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Meihao Medical Group Co., Ltd

美皓醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1947)

SUPPLEMENTAL ANNOUNCEMENT RELATING TO DISCLOSEABLE TRANSACTION – SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

Reference is made to the announcement (the "**Announcement**") of Meihao Medical Group Co., Ltd (the "**Company**") dated 18 July 2025, in relation to the subscription of 2,863,492 Class B ordinary shares of Deepcare Medical Holdings Limited. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcement.

PROFIT FORECAST REQUIREMENTS UNDER THE LISTING RULES

As disclosed in the Announcement, the Subscription Consideration was determined after arm's length negotiations between the Company and the Target Company, with reference to the valuation of the Thailand Subsidiary as at 31 December 2024, being US$104.0 million (the "**Valuation**").

The Valuation was conducted by Shanghai Guoduo Assets Appraisal Firm (GP) (上海國多資產評估事務所（普通合夥）) (the "**Valuer**"), an independent PRC valuer, using an income-based approach. The Valuer is independent from the Company and its connected persons as defined under the Listing Rules. Accordingly, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is therefore subject to the requirements under Rule 14.60A of the Listing Rules in relation to profit forecast.

ASSUMPTIONS

For the purpose of complying with Rules 14.60A of the Listing Rules, the details of the principal assumptions, including commercial assumptions, upon which the Valuation was based are as follows:

(I) Fundamental Assumptions

1. Transaction Assumption: It is assumed that the Thailand Subsidiary is in the process of a transaction. The Valuer simulates the market based on the transaction conditions of the Thailand Subsidiary to conduct the valuation, and the valuation result is an estimate of the most likely transaction price that the Thailand Subsidiary can achieve.

2. Open Market Assumption: It is assumed that the Thailand Subsidiary and its related assets are traded in an open market where buyers and sellers have equal status, both have sufficient opportunities and time to obtain adequate market information, and the trading behaviour of both buyers and sellers is conducted under voluntary, rational, and non-coercive conditions.

3. Continued Use Assumption: It is assumed that the assets of the enterprise being valued that are currently in use will continue to be used in their current location according to their current use and method after the change in property rights.

4. Going Concern Assumption: It is assumed that the production and business operations of the enterprise being valued can continue according to their current status, and no major changes will occur in the foreseeable future, without considering the impact of the economic behaviour involved in this valuation purpose on the enterprise's operating conditions.

5. It is assumed that the management of the enterprise being valued responsibly fulfils its duties regarding enterprise operations and competently implements effective management of relevant assets. The enterprise being valued has no behaviour that violates national laws and regulations during its operations.

(II) Macroeconomic Environment Assumptions

1. There are no major changes in the current economic policies of the country where the enterprise being valued conducts its business operations.

2. There are no major changes in bank lending rates, exchange rates, and tax rates.

3. There are no major changes in the socio-economic environment of the region where the enterprise being valued is located.

4. The development trend of the industry to which the enterprise being valued belongs remains stable, and the current laws, regulations, and economic policies related to the production and operations of the enterprise being valued remain stable.

(III) Assumptions Regarding the Status of the Thailand Subsidiary as at the Valuation benchmark date

1. Except within the scope of the Valuers' knowledge, it is assumed that the acquisition, obtaining or development process of the Thailand Subsidiary and its related assets in accordance with relevant national laws and regulations.

2. Except within the scope of the Valuers' knowledge, it is assumed that the Thailand Subsidiary and its related assets have no rights defects or restrictions that affect their value, and it is assumed that the purchase price, taxes, and various payables of the Thailand Subsidiary and its related assets have been paid in full.

3. Except within the scope of the Valuers' knowledge, it is assumed that the tangible assets such as inventory and equipment involved in the Thailand Subsidiary have no major technical failures that affect their continued use, that there are no harmful substances in such assets that adversely affect their value, and that there are no hazardous materials or other harmful environmental conditions at the location of such assets that adversely affect the value of such assets.

(IV) Special Assumptions

1. It is assumed that the accounting policies that the enterprise being valued will adopt in the future are substantially consistent in all material respects with the accounting policies adopted when preparing this report.

2. It is assumed that after the valuation benchmark date, the enterprise being valued will maintain consistency with the current business scope and methods based on the existing management methods and management levels.

