2020, Tide has been established with a registered capital of RMB388,000,000 with the operation period from 21 August 2012 to 20 August 2052.

Section III: Status of the Property

- iii) Pursuant to the Certificates for Construction Engineering Planning No. Hu Qing Jian (2013) FA31011820135777 dated 16 December 2013 and (2014) FA31011820144324 dated 17 March 2014, the construction of the Development with a total gross floor area of 185,969.56 sq.m. (including 30,883.82 sq.m. for basement carparks) has been approved.

Section IV: PRC Legal Opinion

- iv) We have been provided with the legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Tide is in possession of the land use rights and building ownerships of the property;
 - (b) The property is subject to a loan facility in favour of Shanghai Rural Commercial Bank (Qingpu Branch) for a guarantee of a total loan amount of RMB80,000,000 with a period from 23 December 2022 to 23 June 2025, other than this, the property is free from any mortgage or other third party encumbrance;
 - (c) Tide is entitled to develop, occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights after obtaining consents from the lender; and
 - (d) Tide has been duly organised and validly existing as a limited liability company.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
23 Unit Nos. 4B-8A on the 45th level, Office Tower, CITIC Plaza, 233 Tianhe North Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>CITIC Plaza (the “Development”) is a commercial/residential composite complex comprising an 80-storey office tower, two 38-storey serviced apartments towers, a 4-storey shopping mall which links up all the above-mentioned towers and a 2-level basement car park. The complex was completed in 1997.</p> <p>The Development is located in Tianhe District of Guangzhou, which is the central business district of Guangzhou. The district is surrounded by commercial office buildings and local universities. It takes approximately 45 minutes to drive from the property to Guangzhou Baiyun International Airport.</p> <p>The property comprises various office units on 45th Level (south side) of the Office Tower of the Development with a total gross floor area of approximately 1,184.61 sq.m. (12,751 sq.ft.).</p> <p>The Land use rights of the property have been granted for a term of 50 years from 30 September 1994 for office use.</p>	The property is currently vacant.	31,100,000 <i>(100% interest attributable to the Group: 31,100,000)</i>

*Notes:***Section I: Title Documents**

- i) Pursuant to the Real Estate Title Certificate No. 0650183 dated 18 March 2002, the land use rights and building ownership of the property with a gross floor area of 1,184.61 sq.m. (being south side portion on the 45th level) has been granted to Genwo Limited, an indirect wholly foreign-owned subsidiary of the Company, for a term of 50 years from 30 September 1994 for office use.

Section II: PRC Legal Opinion

- ii) We have been provided with the legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, *inter alia*, the following information:
- (a) Genwo Limited is in possession of the land use rights and building ownerships of the property;
 - (b) Genwo Limited is entitled to occupy, use, sell and lease the property and is entitled to freely transfer the land use rights of the property by ways of transfer, lease, mortgage and dispose of the land use rights;
 - (c) the property is free from any mortgage or other third party encumbrance; and
 - (d) Genwo Limited has been duly organised and validly existing as a limited liability company.

Group VIII — Property rented by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
24	The whole of 47th Floor, United Asia Finance Centre, No. 333 Lockhart Road, Wanchai, Hong Kong	United Asia Finance Centre (the “ Development ”) is a 47-storey (4/F., 13/F., 14/F., 24/F., 34/F and 44/F omitted) composite commercial/office building with 60 car parking spaces completed in about 2000 and is located in the core business area of Wanchai district. It takes approximately 10 minutes to walk from the property to Wanchai MTR station. The property comprises the whole office units on the 47th Floor of the Development with a total gross floor area of 517.47 sq.m. completed in about 2000.	The property is subject to a tenancy of 2 years from 1 December 2021 to 30 November 2023 at a monthly rental of HK\$216,116 (exclusive of management fee and service charges). No Commercial Value (100% interest attributable to the Group: No Commercial Value)

Notes:

- i) Pursuant to a Tenancy Agreement entered into between Jaffe Development Limited (the “**Landlord**”) and Star Telecom Holding Limited (the “**Tenant**”), an indirect wholly-owned subsidiary of the Company, the Landlord agree to lease the property to the Tenant for a term of 2 years from 1 December 2021 to 30 November 2023 at a monthly rental of HK\$216,116 (exclusive of management fee and service charges).
- ii) We have not attributed any commercial value to the property due either to the short-term nature of the tenancy or the prohibition against assignment or otherwise due to the lack of substantial profit rent.

