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If you have sold or transferred all your shares in China NT Pharma Group, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 100% OF THE ISSUED SHARES IN THE TARGET COMPANIES INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalized terms used in this cover page have the same meanings as defined in this circular unless otherwise defined.

A letter from the Board is set out on pages 6 to 43 of this circular.

A notice convening the EGM to be held at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 15 January 2026, 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

24 December 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of 100% of the issued shares in the Target Companies by the Purchaser from the Sellers, as contemplated under the Sale and Purchase Agreement
“AI”	artificial intelligence
“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Kangchen”	Beijing Kangchen Technology Co., Limited* (北京康辰生物科技有限公司), is an associate company of the Group. As at the Latest Practicable Date, the Group, through its wholly-owned subsidiaries, held approximately 25.3% of the equity interest in Beijing Kangchen
“Board”	the board of Directors
“Business”	the respective scopes of business permitted to be operated by the PRC Operating Company in the PRC
“Business Day(s)”	a day (excluding Saturday, Sunday and other general holidays in Hong Kong) on which licensed banks in Hong Kong are generally open for business
“CAGR”	compound annual growth rate
“Company”	China NT Pharma Group Company Limited (stock code: 1011), a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Conditions”	the conditions precedent to the sale and purchase of the issued shares in the Target Company set out in the Sale and Purchase Agreement
“Connected Person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of RMB116,219,960 (equivalent to approximately HK\$123,638,256) for the Acquisition

DEFINITIONS

“Consideration Shares”	up to 274,751,679 new Shares to be allotted and issued by the Company to satisfy the Consideration in accordance with the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Thursday, 15 January 2026, 11:00 a.m. at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares under the Specific Mandate)
“Enlarged Group”	the enlarged group comprising the Group and the Target Groups after Completion
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of the Company and its connected persons
“Issue Price”	HK\$0.45 per Consideration Share
“Last Trading Day”	28 April 2025, being the last full trading day for the Shares prior to the date of the Sale and Purchase Agreement
“Latest Practicable Date”	Friday, 19 December 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	the date falling twelve months after the date of the Sale and Purchase Agreement (i.e. 28 April 2026), or such other date as agreed in writing by the parties to the Sale and Purchase Agreement
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Company”	Zhejiang Kangyuan Medical Equipment Co., Ltd * (浙江康源醫療器械有限公司), a company established under the laws of the PRC with limited liability, whose registered office is at 3/F, Building 4, 16 Yuecheng Lane of Xixing Street, Binjiang District, Hangzhou, Zhejiang Province, the PRC
“Purchaser”	China NT Pharma Group Company Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 April 2025 (as supplemented and amended by the Supplemental Agreement) entered into by the Company as Purchaser and the Sellers, in relation to the Acquisition
“Seller A”	Mr. Lou YongBin and Mr. Lou YongJun, who are brothers. Mr. Lou YongBin and Mr. Lou YongJun hold 56.34% and 43.66% of Target Company A, respectively
“Seller B”	Ms. Chen HongLi, who hold 100% of Target Company B
“Seller C”	Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min; they hold 92.30%, 2.75%, 2.20%, 2.20% and 0.55% of Target Company C, respectively
“Sellers”	collectively, the Seller A, Seller B and Seller C
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement entered into by the Company and the Sellers on 18 December 2025 to supplement and amend certain terms of the Sale and Purchase Agreement
“Target Companies”	collectively, the Target Company A, Target Company B and Target Company C
“Target Company A”	Junbinxiongdi Limited, a company incorporated in the Cayman Islands with limited liability on 8 January 2025
“Target Company B”	Yuehua Limited, a company incorporated in the Cayman Islands with limited liability on 8 January 2025
“Target Company C”	Zhong He Qun Lian Limited, a company incorporated in the Cayman Islands with limited liability on 8 January 2025
“Target Group A”	collectively, the Target Company A, the Target HK Company A, the Target WFOE A
“Target Group B”	collectively, the Target Company B, the Target HK Company B, the Target WFOE B
“Target Group C”	collectively, the Target Company C, the Target HK Company C, the Target WFOE C
“Target HK Company A”	Binbinwenhua Trading Co., Limited, a private company incorporated in Hong Kong with limited liability on 2 January 2025, a direct wholly-owned subsidiary of the Target Company A and the sole registered owner of the equity interest in of the Target WFOE A
“Target HK Company B”	Nianhua Trading Co., Limited, a private company incorporated in Hong Kong with limited liability on 2 January 2025, a direct wholly-owned subsidiary of the Target Company B and the sole registered owner of the equity interest in of the Target WFOE B

DEFINITIONS

“Target HK Company C”	Zhong He Jing Lin Trading Co., Limited, a private company incorporated in Hong Kong with limited liability on 2 January 2025, a direct wholly-owned subsidiary of the Target Company C and the sole registered owner of the equity interest in of the Target WFOE C
“Target Groups”	collectively, the Target Group A, Target Group B, Target Group C and the PRC Operating Company, and “Target Group Company” means any one of them
“Target WFOE A”	Yiwu Hanrui Technology Co., Ltd. * (義烏市含蕊科技有限公司), a direct wholly-owned subsidiary of the Target HK Company A and a wholly foreign-owned enterprise established in the PRC on 5 March 2025
“Target WFOE B”	Yiwu Kebo Technology Co., Ltd. * (義烏市可勃科技有限公司), a direct wholly-owned subsidiary of the Target HK Company B and a wholly foreign-owned enterprise established in the PRC on 30 December 2024
“Target WFOE C”	Yiwu Miaohai Technology Co., Ltd. * (義烏市妙海科技有限公司), a direct wholly-owned subsidiary of the Target HK Company C and a wholly foreign-owned enterprise established in the PRC on 5 March 2025
“Valuation Date”	30 June 2025
“Valuation Report”	the business valuation report prepared by the Valuer on the indicative fair market valuation of the entire equity interest in the PRC Operating Company as at the Valuation Date
“Valuer”	BonVision International Appraisals Limited, an independent valuer appointed by the Company
“%”	per cent