3. It is assumed that the future earnings of the enterprise being valued are all recurring earnings. The enterprise's non-recurring earnings dominated by macroeconomic and policy factors, such as foreign exchange gains and losses, subsidy income, and extraordinary income and expenses with occasional factors, lack stability and their earnings and risks are difficult to predict and quantify, so they will not be considered in this forecast.

4. It is assumed that the business contracts provided by the enterprise being valued, as well as the company's business licence, articles of association, signed agreements, audit reports, financial materials and all other evidence materials are true and valid.

5. It is assumed that the enterprise being valued has financing capability that matches its future business scale, ensuring that future operations can run normally.

6. It is assumed that during the future operating period, the main business, business structure, composition of income and costs, business strategies and cost control of the enterprise being valued will be implemented according to the business plan, and future financial budgets can be realised.

7. It is assumed that the contracts, orders, framework agreements, etc. signed by the enterprise being valued can all be smoothly executed during the forecast period, and there are no situations of contract changes or termination.

8. It is assumed that the business premises lease of the enterprise being valued can be renewed after expiry.

9. The earnings forecast takes the day after the valuation benchmark date, 1 January 2025, as the first day of the first forecast period, and 31 December 2025 as the last day of that forecast period. Subsequently, 1 January 2026 to 31 December 2026 is the second forecast period for earnings forecast, and subsequent forecast periods follow this pattern. It is also assumed that income and expenses occur evenly within the earnings forecast period.

(V) Restrictive Assumptions

1. The Valuation report assumes that the legal documents, technical materials, operating materials and other valuation-related materials provided by the client are all true and reliable. We also do not undertake any legal matters related to the property rights of assets involved in the Thailand Subsidiary.

2. Unless otherwise stated, the Valuation report assumes that the results of on-site investigation of the tangible assets within the valuation scope through visual inspection of their external appearance are basically consistent with their actual economic useful lives. This valuation has not conducted special technical testing of the technical data, technical status, structure, attachments, etc. of such assets.

INCOME APPROACH AND DISCOUNTED CASH FLOW METHOD

Considering the valuation purpose and the characteristics of the Thailand Subsidiary, the Valuer adopted the income approach when conducting the Valuation.

The income approach evaluates assets based on their expected profitability, fully reflecting overall enterprise value with more reliable and persuasive conclusions. The income approach requires three conditions: predictable future earnings of the enterprise, predictable future risks of the enterprise, and predictable sustainability of future earnings of the enterprise.

Based on the operating characteristics of the Thailand Subsidiary, the Valuer concluded that the Thailand Subsidiary can continue operations in the future, its future earnings have certain predictability, and related risks can be identified and quantified, thus satisfying the conditions for applying the income approach to the Valuation. Considering the above factors and based on the understanding of the current operations, business plans and development plans of the Thailand Subsidiary, the income approach was selected for the Valuation.

1. Valuation Model

The income approach adopts the discounted cash flow method (DCF) to estimate the value of the enterprise's operating assets, plus the value of other non-operating or surplus assets of the enterprise as at the benchmark date, to derive the overall enterprise value, and after deducting the value of interest-bearing debt, derive the total shareholder equity value of the enterprise.

Enterprise Overall Value = Present value of enterprise free cash flows + Surplus asset value + Non-operating asset value + Separately valued subsidiary equity value

Total Shareholder Equity Value = Enterprise Overall Value – Interest-bearing Debt

Interest-bearing debt refers to debt that requires interest payment as recorded in the books as at the benchmark date, including short-term borrowings, interest-bearing notes payable, long-term borrowings due within one year, long-term borrowings, etc.

Present value of free cash flows = Present value of free cash flows during the explicit forecast period + Present value of free cash flows after the explicit forecast period (terminal value), is as follow:

$$P = \sum_{i=1}^{n} \frac{F_i}{(1 + r)^i} + \frac{F_n \times (1 + g)}{(r - g) \times (1 + r)^n}$$

Where: P: Enterprise operating asset value as at the valuation benchmark date;
F_i: Amount of cash flow in the i-th year after the valuation benchmark date;
F_n: Expected enterprise free cash flow at the end of the forecast period;
r: Selected discount rate;
n: Forecast period;
i: The i-th year of the forecast period;
g: Expected annual growth rate of future earnings after the explicit forecast period.