Group IX — Properties rented by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
25	16/F and 17/F of Block C, Golden Eagle Tiandi, No. 888 Ying Tian Main Street, Jianye District, Nanjing City, Jiangsu Province, the PRC	Golden Eagle Tiandi is a 3-tower skyscraper located in Jianye District of Nanjing. Filled with financial headquarters, exhibition and sport facilities, Jianye District is the financial service center in the eastern part of China. It takes approximately 40 minutes to drive from the property to Nanjing Lukou International Airport.	No Commercial Value
	The property comprises the whole 16th and 17th Floor of a 58-storey office building with a total gross floor area of 3,938.53 sq.m. completed in 2019.	The property is subject to a tenancy for a term of 10 years yielding a current annual rental of RMB4,791,880 exclusive of management fee and charges.	(100% interest attributable to the Group: No Commercial Value)

Notes:

Section I: Title Documents

- i) Pursuant to a Tenancy Agreement No. T30004 (the “**Tenancy**”) entered into between 南京建鄴金鷹置業有限公司 (renamed as 南京建鄴金鷹科技發展有限公司 (Nanjing Jianye Jinying Technology Development Co., Ltd.) referred to as the “**Landlord**”) and 深圳市明治醫療投資有限公司 (Shenzhen Ming Zhi Medical Investments Co., Ltd.) (“**Ming Zhi**”), an indirect wholly-owned subsidiary of the Company, dated 21 October 2021, the Landlord agree to lease the property to the tenant for a term of 10 years commencing from 1 December 2021 to 30 November 2031 at the respective annual rentals as follows:

Year	Annual Rental (RMB)
1	3,833,504
2	4,791,880
3	5,750,256
4	6,037,764
5	6,037,764
6	6,037,764
7	6,339,660
8	6,339,660
9	6,339,660
10	6,339,660

- ii) Pursuant to the “Agreement of Change of Party in the Tenancy” entered into among the Landlord, Ming Zhi and 南京仁杉門診部有限公司 (Nanjing Ren Shan Outpatient Co., Ltd) (the “**Tenant**”), another indirect wholly-owned subsidiary of the Company, dated 26 November 2021, all parties agreed that all the tenant’s rights and obligations arised in the Tenancy were transferred to Tenant.

Section II: Corporate Background

- iii) Pursuant to the Business Licence No. 91320105MA279, Nanjing Ren Shan Outpatient Co., Ltd. (“**Ren Shan**”) has been established with a registered capital of RMB10,000,000 with an operation period from 22 October 2021 to unspecified date.

Section III: PRC Legal Opinion

- iv) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
- (a) The said tenancy is valid and legally binding to both parties; and
 - (b) Ren Shan has been duly organised validly existing as a limited liability company.

Section IV: Others

- v) We have not attributed any commercial value to the property due either to the prohibition against assignment of the lease or otherwise the lack of substantial profit rent.

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2023 (HK\$)
26 Office Unit 2601-A3, Main Block of Cyber Times Building, Shenzhen Tian An Cyber Park, Futian District, Shenzhen, the PRC	<p>Shenzhen Tian An Cyber Park (the “Development”) comprises various industrial/office buildings, cyber-technology buildings, residential premises, apartments, multi-function clubhouse and technical service centre.</p> <p>Tian An Cyber Times Building is a twin-block office development located in Futian District, which is the central business district of Shenzhen. Futian District is surrounded by many office high-rises and government buildings. It takes approximately 30 minutes to drive from the property to Shenzhen Baoan International Airport.</p> <p>The property comprises 1 office unit in the main block of the Development with a gross floor area of approximately 357 sq.m.</p> <p>The land use rights of the Building have been granted for a term up to 28 April 2051 for office/commercial uses.</p>	<p>The property is subject to a tenancy from 1 December 2021 to 31 December 2023 at a monthly rental of RMB39,270 (exclusive of management fee and charges).</p>	<p>No Commercial Value</p> <p>(80% interest attributable to the Group: No Commercial Value)</p>

Notes:

Section I: Title Documents

- i) Pursuant to the Tenancy Agreement entered into between Tian An China Investments (Shenzhen) Co., Ltd. (the “**Landlord**”) and 南京同仁醫院有限公司 (Nanjing Tongren Hospital Co., Ltd.) (“**NJTRH**”) (the “**Tenant**”), an indirect 80% interest-owned subsidiary of the Company, the Landlord agree to lease the property to the Tenant for a term of 3 years from 1 December 2021 to 31 December 2023 at a monthly rental of RMB39,270 (exclusive of management fee and charges).

