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OrbusNeich Medical Group Holdings Limited

業聚醫療集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6929)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF 84% OF THE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY**

Reference is made to the announcement of OrbusNeich Medical Group Holdings Limited (the “**Company**”) dated November 27, 2023 (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Board wishes to provide the following supplemental information in relation to the Acquisition.

VALUATION

Valuation Methodology Adopted by the Valuer

To select the most appropriate approach, the Valuer has considered the purpose of the valuation and the resulting premise of value as well as the availability and reliability of information related to the Target Company to perform the analysis. The Valuer has also considered the relative advantages and disadvantages of each approach having regard to the nature and circumstances of the Target Company.

In the valuation, the cost approach was not adopted as the valuation of the Target Company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. The income approach was not adopted as this approach requires a lot of long term assumptions and the valuation could be largely influenced by any inappropriate assumptions made. The Valuer has therefore solely relied on the market approach in determining its opinion of value.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. The guideline transaction method is not adopted due to the lack of recent market transactions with similar nature as the Target Company. Thus, the guideline public company method was adopted; it requires the research of comparable companies and selection of an appropriate valuation multiple. In order to reflect the latest financial performance and profitability of the Target Company, the Valuer has adopted the trailing price-to-earnings ratio (“**P/E Ratio**”) in the valuation.

Details of the Comparable Companies in the Valuation

The Board would like to clarify that based on the market data from the Comparable Companies, the average (excluding outlier) of the adjusted P/E Ratio of the Comparable Companies is 17.8 times.

The Valuer understood that the Target Company operates in Indonesia. However, due to the scarcity of comparable companies operating solely in Indonesia, the Valuer extended the selection criteria regarding principal place of business from Indonesia to Southeast Asia and adopted the following selection criteria: (i) companies which are publicly listed with liquid market trading and sufficient information; (ii) companies which have a principal place of business based in Southeast Asia; and (iii) companies which more than 90% of revenue is generated from distribution of medical devices and/or equipment.

As sourced from Bloomberg and the websites of the Comparable Companies, on a best effort basis, the Valuer obtained an exhaustive list of the following seven Comparable Companies based on the above selection criteria.

Company name	Bloomberg ticker	Country	Revenue from distribution of medical devices and/or equipment in the latest financial year	Market capitalization as of June 30, 2023 <i>(US\$ million)</i>	Company description
Itama Ranoraya PT	IRRA IJ Equity	Indonesia	100%	57.3	Itama Ranoraya PT distributes medical devices. The company offers auto disable syringe, abbot diagnostic tools, blood collection systems, and other related equipment.
Japan Vietnam Medical Instrument JSC	JVC VN Equity	Vietnam	100%	19.4	Japan Vietnam Medical Instrument JSC trades medical machinery, equipment and instruments.
Business Alignment Public Company Limited	BIZ TB Equity	Thailand	100%	59.2	Business Alignment Public Company Limited imports and distributes medical equipment. The company specializes in providing technologies and equipment for the treatment and prevention of cancer.
Winnery Medical Public Company Limited	WINMED TB Equity	Thailand	98%	37.6	Winnery Medical Public Company Limited distributes health care products. The company offers technology medical and diagnostic products.
Medilines Distributors, Inc.	MEDIC PM Equity	Philippines	100%	27.3	Medilines Distributors, Inc. supplies medical equipment. The company offers equipment which can detect, monitor, and treat cardiovascular disease, cancer, pneumonia, and kidney failure.
SaintMed Public Company Limited	SMD TB Equity	Thailand	100%	33.4	SaintMed Public Company Limited distributes medical devices. The company imports and sales respiratory and life support products.

Company name	Bloomberg ticker	Country	Revenue from distribution of medical devices and/or equipment in the latest financial year	Market capitalization as of June 30, 2023 (US\$ million)	Company description
E for LM Public Company Limited	EFORL TB Equity	Thailand	100%	19.3	E for LM Public Company Limited is a distributor and importer of medical tools and equipment. The company offers medical instruments and equipment, laboratory reagent, microscope, health care, and beauty products.

To address the difference between the Target Company and the selected Comparable Companies in country risk premium, the trailing P/E Ratio of each Comparable Company was adjusted using the following formula:

$$\text{Adjusted P/E Ratio} = \frac{1}{\left(\frac{1}{\text{P/E Ratio}}\right) + \theta}$$

Where:

θ = Difference in country risk premium between the Target Company and the Comparable Company, based on the publication “Country Default Spreads and Risk Premiums”, published by Professor Aswath Damodaran, in January 2023

The adjusted P/E are set out in the table below:

Company name	P/E Ratio	θ	Adjusted P/E Ratio
Itama Ranoraya PT	34.0	0%	34.0
Japan Vietnam Medical Instrument JSC	12.1	-1.91%	15.8
Business Alignment Public Company Limited	13.7	0.53%	12.7
Winnergy Medical Public Company Limited	30.6	0.53%	26.3
Medilines Distributors, Inc.	8.0	0%	8.0
SaintMed Public Company Limited	10.7	0.53%	10.1
E for LM Public Company Limited	108.8	0.53%	69.1*

* *Considered as an outlier*

Overall average	25.2
Standard derivation	21.5
Average excluding outlier	17.8

Note:

Adjusted P/E Ratios that are greater than +1 standard derivation from the overall average or lower than -1 standard derivation from the overall average are considered as outliers.

The adjusted P/E Ratios of the seven Comparable Companies ranged from 8.0 times to 69.1 times. Adjusted P/E Ratio above or below one standard deviation is considered as outlier. Based on this, the Valuer identified one outlier and excluded that to calculate the average adjusted P/E Ratio (excluding outlier) of 17.8 times, which was adopted in the Valuation.

Save as disclosed above, all other information as set out in the Announcement remain unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

By order of the Board
OrbusNeich Medical Group Holdings Limited
Mr. David CHIEN

Chairman, Executive Director and Chief Executive Officer

Hong Kong, December 4, 2023

As of the date of this announcement, the Board of the Company comprises Mr. David CHIEN, Ms. Kwai Ching Denise LAU and Mr. Wing Shing CHEN as Executive Directors; Mr. Ching Chung John CHOW, Mr. Ting San Peter Lionel LEUNG and Dr. Yi ZHOU as Non-Executive Directors; and Mr. Yip Keung CHAN, Mr. Ka Keung LAU BBS, MH, JP and Dr. Lai Fan Gloria TAM as Independent Non-executive Directors.