* *The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names prevail.*

LETTER FROM THE BOARD



中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1011)

Executive Directors:

Mr. Ng Tit (*Chairman*)
Ms. Ng Anna Ching Mei

Non-executive Directors:

Dr. Qian Wei
Ms. Chin Yu

Independent non-executive Directors:

Mr. Yu Tze Shan Hailson
Mr. Ng Ming Kwan
Dr. Zhao Yubiao

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Principal Place of Business and
Headquarter in Hong Kong:*

Unit 2102, 21/F
West Tower Shun Tak Centre
168–200 Connaught Road
Hong Kong

24 December 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO ACQUISITION OF 100% OF THE ISSUED SHARES
IN THE TARGET COMPANIES
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to (i) the announcement of the Company dated 28 April 2025 regarding the major transaction in relation to the acquisition of 100% of the issued Shares in the Target Companies involving the issue of Consideration Shares under Specific Mandate, (ii) the clarification announcement of the Company dated 29 April 2025 in relation to the relevant financial information of the PRC Operating Company; and (iii) the supplemental announcement of the Company dated 18 December 2025 in relation to the Sale and Purchase Agreement (collectively, the “**Announcements**”).

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide the Shareholders with further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) to give the Shareholder a notice of EGM and other information in accordance with the requirements of the Listing Rules.

2. THE ACQUISITION

On 28 April 2025 (after the trading hours), the Company as Purchaser and the Sellers entered into the Sale and Purchase Agreement, pursuant to which, the Purchaser has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, 100% of the issued shares in the Target Companies, which in effect represents ultimate control of approximately 58.11% of the equity interest in the PRC Operating Company.

The Sale and Purchase Agreement (as supplemented and amended by the Supplemental Agreement)

Date	28 April 2025
Parties	(1) the Company (as the Purchaser) (2) Mr. Lou YongBin and Mr. Lou YongJun (collectively, as the Seller A) (3) Ms. Chen HongLi (as the Seller B) (4) Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min (collectively, as the Seller C)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, the Sellers and their ultimate beneficial owners are Independent Third Parties.

Asset to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, 100% of the issued shares in the Target Companies on 28 April 2025, which in effect represents ultimate control of approximately 58.11% of the equity interest in the PRC Operating Company.

The Consideration

The Consideration for the Acquisition is RMB116,219,960 (equivalent to HK\$123,638,256), which will be settled by the allotment and issue of 274,751,679 new Shares to the Sellers by the Company at the Issue Price of HK\$0.45 per Consideration Share.

LETTER FROM THE BOARD

The Company shall allot and issue an aggregate of 274,751,679 Shares, being 100% of the Consideration Shares to each of the Sellers on a pro rata basis within 30 days after the successful completion of the registration and the obtaining of the medical device registration certificate of the Portable AI X-Ray Device (可攜式數字X射線診斷機器人系統) from the Zhejiang Provincial Food and Drug Administration (浙江省食品藥品監督管理局).

In determining the Consideration, the Board primarily took into account that a fund controlled by a state-owned enterprise acquired 10% equity interest in the PRC Operating Company on the same day (i.e. 28 April 2025) at a consideration of RMB20 million, implying a valuation of approximately RMB116.2 million for approximately 58.11% of the equity interest in the PRC Operating Company.

The Board further noted that, (i) according to the valuation assessment prepared by the Valuer, the appraised value of the PRC Operating Company as at 31 December 2024 was approximately RMB329.0 million for 100% of the equity interest in the PRC Operating Company and approximately RMB191.0 million for approximately 58.11% of the equity interest in the PRC Operating Company, which is significantly higher than the Consideration; (ii) the PRC Operating Company recorded net losses for the years ended 31 December 2023 and 31 December 2024, indicating potential funding needs and the need to attract new investors; and (iii) the PRC Operating Company currently lacks mature marketing channels, distribution networks, and an experienced marketing team, and is therefore unable to fully capture market opportunities on its own.

Additionally, the Board considered that the Group will need to allocate substantial financial and human resources to the PRC Operating Company after the Acquisition, in view of its past losses and underdeveloped marketing capabilities.

Having considered the above factors, the Board is of the view that the Consideration of approximately RMB116.2 million for the acquisition of approximately 58.11% of the equity interests in the PRC Operating Company, which is calculated on a pro rata basis based on the consideration paid in the 10% equity interest acquisition by a fund controlled by a state-owned enterprise, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Consideration Shares

As at the Latest Practicable Date, the Company had (i) an authorised share capital of USD50,074, comprising 62,592,500,000 ordinary shares of the nominal value of USD0.0000008 each; and (ii) an issued share capital of approximately USD539.40, comprising 674,246,015 ordinary shares of the nominal value of USD0.0000008 each.

Upon Completion, the Company shall allot and issue the Consideration Shares, being 274,751,679 new Shares, to the Sellers (or their nominee(s)) at the Issue Price.