Section II: Corporate Background

- ii) Pursuant to the Business Licence No. 320121000201911110536 dated 11 November 2019, NJTRH has been established with a registered capital of RMB80,000,000 for an operation period from 19 August 2003 to 4 July 2023.

Section III: PRC Legal Opinion

- iii) We have been provided with a legal opinion on the title to the property issued by the Group's PRC Legal Adviser, which contains, *inter alia*, the following information:
 - (a) The said tenancy is valid and legally binding to both parties; and
 - (b) NJTRH has been duly organised and validly existing as a limited liability company.

Section IV: Others

- iv) We have not attributed any commercial value to the property due either to the short-term nature of the lease or the lack of substantial profit rent.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to CMH, TACI, their associates and parties acting in concert with any of them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of CMH and TACI (excluding directors of the Offeror)) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The TACI Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to CMH, its associates and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the directors of CMH (excluding TACI Directors)) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the CMH Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per CMH Share HK\$
30 December 2022	1.10
31 January 2023	1.08
28 February 2023	1.09
31 March 2023	0.98
28 April 2023	1.08
31 May 2023	0.87
8 June 2023 (being the Last Trading Day)	0.90
30 June 2023	0.87
31 July 2023	0.87
28 August 2023 (being the Latest Practicable Date)	0.87

During the Relevant Period:

- (a) the highest closing price of the CMH Shares quoted on the Stock Exchange was HK\$1.48 per CMH Share on 20 January 2023; and
- (b) the lowest closing price of the CMH Shares quoted on the Stock Exchange was HK\$0.84 per CMH Share on 24 May 2023.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned 420,056,500 CMH Shares (comprising 358,717,000 CMH Shares, 54,151,500 CMH Shares, 348,000 CMH Shares, 80,000 CMH Shares and 6,760,000 CMH Shares held by the Offeror, Mr. MT Lee, Mr. Nagahara, Mr. Song and Borrower A respectively), representing approximately 38.68% of the total issued share capital of CMH as at the Latest Practicable Date.

Borrower A (as borrower) has pledged 6,760,000 CMH Shares, representing approximately 0.62% of the total issued share capital of CMH as at the Latest Practicable Date, to a subsidiary of AGL (as lender, the “**Lender**”) as collateral securities for provision of loan. Such loan has defaulted and the Lender has exercised the voting rights of the 6,760,000 CMH Shares pursuant to the relevant loan agreement. Therefore, Borrower A is presumed to be acting in concert with the Offeror.

As at the Latest Practicable Date, 57,486,960 CMH Shares (the “**Secured CMH Shares**”), representing approximately 5.29% of the total issued share capital of CMH as at the Latest Practicable Date, have been pledged to a subsidiary of AGL (as lender) as collateral securities by a CMH Independent Shareholder (as borrower) for provision of loan. As holder of security interest by its subsidiary, AGL is deemed to have an interest in the Secured CMH Shares. For the avoidance of doubt, the Secured CMH Shares (as security interest) are counted as CMH Shares held by a public shareholder of CMH and not counted in 358,717,000 CMH Shares held by the Offeror as at the Latest Practicable Date.

During the Relevant Period, dealings in the CMH Shares, underlying CMH Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) by the Offeror and parties acting in concert with it are as follows:

CMH Subscription

On 16 June 2023, the following CMH Rights Shares were allotted and issued to the Offeror and parties acting in concert with it at the CMH Subscription Price:

Name	Number of CMH Rights Shares applied for	Number of CMH Rights Shares allotted
Offeror	302,741,720	265,725,519
Mr. MT Lee	18,050,500	18,050,500
Mr. Nagahara	116,000	116,000

CMH Acquisition

On 29 May 2023, the Offeror acquired 115,000 ex-rights CMH Shares at HK\$0.87 per CMH Share through on-market transactions conducted on the Stock Exchange for a consideration of HK\$100,050.

On 31 May 2023 and 1 June 2023, the Offeror acquired 28,743,480 and 52,560,000 nil-paid CMH Rights Shares at HK\$0.01 each respectively through on-market transactions conducted on the Stock Exchange for an aggregate consideration of HK\$813,034.80.