2. Explicit Forecast Period

After analysing the current status and development prospects of the industry in which the enterprise being valued operates, agreements and articles of association, operating status, asset characteristics and resource conditions, the earnings period for this project is determined to be unlimited. Meanwhile, based on comprehensive analysis of the revenue structure, cost structure, capital structure, capital expenditure, investment returns and risk levels of the enterprise being valued, combined with macroeconomic policies, industry cycles and other factors affecting the enterprise's entry into a stable period, the explicit forecast period n for this project is selected as 5 years, and the Fi amount after the explicit forecast period remains unchanged, meaning g is valued at zero.

3. Enterprise Free Cash Flow

The calculation formula for enterprise free cash flow is as follows:

Enterprise Free Cash Flow = Earnings before interest and tax – Actual income tax paid + Depreciation and amortisation – Capital expenditure – Additional working capital

= Sales revenue – Cost of sales – Taxes and surcharges + Other business profits – Period expenses (administrative expenses, selling expenses, finance costs) + Investment income – Income tax + Depreciation and amortisation – Capital expenditure – Additional working capital

4. Discount Rate

In accordance with the principle of consistency between earnings calibre and discount rate calibre, the earnings calibre for this valuation is enterprise free cash flow, so the discount rate selected is the weighted average cost of capital (WACC).

$$WACC = K_e \text{ x } \frac{E}{(D+E)} + K_d \text{ x } \frac{D}{(D+E)} \text{ x } (1+T)$$

Formula:

Where: K_e refers to cost of equity capital;
K_d refers to cost of debt capital;
T refers to income tax rate;
D/E: Target debt-to-equity ratio of the enterprise being valued estimated based on market value;

Where: $K_e = Rf + \beta \times ERP + Rc$
Rf = Risk-free rate of return;
β = Enterprise risk coefficient;
ERP = Equity market risk premium;
Rc = Enterprise-specific risk adjustment coefficient.

REVIEW AND ADJUSTMENT OF FUTURE ANNUAL EARNINGS

The Valuer obtained future annual earnings forecast drafts provided by Thailand Subsidiary and analysed, judged, and adjusted their reasonableness.

For prudence's sake, the Valuer adjusted the following:

1. **Operating Revenue**: Compared with data from companies in the same industry and industry growth conditions, the operating revenue growth rate was adjusted downward.

2. **Operating Costs**: Referring to the historical operating cost situation of the valuation object and the gross profit margins of companies in the same industry, the gross profit margin was adjusted downward.

3. **Period Expenses**: Adjusted downward in comparison with the gross profit margins of companies in the same industry.

ANALYSIS OF OPERATING INCOME GROWTH RATE

Year	2023	2024	2025	2026	2027	2028	2029
Operating Income Growth Rate	209%	118%	80%	60%	40%	25%	15%

As the Thailand Subsidiary's operating scale expands, its operating revenue growth rate will become progressively smaller until it stabilizes.

ANALYSIS OF EXPENSE RATIOS

Year	2023	2024	2025	2026	2027	2028	2029
Gross Profit Margin	40%	52%	55%	56%	55%	54%	54%
Period Expense Ratio	68%	46%	44%	39%	36%	33%	29%
Operating Profit Margin	-21%	5%	12%	17%	19%	21%	24%

As the Thailand Subsidiary's operating scale expands, its brand awareness and industry influence will increase, leading to a decrease in the proportion of marketing expenses. Additionally, operational management optimization will contribute to a gradual increase in operating profit margins.

EXPLANATION OF VALUATION RESULTS

The financial statements and profit forecast data provided by the Thailand Subsidiary are denominated in RMB, so the original estimated valuation amount is also in RMB, totaling RMB744.0 million. Based on the exchange rate of 7.1884 from the central bank on the valuation benchmark date, this amounts to approximately US$104.0 million.

CONFIRMATIONS

The Board has reviewed the key assumptions upon which the profit forecast was based and is of the view that the profit forecast was made after due and careful enquiry.