LETTER FROM THE BOARD

The Consideration Shares represent (i) approximately 40.75% of the existing issued share capital of the Company as at the date of the Sale and Purchase Agreement; and (ii) approximately 28.95% of the issued share capital of the Company as enlarged by the allotment and issue of all the Consideration Shares assumed that there is no change in the issued share capital of the Company from the date of the Sale and Purchase Agreement to the Latest Practicable Date.

The Issue Price

The Issue Price of HK\$0.45 per Consideration Share represents a discount of approximately 22.41% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Company considers that the Issue Price, which was determined after arm's length negotiations between the Purchaser and the Sellers, was arrived at after taking into account, among others,

- (i) the prevailing market prices of the Shares representing:
 - a discount of approximately 22.41% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - a premium of approximately 28.21% to the average closing price of HK\$0.351 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Sale and Purchase Agreement;
 - a premium of approximately 50% to the average closing price of HK\$0.300 per Share as quoted on the Stock Exchange for the ten consecutive trading days prior to the date of the Sale and Purchase Agreement;
 - a premium of approximately 76.47% to the average closing price of HK\$0.255 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to the date of the Sale and Purchase Agreement;
 - a premium of approximately 85.95% to the average closing price of HK\$0.242 per Share as quoted on the Stock Exchange for the 60 consecutive trading days prior to the date of the Sale and Purchase Agreement; and
 - a discount of approximately 45.78% to the closing price of HK\$0.830 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the financial performance of the Group: the Group recorded net losses for the five consecutive years ended 31 December 2020 to 31 December 2024, net liabilities as at 31 December 2022, 31 December 2023 and 31 December 2024, and net liabilities of approximately RMB276.88 million as at 30 June 2025; and

LETTER FROM THE BOARD

(iii) the current cautious market environment.

The Issue Price was determined after arm's length negotiations between the Company and the Sellers. In particular, the Directors and the Sellers noted that the closing price of the Shares increased from HK\$0.350 per Share on 24 April 2025, being the second trading day prior to the date of the Sale and Purchase Agreement, to HK\$0.580 per Share on 28 April 2025 (i.e. the Last Trading Day), representing an increase of approximately 65.7% within two trading days. Having considered that (i) there had been no change in the business operations or financial position of the Group during such period; (ii) the Group continued to record losses and net liabilities as described above; and (iii) the Directors are not aware of any matter which would reasonably explain such sharp share price movement within a short period of time, the Directors consider that such increase in the closing price within two trading days represented an irregular and short-term price volatility. Accordingly, the Directors are of the view that it would not be appropriate to determine the Issue Price solely with reference to the closing price on the Last Trading Day, as such price may not fairly reflect the underlying value of the Shares.

In view of the above, during the arm's length negotiations between the Company and the Sellers, the Sellers proposed, and the Company accepted, to fix the Issue Price at HK\$0.45 per Consideration Share. In assessing such proposal, the Directors have considered, among other things, (i) the price of HK\$0.45 per Share proposed by the Sellers; (ii) the average closing price of approximately HK\$0.443 per Share as quoted on the Stock Exchange for the three consecutive trading days from and including the Last Trading Day, rounded to two decimal places. The Issue Price therefore represents a substantial discount to the closing price on the Last Trading Day while being close to the said three-day average closing price; and (iii) that the Issue Price still represents a large premium when compared with the closing prices as quoted on the Stock Exchange for the five, ten, 30 and 60 consecutive trading days prior to the date of the Sale and Purchase Agreement, as set out above. The Directors therefore consider that the Issue Price was determined with reference to closing prices which, in their view, better reflect the recent trading performance of the Shares after eliminating the effect of the above-mentioned short-term irregular increase in share price.

Having considered the above, and having regard to the reasons for and benefits of the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in this circular, the Directors are of the view that the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

LETTER FROM THE BOARD

Conditions precedent

The Completion is conditional on, among other things:

- (a) the representations and warranties given by the Sellers in the Sale and Purchase Agreement are true, accurate, complete and not misleading all respects, and that the Sellers have not breached any of such representations and warranties in any way;
- (b) the Purchaser is satisfied, at its sole discretion, with the results of the due diligence regarding (among others) the legal status, business, and financial condition of the Target Groups;
- (c) the Target Groups and PRC Operating Company have obtained all necessary approvals, licenses, business permits, registrations, or filings from relevant government departments required to conduct all business operations (including but not limited to the Business) in accordance with the laws of the applicable jurisdiction, and such approvals, licenses, business permits, registrations, or filings are valid and in effect;
- (d) the Sellers have obtained all necessary approvals, licenses, authorizations, registrations, or filings (including but not limited to approvals, licenses, authorizations, registrations, or filings from internal and relevant government departments) required to enter into and perform the Sale and Purchase Agreement and transactions contemplated thereunder, in accordance with the laws of the applicable jurisdiction, and such approvals, licenses, registrations, or filings are valid and in effect;
- (e) there has not been any material adverse change in the shareholding of each Target Groups Companies (except for the sale and purchase of the issued shares in the Target Companies under the Sale and Purchase Agreement), as well as their operational, financial, and transaction conditions;
- (f) the share capital of the PRC Operating Company must be fully paid-up before the Completion. If there is any unpaid-up capital, the Sellers shall be liable to the Purchaser for any shortfall of unpaid share capital as reflected on the consolidated financial statements of the Group;
- (g) there are no laws, regulations, or government department rules, injunctions, or orders in any jurisdiction that prohibit (whether temporarily or permanently) or delay any transaction under the Sale and Purchase Agreement;
- (h) the Stock Exchange has issued written approval for the listing of and permission to deal in the Consideration Shares on the Main Board of the Stock Exchange, and such written approval and permission have not been withdrawn;