Disposal of nil-paid CMH Rights Shares

On 30 May 2023, Borrower A disposed 3,380,000 nil-paid CMH Rights Shares at HK\$0.019 each through on-market transactions conducted on the Stock Exchange for a consideration of HK\$64,220.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS AND OTHER ARRANGEMENTS

The Offeror confirms that:

- (a) save as disclosed in the section headed “3. DISCLOSURE OF INTERESTS” above, neither the Offeror nor any person acting in concert with it has dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of CMH during the Relevant Period;
- (b) save as disclosed in the section headed “3. DISCLOSURE OF INTERESTS” above, neither the Offeror nor the parties acting in concert with it owned or had control or direction over any voting rights or rights over any CMH Shares or convertible securities, warrants, options of CMH or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of CMH as at the Latest Practicable Date;
- (c) no person had irrevocably committed himself to accept or reject the CMH Offer;
- (d) none of the Offeror or parties acting in concert with it had entered into any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons as at the Latest Practicable Date;
- (e) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CMH which the Offeror (or the parties acting in concert with it) has borrowed or lent during the Relevant Period;
- (f) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or parties acting in concert with it and any CMH Directors, recent CMH Directors, CMH Independent Shareholders or recent CMH Independent Shareholders having any connection with or dependence upon the CMH Offer;
- (g) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the CMH Offer would be transferred, charged or pledged to any other persons;
- (h) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the CMH Offer;

- (i) no material contracts had been entered into by the Offeror in which any CMH Director had a material personal interest;
- (j) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any CMH Directors as compensation for loss of office or otherwise in connection with the CMH Offer;
- (k) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or the parties acting in concert with it on one hand, and CMH, its subsidiaries or associated companies on the other hand;
- (l) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between any CMH Independent Shareholder and the Offeror and/or the parties acting in concert with it; and
- (m) save for the CMH Offer Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it to any CMH Independent Shareholder in connection with the CMH Offer.

5. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who have given opinions or advice which are contained in this Composite Document:

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

Yu Ming has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its letter and references to its name in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) The Offeror is wholly-owned by TACI. The principal members of the Offeror's concert group are the Offeror and TACI.

- (b) The board of directors of the Offeror comprises Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang and Mr. Liu Kin Sun.
- (c) The board of directors of TACI comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang as executive directors; Mr. Lee Seng Hui (Chairman) and Dr. Moses Cheng Mo Chi as non-executive directors; and Mr. Francis J. Chang Chu Fai, Mr. Jiang Guofang, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum as independent non-executive directors.
- (d) As at the Latest Practicable Date, TACI is owned as to approximately 55.83% by AGL. The board of directors of AGL comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung as executive directors; Mr. Arthur George Dew (Chairman), Mr. Akihiro Nagahara (Vice Chairman) and Ms. Lee Su Hwei as non-executive directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Lisa Yang Lai Sum and Mr. Kelvin Chau Kwok Wing as independent non-executive directors.
- (e) As at the Latest Practicable Date, Mr. Lee together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, own approximately 74.99% of the total issued shares of AGL (inclusive of Mr. Lee's personal interest).
- (f) The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (g) The correspondence address of the Offeror's concert group (including the Offeror and TACI) is at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (h) Yu Ming is the financial adviser to the Offeror and is making the CMH Offer on behalf of the Offeror. The registered office of Yu Ming is at Room 1801, 18/F, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of CMH at <http://www.cmhg.com.hk> and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the memorandum and articles of association of the Offeror;

- (2) the Facility Agreements;
- (3) the letter from Yu Ming, the text of which is set out on pages 8 to 19 of this Composite Document; and
- (4) the written consent referred to in the section headed “Qualification and Consent of Expert” in this Appendix IV to this Composite Document.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the CMH Group.

The CMH Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of CMH as at the Latest Practicable Date were as follows:

<i>Authorised:</i>	<i>HK\$</i>
30,000,000,000 CMH Shares	<u>300,000,000.00</u>
<i>Issued:</i>	
1,086,005,457 CMH Shares	<u>10,860,054.57</u>

All the issued CMH Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for the 1,086,005,457 CMH Shares in issue, CMH does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into CMH Shares. The issued CMH Shares are listed and traded on the Main Board of the Stock Exchange. None of the securities of CMH is listed or dealt in, and no listing and permission to deal in the securities of CMH is being or is proposed to be sought in, any other stock exchange.

As at the Latest Practicable Date, CMH had no outstanding options, warrants, derivatives or convertible securities in respect of the shares which were issued by CMH.