McMillan Woods (Hong Kong) CPA Limited (the "**McMillan Woods**") has been engaged by the Company to review the arithmetical calculation and compilation of the discounted future estimated cash flows upon which the Valuation Report prepared by the Valuer was based, and is of the opinion that, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled in all material respects in accordance with the bases and assumptions as set out in the Valuation Report.

A report from McMillan Woods and a letter from the Board are included in the appendices to this announcement for the purposes of Rule 14.60A of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualification
McMillan Woods (Hong Kong) CPA Limited (長青(香港)會計師事務所有限公司)	Certified Public Accountants
Shanghai Guoduo Assets Appraisal Firm (GP) (上海國多資產評估事務所(普通合夥))	Independent professional valuer

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Valuer and McMillan Woods is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither of the Valuer and McMillan Woods has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group. As at the date of this announcement, each of the Valuer and McMillan Woods does not have any direct or indirect interests in any assets which have been since 31 December 2024 (the date to which the latest published annual result of the Group were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. Each of the Valuer and McMillan Woods has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its opinion and advice in its report/letter and all references to its name in the form and context in which it appears in this announcement.

SUBSCRIPTION CONSIDERATION

The Subscription Consideration was determined after considering the valuation of the Thailand Subsidiary. Although the Target Company holds other subsidiaries, the other subsidiaries are representative offices with no substantial business operations. The key assets and technologies of the Target Group are mainly held by the Thailand Subsidiary.

Taking into account the reasons above, the Directors consider the Valuation and the Subscription Consideration to be fair and reasonable.

By order of the Board
Meihao Medical Group Co., Ltd
Mr. Wang Xiaomin
Chairman and executive Director

Hong Kong, 8 August 2025

As at the date of this announcement, the executive Directors are Mr. Wang Xiaomin and Dr. Zhou Jian, and the independent non-executive Directors are Mr. Ng Ming Chee, Ms. Tam Hon Shan Celia and Mr. Zhang Yongcun.

APPENDIX I – REPORT FROM MCMILLAN WOODS (HONG KONG) CPA LIMITED

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, for inclusion in this announcement.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF DEEP & HARMONICARE IVF CENTER (THAILAND) COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF MEIHAO MEDICAL GROUP CO., LTD

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "**Valuation**") dated 8 July 2025 prepared by Shanghai Guoduo Assets Appraisal Firm (GP) in respect of the appraisal of the fair value of the 100% equity interests in Deep & Harmonicare IVF Center (Thailand) Company Limited (the "**Thailand Subsidiary**") is based. The Valuation is set out in the announcement of Meihao Medical Group Co., Ltd (the "**Company**") dated 18 July 2025 (the "**Announcement**"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the further announcement dated 8 August 2025 (the "**Further Announcement**") (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by paragraph 14.60A(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Thailand Subsidiary.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the Assumptions.

Because the Valuation relates to the discounted estimated future cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the Assumptions.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Hong Kong
8 August 2025

8 August 2025

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

DISCLOSEABLE TRANSACTION –
SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

We, Meihao Medical Group Co., Ltd (the "**Company**"), refer to the announcement of the Company dated 18 July 2025 and 8 August 2025 (the "**Announcements**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings when used herein.

We refer to the Valuation conducted by Shanghai Guoduo Assets Appraisal Firm (GP), an independent valuer. The Valuations adopt the income approach, which is based on the discounted cash flow forecast and is regarded as a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Valuer the different aspects upon which the Valuation was prepared (including the principal and commercial assumptions) and have reviewed the Valuations for which the Valuer is responsible.

Pursuant to Rule 14.62 of the Listing Rules, we have also engaged McMillan Woods (Hong Kong) CPA Limited, acting as the Company's reporting accountants, to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (which does not involve the adoption of accounting policies), and considered the report from McMillan Woods (Hong Kong) CPA Limited which was prepared in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants, as set out in Appendix I to the announcement dated 8 August 2025.

On the basis of the above, pursuant to the requirements of Rule 14.60A(3) of the Listing Rules, we confirm that the profit forecast has been made after due and careful enquiry.

On behalf of the Board
Meihao Medical Group Co., Ltd
Mr. Wang Xiaomin
Chairman and executive Director