LETTER FROM THE BOARD

- (i) the Company has published the announcement and the circular regarding the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of Chapter 14 of the Listing Rules, and the Shareholders have passed a resolution in the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (j) the Purchaser has obtained all necessary approvals, licenses, authorizations, registrations, or filings required to enter into and perform the Sale and Purchase Agreement and all transactions contemplated thereunder in accordance with the laws of the applicable jurisdiction (including but not limited to approvals, licenses, authorizations, registrations, or filings from internal and relevant government departments, but save as to conditions (h) and (i) above), and such approvals, licenses, registrations, or filings are valid and in effect.

Conditions (g) to (i) above cannot be waived by either party. The Purchaser may waive any of Conditions (a) to (f), and (j) above in writing from time to time. As at the Latest Practicable Date, neither the Sellers nor the Purchaser has expressed an intention to waive any of the Conditions.

If any Condition cannot be fulfilled or (if applicable) waived by the Long Stop Date, the Sale and Purchase Agreement shall terminate and neither party shall have any obligations and liabilities under the Sale and Purchase Agreement save for any antecedent breaches of the terms thereof. As of the Latest Practicable Date, Conditions (a) to (f) above have been satisfied.

Completion

Completion of the Acquisition shall take place on the fifth (5th) Business Day after all the Conditions have been fulfilled or waived or such other date as may be agreed between the Seller and the Purchaser.

Upon Completion, the Target Groups will become indirect wholly-owned subsidiaries of the Company and therefore, the financial information of the Target Groups will be consolidated into the consolidated financial statements of the Group.

Financial effect of the Acquisition

To illustrate the effect of the Acquisition as if it had taken place on 30 June 2025, the Directors prepared the unaudited pro forma financial information of the Enlarged Group, which is set out in Appendix III to this circular. In preparing the unaudited pro forma financial information of the Enlarged Group, the Directors identified the patent owned by the PRC Operating Company as the intangible asset and the Directors determined the pro forma fair value of the intangible asset as at 30 June 2025 as appraised by the Valuer, which is an independent valuer named BonVision International Appraisals Limited.

LETTER FROM THE BOARD

The excess amount of the pro forma fair value of the Target Groups' identifiable assets and liabilities acquired over the consideration assumed to be transferred and the non-controlling interests is recognised as pro forma gain on bargain purchase is as follows:

	<i>RMB'000</i>	<i>RMB'000</i>
Consideration satisfied by Consideration Shares (100% equity interests acquired in the Target Companies) (Note a)		<u>105,010</u>
Net asset values of the Target Groups and the PRC Operating Company as at 30 June 2025	182,458	
Less: Financial assets at fair value through other comprehensive income	(182,465)	
Add: Fair value adjustment on intangible assets of the PRC Operating Company	242,463	
Less: Deferred tax liabilities on fair value adjustment of the PRC Operating Company	(60,616)	
Less: Fair value adjustment on other receivables of the Target Groups (Note b)	<u>(1,083)</u>	
	180,757	
Less: Non-controlling interests as at 30 June 2025	<u>(75,719)</u>	
Assumed fair value of net identifiable assets and liabilities attributable to equity interest acquired by the Group		<u>105,038</u>
Pro forma gain on bargain purchase		<u><u>28</u></u>

Notes:

- (a) For the purpose of showing the pro forma fair value of the Enlarged Group, the fair value of the consideration is measured at the fair value of the Consideration Shares issued by the Company. The Directors have assumed that the fair value of each Consideration Share is HK\$0.42 (equivalent to approximately RMB0.38 per Share), with reference to the closing price on 30 June 2025. The consideration satisfied by the issuance of 274,751,679 new Shares as the Consideration Shares amounts to approximately HK\$115,396,000 (equivalent to approximately RMB105,010,000).
- (b) Except for financial assets measured at fair value through other comprehensive income, the net asset value of the Target Group primarily comprises amounts due from shareholders arising from committed capital contributions as at 30 June 2025. Unpaid capital contributions are typically excluded from the fair value of identifiable net assets. Accordingly, the amount due from the shareholders of the Target Group was excluded from the calculation of goodwill arising from the transactions contemplated under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

After the Completion, the Group's financial position will include fair value adjustments for the patent, amounting to approximately RMB242,463,000, and an associated rise in deferred tax liabilities of approximately RMB60,616,000, based on the 25% income tax rate of the PRC Operating Company. A pro forma gain on bargain purchase of approximately RMB28,000 is recorded in the consolidated profit or loss.

After examining the assessment method as set out in Note (4)(b)(i) to the unaudited pro forma financial information of the Enlarged Group including (i) review the profit forecast; (ii) review of the key parameters and compare with the market data; (iii) consider the tax impact in China; and (iv) discussing with the Valuer and Moore CPA Limited, the reporting accountants of the Company, the Directors are of the view that the pro forma fair value of the intangible asset of approximately RMB242,463,000 is fair and reasonable.