Save for the issuance of 362,001,819 CMH Rights Shares upon completion of CMH Rights Issue, CMH has not issued any CMH Shares since the end of the last financial year of CMH (i.e. 31 December 2022).

3. DISCLOSURE OF INTERESTS BY THE CMH DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the CMH Directors and the chief executive of CMH, including their respective associates, the CMH Shares, underlying shares or debentures of CMH and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to CMH and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to CMH and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code were as follows:

Name of CMH Director	Number of CMH Shares				Total interests	Approximate percentage of shareholding
	Personal interests	Family interests	Corporate interests	Other interests		
Ms. Chong	928,125	—	194,438,560 ^(note i)	—	195,366,685	17.99%

Note:

- (i) Ms. Chong was beneficially interested in 928,125 CMH Shares. For the corporate interests, Vigor Online Offshore Limited (“**Vigor**”), a wholly-owned subsidiary of China Spirit Limited (“**China Spirit**”), owned 194,438,560 CMH Shares. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 194,438,560 CMH Shares in which Vigor was interested.

Save as disclosed above, as at Latest Practicable Date, the CMH Directors were not aware of any other person (other than the CMH Directors and chief executive of CMH) who had any interest or short position in the CMH Shares or underlying shares of CMH which would fall to be disclosed to CMH under the provisions of Divisions 2 and 3 of Part XV of the SFO or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by CMH under Section 336 of the SFO.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS OF CMH

As at the Latest Practicable Date, according to the register kept by CMH pursuant to Section 336 of the SFO, information currently available and, so far as is known to the CMH Directors, the persons or entities who had an interest or a short position in the CMH Shares or the underlying shares of CMH which would fall to be disclosed to CMH under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the

nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of CMH or of any other company which is a member of the CMH Group, or in any options in respect of such share capital were as follows:

Long positions in the CMH Shares

Name of CMH Shareholders	Capacity		Number of CMH Shares held	Approximate percentage of shareholding
Tsinghua Tongfang Co., Ltd. ("THTF")	Held by controlled corporation	(Note 1)	200,000,000	18.42%
Resuccess Investments Limited ("Resuccess")	Held by controlled corporation	(Note 1)	200,000,000	18.42%
Cool Clouds Limited ("Cool Clouds")	Beneficial owner	(Note 1)	200,000,000	18.42%
Ms. Chong	Beneficial owner	(Note 2)	928,125	0.09%
	Held by controlled corporation	(Note 2)	194,438,560	17.90%
China Spirit Limited ("China Spirit")	Held by controlled corporation	(Note 2)	194,438,560	17.90%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner	(Note 2)	194,438,560	17.90%
China Minsheng Investment Group Corp., Ltd. 中國民生投資股份 有限公司 ("CMI")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CMIG Asia Asset Management Co., Ltd. 中民投亞洲資產管理 有限公司 ("CMIG")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CMI Financial Holding Corporation ("CMIF")	Held by controlled corporation	(Note 3)	100,000,000	9.21%

APPENDIX V
GENERAL INFORMATION OF CMH

Name of CMH Shareholders	Capacity		Number of CMH Shares held	Approximate percentage of shareholding
CMIG International Capital Limited 中民投國際資本有限公司 ("中民投國際資本")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CM International Capital Limited ("CMIC")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
Victor Beauty Investments Limited ("Victor Beauty")	Beneficial owner	(Note 3)	100,000,000	9.21%
Ms. Ding Moyan ("Ms. Ding")	Held by controlled corporation	(Note 4)	57,486,960	5.29%
Excellent Top Holdings Limited ("Excellent Top")	Held by controlled corporation	(Note 4)	57,486,960	5.29%
Greatime Management Corp. ("Greatime")	Beneficial owner	(Note 4)	57,486,960	5.29%
Mr. Lee Seng Hui	Held by controlled corporation	(Note 5)	422,963,960	38.94%
Ms. Lee Su Hwei	Held by controlled corporation	(Note 5)	422,963,960	38.94%
Mr. Lee Seng Huang	Held by controlled corporation	(Note 5)	422,963,960	38.94%
AGL	Held by controlled corporation	(Note 5)	422,963,960	38.94%
Sun Hung Kai & Co. Limited ("SHK")	Held by controlled corporation	(Note 5)	64,246,960	5.91%
Shipsape Investments Limited ("Shipsape")	Held by controlled corporation	(Note 5)	64,246,960	5.91%
Itso Limited ("Itso")	Holder of security interest	(Note 5)	57,486,960	5.29%
Fareast Global	Beneficial owner	(Note 5)	358,717,000	33.03%

Name of CMH Shareholders	Capacity		Number of CMH Shares held	Approximate percentage of shareholding
TACI	Held by controlled corporation	(Note 5)	358,717,000	33.03%

Notes:

The percentage of shareholding is calculated on the basis of CMH's issued share capital of 1,086,005,457 shares as at the Latest Practicable Date.