Non-competition Undertaking

The Sellers shall not from the date hereof to Completion and within three (3) years of the Completion:

- (a) either on its own account or through any of its affiliates or direct or indirect shareholders (but excluding the Target Group Companies and the Company and its subsidiaries), or in conjunction with or on behalf of any other person, carry on or are engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise carry on any bone density testing and sale of portable X-Ray device business in direct competition with the business of providing bone density testing services and the sale of X-ray devices;
- (b) solicit the custom of any person to whom goods or services have been sold by any member of the Target Group Companies in the course of its business in mainland China and Hong Kong during the three (3) years before the Completion;
- (c) solicit or entice away from the employment of any Target Group Company any person at present of any Target Group Company; or
- (d) assist any other person to do any of the foregoing things.

3. VALUATION OF THE PRC OPERATING COMPANY

The Company has engaged the Valuer to carry out a valuation ("Valuation") of the entire equity interest of the PRC Operating Company, which was appraised at approximately RMB314 million on the Valuation Date under the income-based approach, through the use of discounted cash flow method, as set out in the Valuation Report.

LETTER FROM THE BOARD

In conducting the Valuation, the Valuer considered the cost approach, income approach, and market approach, and adopted the income approach as the sole method for determining the value of the PRC Operating Company. This was primarily because: (i) the PRC Operating Company is at an early stage of development, and the valuation multiples derived from comparable companies and transactions may not appropriately reflect its risk and return profile, rendering the market approach unsuitable; and (ii) the asset-based approach was also deemed inappropriate, as it does not capture the future earning potential of the PRC Operating Company.

The Valuer considered that the income approach was better suited to reflect the PRC Operating Company's specific characteristics, including its historical and projected growth trends and operational strategies. Accordingly, the income approach was deemed appropriate for the valuation. In particular, the discounted cash flow method under the income approach was adopted, as it explicitly recognises that the present value of an investment is based on the anticipated receipt of future economic benefits, such as periodic income, cost savings, or disposal proceeds.

Other key inputs adopted in the valuation are set out below:

Name of Key Inputs	Inputs	Basis of Assumptions
Discount Rate	22.52%	Valuer adopted the weighted average cost of capital ("WACC") as a basic discount rate. The cost of equity is determined by using capital asset pricing model, with reference to risk free rate of China, market risk premium of China, beta of companies engaged in electron medical and radiology equipment in China and size premium published by Kroll. Please refer to section 7.5 of the Valuation Report for details.
Terminal Growth Rate	2.00%	Forecast inflation rate in China for the period from 2025–2029 as sourced from International Monetary Fund.
Borrowing Cost of the PRC Operating Company	17.00%	China Loan Prime Rate 3% plus 14% other risk premium. The other risk premium includes unsystematic risks, including operational and forecast risks, and was determined based on the Valuer's experience and professional judgement.

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Name of Key Inputs	Inputs	Basis of Assumptions
Corporate Tax Rate	25.00%	Corporate tax rate in China.
Discount on lack of marketability	20.40%	Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. The discount on lack of marketability was referenced to the result of the restricted stock study published in “Stout Restricted Stock Study” by Stout Risius Ross, LLC.

Set forth below is the sensitivity analysis based on the changes of discount rate and discount on lack of marketability (DLOM):

Adjustment	Discount Rate	Result (RMB)
3.00%	25.56%	278,000,000
2.00%	24.56%	294,000,000
1.00%	23.56%	311,000,000
0.00%	22.56%	329,000,000
-1.00%	21.56%	350,000,000
-2.00%	20.56%	373,000,000
-3.00%	19.56%	399,000,000

Adjustment	DLOM	Result (RMB)
3.00%	23.40%	317,000,000
2.00%	22.40%	321,000,000
1.00%	21.40%	325,000,000
0.00%	20.40%	329,000,000
-1.00%	19.40%	334,000,000
-2.00%	18.40%	338,000,000
-3.00%	17.40%	342,000,000

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Set forth below is the sensitivity analysis based on the decrease of the sale volume:

Adjustment	Number of diagnosis on testing service	Unit sales of X-ray devices	Result (RMB)
0.00%	100.00%	100.00%	182,000,000
-5.00%	95.00%	95.00%	166,000.000
-10.00%	90.00%	90.00%	151,000,000
-15.00%	85.00%	85.00%	136,000,000
-20.00%	80.00%	80.00%	121,000,000

The Board conducted a price sensitivity analysis on decrease in sales volume based on the Valuation Report as at the Valuation Date. According to the sensitivity analysis, on the assumption that, in each year of the forecast period, the number of diagnosis from the testing services and the unit sales of X-ray devices decrease by 5%, 10%, 15% and 20%, the estimated value of approximately 58.11% of the equity interest in the PRC Operating Company would be approximately RMB166.0 million, RMB151.0 million, RMB136.0 million and RMB121.0 million, respectively, all of which remain above the Consideration.

Discounted Cash Flow

Under the Income-Based Approach, we have adopted the discounted cash flow (“DCF”) method, which is based on a simple reversal calculation to restate all future cash flows in present terms. The expected free cash flow for each year was determined as follows:

Expected Free Cash Flow = Net Profit + Depreciation + After-Tax Interest Expenses – Change in Net Working Capital – Capital Expenditure

The present value of the expected free cash flows was calculated as follows:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + \cdots + CF_n/(1+r)^n$$

In which

PVCF = Present value of the expected free cash flows;

CF = Expected free cash flow;

r = Discount rate; and

n = Number of years.

For further details of the Valuation Report, please refer to Appendix V to this circular.

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4. PROFIT FORECAST

Given that the Valuation was prepared using the income approach, through the use of the discounted cash flow method, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. The following key and specific assumptions have been adopted in the Valuation and as set out in the Valuation Report:

- (a) The financial statements of the PRC Operating Company as at 30 June 2025 reasonably reflect its financial position as at the Valuation Date;
- (b) The PRC Operating Company outsourced the manufacturing and production of its equipment, and accordingly, did not hold significant fixed assets as at the Valuation Date;
- (c) The turnover days for accounts receivable, prepayments, accounts payable, and accrued expenses were assumed to be 75 days, 145 days, 109 days, and 120 days, respectively, and the working capital forecast was based on these assumptions;

The turnover days has been determined based on historical data, peer turnover and management judgment. For further details, please refer to section 8.1.4 of Appendix V to this circular;

- (d) All necessary legal approvals, business licenses, and certificates required for the PRC Operating Company to operate or expand in its respective jurisdictions will be duly obtained and renewed upon expiry;
- (e) There will be sufficient availability of technical personnel in the relevant industries, and the PRC Operating Company will be able to retain competent management and key staff to support its ongoing operations and development;
- (f) There will be no material changes to the current tax laws or tax rates in the jurisdictions in which the PRC Operating Company operates or intends to operate, and all applicable laws and regulations will continue to be complied with;
- (g) There will be no material adverse changes in the political, legal, economic, or financial conditions of the jurisdictions in which the PRC Operating Company operates or intends to operate that would negatively impact its revenue or profitability;
- (h) Interest rates and exchange rates in the relevant jurisdictions will remain broadly consistent with current levels; and

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- (i) The total projected revenue was assumed to be RMB38,580,000, RMB120,000,000, RMB206,334,000, RMB274,117,440, RMB364,783,718 and RMB415,040,605 for the six months ending 31 December 2025 and each of the years ending 31 December 2026, 31 December 2027, 31 December 2028, 31 December 2029 and 31 December 2030, respectively.

The breakdown of the revenue were shown as below:

<i>RMB ('000)</i>	2H2025	FY2026	FY2027	FY2028	FY2029	FY2030
Testing Center	8,580	43,500	65,880	83,100	105,000	133,500
Sale of Device	30,000	76,500	140,454	191,017	259,784	281,541

Testing Center

Testing Center refers to hospitals and body check centers in China that provide bone density testing services for the detection of osteoporosis. In preparing the valuation of the PRC Operating Company, the Valuer considered the historical sales data of Miacalcic, which is a drug marketed by an associate company of the Group, Beijing Kangchen, for the treatment of osteoporosis. As Miacalcic is taken by patients with osteoporosis, there is a high degree of overlap between the users of Miacalcic and the potential users of the bone density testing services. Patients who have undergone bone density testing and are taking Miacalcic typically continue to undergo regular bone density tests to monitor treatment efficacy. By analyzing the increasing trend in the number of patients taking Miacalcic, the Valuer deduced that the number of patients that require bone density testing services is expected to continue to increase. Accordingly, the business forecast took into account of the historical sale record of: (i) the number of existing patients using Miacalcic and (ii) the number of new patients expected to start using Miacalcic, as market references for estimating the number of hospitals and body check centers in China to which the PRC Operating Company can promote and deploy its bone density testing system – the AI X-Ray Bone Density System.

China's bone density testing market is seeing a robust growth, propelled by demographic changes like an aging population and rising osteoporosis rates, alongside increased public focus on preventive healthcare. National policies, including the modernization of primary healthcare infrastructure, promotion of domestically manufactured medical equipment, integration of AI, and adoption of a tiered diagnosis and treatment system, are further boosting market expansion. To address this, the market has embraced a segmented strategy, offering advanced clinical solutions to tiered hospitals and affordable, user-friendly devices to community clinics.

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The PRC Operating Company, through distribution partnerships with national distributors or through its own sales team, installs and uses the AI X-Ray Bone Density System in various medical institutions. Medical institutions charge a standard fee per person per test, and they then pay the PRC Operating Company for the corresponding technical service fees for bone density testing and reporting.

The price per diagnosis was assumed to be RMB100, based on the guiding price of X-ray absorptiometry set by the Medical Insurance Security Department in China of the Bone Density Test, which serves as the benchmark price eligible for payment and reimbursement by the China's Medical Insurance Fund. For the purpose of the forecast, the adopted price per diagnosis was RMB50, reflecting a 50% discount in line with the industry practice (i.e. representing the portion retained by hospitals and agents), meaning that for each test, the hospital will receive RMB100 from the China's Medical Insurance Fund and pay RMB50 to the PRC Operating Company.

There are more than 1.07 million medical institutions in China, of which approximately 38,400 are graded hospitals and more than 1.01 million are primary medical institutions. Based on the expertise and experience of Mr. Zhang Bozhi ("**Mr. Zhang**"), who is the new chief executive officer of the Group, and the sales team, all of whom are from Beijing Kangchen, the associate company primarily engaged in the sale of Miacalcic, and therefore have strong relationships with hospitals which need to use the AI X-Ray Bone Density System, the PRC Operating Company expects to leverage this expertise to expand its market presence. Mr. Zhang is an experienced professional in the pharmaceutical industry, with extensive experience spanning various roles from sales representative to national sales director. Mr. Zhang has held positions at several well-known pharmaceutical companies, including Sanofi China Investment Co. Limited (賽諾菲(中國)投資有限公司) and Beijing Novartis Pharmaceuticals Co. Ltd (北京諾華制藥有限公司). Mr. Zhang joined the Group in 2016, serving in roles including Sales Manager and Sales Director, and from August 2020 to April 2025, he worked at Beijing Kangchen as Sales Director. His deep industry knowledge, established hospital networks, and proven track record in sales management are expected to facilitate market access, drive adoption of the AI X-Ray Bone Density System, and support the achievement of the PRC Operating Company's growth targets.