1. Cool Clouds, a wholly-owned subsidiary of Resuccess, owned 200,000,000 CMH Shares. THTF was the sole shareholder of Resuccess as at the Latest Practicable Date. Accordingly, Resuccess and THTF were deemed to have interests in 200,000,000 CMH Shares in which Cool Clouds was interested.
2. Ms. Chong was beneficially interested in 928,125 CMH Shares. For the corporate interests, Vigor, a wholly-owned subsidiary of China Spirit, owned 194,438,560 CMH Shares. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 194,438,560 CMH Shares in which Vigor was interested.
3. Victor Beauty, a wholly-owned subsidiary of CMIC, owned 100,000,000 CMH Shares. As at the Latest Practicable Date, CMIC was a wholly-owned subsidiary of 中民投國際資本 which in turn was a wholly-owned subsidiary of CMI held directly as to 22.60% interests and indirectly as to 77.40% interests through CMIF and CMIG. CMIF was a wholly-owned subsidiary of CMIG, which in turn was a wholly-owned subsidiary of CMI. Accordingly, CMIC, 中民投國際資本, CMIF, CMIG and CMI were deemed to have interests in 100,000,000 CMH Shares.
4. Greptime, a wholly-owned subsidiary of Excellent Top, owned 57,486,960 CMH Shares. Ms. Ding maintained 100% beneficial interests in Excellent Top. Accordingly, Ms. Ding was deemed to have an interest in 57,486,960 CMH Shares.
5. Fareast Global, a wholly-owned subsidiary of TACI, owned 358,717,000 CMH Shares and TACI was owned as to approximately 55.83% by China Elite Holdings Limited which was in turn wholly-owned by AGL via its subsidiaries.

Itso, a wholly-owned subsidiary of Shipshape, held 57,486,960 CMH Shares as holder of securities and Sun Hung Kai Structured Finance Limited, a wholly-owned subsidiary of Shipshape, held 6,760,000 CMH Shares as holder of securities. Shipshape was a wholly-owned subsidiary of SHK. SHK was owned as to approximately 73.33% by AGL via its subsidiaries.

Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the shares in which AGL was interested.

6. Certain percentages included in the above table have been subject to rounding adjustments.

Save as disclosed above, so far as is known to the CMH Directors, as at the Latest Practicable Date, no other person had an interest or a short position in the CMH Shares or the underlying shares of CMH which would fall to be disclosed to CMH under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or

more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of CMH or of any other company which is a member of the CMH Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the CMH Shares or underlying shares of CMH as recorded in the register required to be kept by CMH under Section 336 of the SFO.

5. DEALINGS IN SECURITIES OF CMH

During the Relevant Period,

- (a) save for Ms. Chong's subscription of CMH Rights Shares at the CMH Subscription Price as disclosed below, none of the CMH Directors have dealt for value in any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH;

Date	Description
16 June 2023	Subscription of 309,375 CMH Rights Shares by Ms. Chong
16 June 2023	Subscription of 64,810,853 CMH Rights Shares by Vigor (a company indirectly wholly-owned by Ms. Chong)

- (b) none of the pension funds of CMH or any member of the CMH Group or any advisers to CMH (including the CMH Independent Financial Adviser) as specified in class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) owned or controlled any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH, and no such person had dealt for value in any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with CMH or with any person who was an associate of CMH by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code and no such person had dealt for value in any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH;

- (d) no CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with CMH and no such person had dealt for value in any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH;
- (e) no person had irrevocably committed himself/herself to accept or reject the CMH Offer;
- (f) none of CMH nor any CMH Directors had borrowed or lent any CMH Shares or any securities, convertible securities, warrants, options or derivatives in respect of any CMH Shares or securities of CMH;
- (g) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any CMH Shareholders and CMH, its subsidiaries or associated companies;
- (h) save as disclosed in the paragraph headed “3. Disclosure of interests by the CMH Directors” in this Appendix, none of CMH Directors held any beneficial shareholdings in CMH which would otherwise entitle them to accept or reject the CMH Offer; and
- (i) as at the Latest Practicable Date, Ms. Chong is interested in 195,366,685 CMH Shares and intends to accept the CMH Offer for part or all of her beneficial interests .