The PRC Operating Company currently captures approximately 0.2% market share of graded hospitals in the PRC and 0.01% market share of primary institutions in the PRC. It aims to increase its market share to approximately 2% of graded hospitals in the PRC and 0.1% of primary institutions in the PRC in the future, and to achieve annual numbers of diagnoses for the six months ending December 31, 2025 and the years ending 31 December 2026, 31 December 2027, 31 December 2028, 31 December 2029 and 31 December 2030 of approximately 171,600, 870,000, 1,317,600, 1,662,000, 2,100,000 and 2,670,000 respectively.

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The PRC Operating Company plans to target medical institutions with a high volume of osteoporosis patients for the installation and use of its bone density testing system – the AI X-Ray Bone Density System. As aforementioned, there are more than 1.07 million medical institutions in the PRC, of which approximately 38,400 are graded hospitals and more than 1.01 million are primary medical institutions, representing a substantial potential customer base for the AI X-Ray Bone Density System. In the second half of 2025, the PRC Operating Company expects to commence initial installation and usage of the AI X-Ray Bone Density System in 160 selected institutions, and gradually expand its installation and usage through regional agency support, enhanced marketing and promotional activities and on-site product demonstrations. In particular, the PRC Operating Company intends to leverage the industry expertise and extensive hospital network of Mr. Zhang, the new chief executive officer of the Group, and also the sales team of the Group, which have established strong relationships with hospitals that require bone density testing services. By utilising these relationships, the PRC Operating Company will seek to persuade such hospitals, upon expiry or renegotiation of their existing equipment supply or service arrangements, to gradually replace competing bone density testing systems with the AI X-Ray Bone Density System. Full-scale operations are anticipated in early 2026, covering approximately 220 institutions and expanding to approximately 1,350 institutions by 2030, when a broader patient base will be served and competing testing systems currently used in these selected institutions are expected to be progressively replaced by the PRC Operating Company's bone density testing system – the AI X-Ray Bone Density System. This phased rollout is expected to drive a significant increase in the number of annual diagnoses, from approximately 171,600 for the six months ending 31 December 2025 to approximately 870,000 for the year ending 31 December 2026, representing a year-on-year growth of approximately 153.50%.

For the subsequent years, the PRC Operating Company expects the number of annual diagnoses to increase from approximately 870,000 in 2026 to approximately 1,317,600 in 2027 (approximately 51.45% year-on-year growth), further increase to approximately 1,662,000 in 2028 (approximately 26.14% year-on-year growth), further increase to approximately 2,100,000 in 2029 (approximately 26.35% year-on-year growth), and further increase to approximately 2,670,000 in 2030 (approximately 27.14% year-on-year growth). The Directors consider that these projected increases reasonable based on the following factors:

- (a) Market growth and adoption of AI medical imaging: According to EO Intelligence (億歐智庫) in its 2023 China AI Medical Imaging Product Ecosystem Roadmap Report, China's AI medical imaging market reached RMB2.4 billion in 2023 and is expected to grow to approximately RMB13.74 billion by 2030, representing a CAGR of approximately 33.8%, indicating strong market demand for AI-based diagnostic solutions.

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- (b) **Phased Installation and Market Penetration Plan:** The PRC Operating Company has adopted a phased expansion strategy. The first phase prioritizes medical institutions with a large number of osteoporosis patients. After comprehensive analysis of market potential, patient numbers, and competitors, a list of medical institutions with the highest cost-effectiveness for development and installation will be selected. Leveraging the resources and staff of regional agents, the PRC Operating Company will quickly establish clinical usage data and expert reputation in these institutions, becoming benchmark hospitals. The second phase will use the successful cases of benchmark hospitals as a basis to expand to key primary care, secondary-level, and orthopedic hospitals in the same province and other economically developed cities. The third phase will target large-scale penetration into remote primary care institutions and chain health checkup centers. Ultimately, the goal is to gradually erode the competitor's market and seize untapped markets. This strategy not only allows for the orderly replacement of competitors' existing installation base but also enables flexible adjustments to pricing and product mix based on local medical insurance payment capabilities, patient willingness to pay, and market capacity.
- (c) **Existing hospital and patient network leveraging Miacalcic:** Patients who have undergone bone density testing and are taking Miacalcic typically continue regular testing to monitor treatment efficacy. By leveraging the historical sales data of Miacalcic and the established hospital relationships of the sales team led by Mr. Zhang, the PRC Operating Company expects adoption and usage of its bone density testing system to increase steadily over the forecast period.
- (d) **Operational capacity and promotional initiatives:** With enhanced marketing, training, and support from the PRC Operating Company and the sales team led by Mr. Zhang, the number of hospitals and body check centers adopting the AI X-Ray Bone Density System is expected to rise, supporting the forecasted year-on-year growth in diagnoses from 220 institutions in early 2026 to 1,350 institutions in 2030.

On this basis, the Directors are of the view that the projected year-on-year growth from 2026 to 2030 is reasonable and achievable, reflecting both the expansion of the PRC Operating Company's operational footprint and the expected growth of the AI medical imaging market in China.