6. SHAREHOLDINGS AND DEALINGS IN SHARES OF THE OFFEROR

Save as disclosed in paragraphs headed “3. Disclosure of interests by the CMH Directors” and “4. Disclosure of interests of Substantial Shareholders of CMH” in this Appendix, none of CMH nor any CMH Director had any interest in the shares of the Offeror, and no such person (including CMH) had dealt in the shares of the Offeror during the Relevant Period.

7. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any CMH Director as compensation for loss of office or otherwise in connection with the CMH Offer;
- (b) there was no agreement or arrangement between any CMH Director and any other person which was conditional on or dependent upon the outcome of the CMH Offer or otherwise connected with the CMH Offer; and
- (c) no material contracts had been entered into by the Offeror in which any CMH Director had a material personal interest.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the CMH Group) were entered into by the members of the CMH Group within two years immediately preceding the date on which the Offer Period commenced, which are or may be material:

- (a) the underwriting agreement dated 5 May 2023 between CMH and Get Nice Securities Limited (as underwriter) in relation to the CMH Rights Issue pursuant to which Get Nice Securities Limited agreed to subscribe for or procure the subscription for the 362,001,819 CMH Rights Issue Shares; and
- (b) the construction agreement dated 8 July 2022 entered into between an indirect wholly-owned subsidiary of CMH and Zhejiang Shunjie Construction Group Co., Ltd. (浙江舜傑建築集團股份有限公司) in respect of the construction of phase II of KMH at the consideration of RMB225,916,266.

9. DIRECTOR'S SERVICE CONTRACT

As at the Latest Practicable Date, there was no service contract in force for CMH Directors with CMH or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) had been amended during the Relevant Period.

10. EXPERT AND CONSENT

The following are the qualifications of the experts engaged by CMH whose letters or opinions are contained in this Composite Document:

Name	Qualification
Pelican Financial Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the CMH Independent Board Committee in respect of the CMH Offer
Norton Appraisals Holdings Limited	independent property valuer
Emperor Corporate Finance Limited	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to CMH in respect of the CMH Offer

Each of Pelican Financial Limited, Norton Appraisals Holdings Limited and Emperor Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of their letters or opinions and/or references, as the case may be, to its name in the form and context in which they appear.

11. LITIGATION

As at the Latest Practicable Date, no member of the CMH Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of CMH Group, and no litigation, arbitration or claims which would materially and adversely affect the operations of the CMH Group was known to the CMH Directors to be pending or threatened against any members of the CMH Group.

12. GENERAL

- (a) The registered office of CMH is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

- (b) The principal place of business in Hong Kong of CMH is at 47/F, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (c) The company secretary of CMH is Ms. Leung Yuk Yi.
- (d) The Registrar of CMH is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The registered office of Pelican Financial Limited, the CMH Independent Financial Adviser, is at 28/F, 2861 & 2891, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong.
- (f) The registered office of Emperor Corporate Finance Limited, the financial advisor to CMH, is at 23/F, Emperor Group Centre, 288 Hennessy Road, Wan Chai, Hong Kong.
- (g) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text in case of any inconsistency.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of CMH at <http://www.cmhg.com.hk> and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and new bye-laws of CMH;
- (b) the annual reports of CMH for the financial years ended 31 December 2020, 2021 and 2022;
- (c) the announcement of CMH dated 18 August 2023 in relation to the interim results of the CMH Group for the six months ended 30 June 2023;
- (d) the property valuation report from Norton Appraisals Holdings Limited, summaries of which are set out in Appendix III to this Composite Document;
- (e) the letter from the CMH Board, the text of which is set out in this Composite Document;
- (f) the letter from the CMH Independent Board Committee, the text of which is set out in this Composite Document;

- (g) the letter from the CMH Independent Financial Adviser, the text of which is set out in this Composite Document;
- (h) the written consents referred to under the paragraph headed “Expert and Consent” in this Appendix;
- (i) the material contracts referred to under the paragraph headed “Material Contracts” in this Appendix; and
- (j) this Composite Document and the accompanying Form of Acceptance.