In reviewing the market size and revenue forecast for the AI X-Ray Bone Density System, the Directors have reviewed various documents and conducted interviews to assess the reasonableness of the product and business forecast: (1) examined the Medical Insurance price guidelines for the product issued by various provincial and municipal authorities in China; (2) conducted interviews with selected medical institutions regarding diagnostic needs and utilisation rates; (3) interviewed some end-user institutions regarding the scale of application and future development prospects of the AI X-Ray Bone Density System; (4) discussed with relevant experts and end-user medical institutions on the

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performance and reliability of the AI X-Ray Bone Density System; and (5) conducted market researches to evaluate industry trends and the expected adoption of AI-based diagnostic equipment.

From the above, the Directors noted that (a) the Medical Insurance pricing guidelines in different regions are generally aligned with the pricing assumptions adopted in the forecast; (b) medical institutions have expressed an increasing need for more accessible bone density testing solutions, particularly portable and AI-enabled systems; (c) end-user medical institutions consider the application value of the AI X-Ray Bone Density System to be high for community-level and clinical use; (d) the discussions with relevant experts and end-user medical institutions further confirmed the stability, effectiveness and suitability of the AI X-Ray Bone Density System for scaled deployment; and (e) market researches indicate steady industry growth and increasing acceptance of AI medical devices in diagnostic settings.

Having considered the above findings and taking into account the growth potential of China's AI medical imaging market, the Directors are of the view that the product and business forecasts of the AI X-Ray Bone Density System are reasonable.

Sales of Device

Sales of device is a business that newly commenced in year 2025 and the forecast is prepared based on a sale agency agreement (hereinafter referred to as the “**Sales Agency Agreement**”) signed between the PRC Operating Company and Sulu Haiwang Medical Equipment Co., Ltd. 蘇魯海王醫療器械有限公司 (hereinafter referred to as the “**Sulu Haiwang**”) on 29 November 2024, a subsidiary of Shenzhen Neptunus Bioengineering Co., Ltd. (深圳市海王生物工程股份有限公司), a company listed on the Shenzhen Stock exchange (SZSE:000078) and is an independent third party of PRC Operating Company. The key terms of the Sale Agency Agreement are as follows:

1. Sulu Haiwang is authorized by the PRC Operating Company to act as a legal distributor for emergency response departments, and product exports, responsible for product marketing, sales, and after-sales service in PRC;
2. The parties set a sales target of 3,000 Portable AI X-Ray Device from year 2025 to 2029;
3. The PRC Operating Company will manufacture and supply the robots based on order quantity and batch size as informed by Sulu Haiwang, subject to a prepayment of 50% of the payment due upon receipt of the order and the remaining 50% upon delivery;

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4. The supply price for the AI X-Ray Device will range from RMB200,000 to RMB600,000 per unit. The final supply price will be determined at the time when the official order is placed, taking into account the prevailing market price at that time.

The registration of a medical device generally involves three procedures: (i) application and acceptance, (ii) technical review and system verification, and (iii) administrative approval and issuance of a certificate. On 19 June 2025, the Zhejiang Provincial Food and Drug Administration has formally accepted our application for registration of the Portable AI X-Ray Device (Acceptance Number: 械受20254019085). On 10 September 2025, we received notification from the Zhejiang Provincial Food and Drug Administration confirming that the on-site system verification of the Portable AI X-Ray Device was “qualified”. On 11 November 2025, the Zhejiang Provincial Food and Drug Administration issued the medical device registration certificate and production license for the Portable AI X-Ray Device.

Following the issuance of the above certificate and licence, the PRC Operating Company has been making internal preparations for the production of the Portable AI X-Ray Device. Based on the current production plan, the Portable AI X-Ray Device is expected to be officially available for sale and delivery in mid-to-late December 2025.

As of the time of signing the Sales Agency Agreement, the actual supply price has not been determined as the Portable AI X-Ray Device has not yet obtained the medical device registration certificate and production license issued by the Zhejiang Provincial Food and Drug Administration. Therefore, the PRC Operating Company and Sulu Haiwang agreed to determine the actual supply price and other business terms by way of a supplemental agreement. As at the Latest Practicable Date, the parties were still in the course of negotiating such supplemental agreement, including the actual supply price.

Taking into account factors such as the efficiency of early market development, expected demand from medical institutions, and the planned production capacity of the PRC Operating Company, the PRC Operating Company has estimated the sales volume of the Portable AI X-Ray Device in 2H2025, FY2026, FY2027, FY2028, FY2029 and FY2030 to be approximately 100 units, 250 units, 450 units, 600 units, 800 units and 850 units, respectively, at a price of RMB300,000 per unit. The assumed unit price of RMB300,000 is estimated based on the pricing range as set out in the Sales Agency Agreement, which was determined on a prudent basis with reference to prevailing market prices and comparable products offered by competitors. The estimated sales volume has been derived primarily from (i) the planned production and supply capacity of the PRC Operating Company; (ii) the sales and distribution plan formulated by Sulu Haiwang; and (iii) the anticipated pace of market penetration and acceptance of the Portable AI X-Ray Device during the forecast period. All of the above considerations have been taken into account when preparing the valuation report.

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To further control and reduce risks, the Group, together with a state-owned enterprise and local government in China, plans to jointly establish a “Marine Medical Equipment Research Institute” to apply this product to ocean-going vessels to meet the medical care needs of crew members during long-term voyages. This strategy fills a gap in the domestic marine medical equipment field, represents a blue ocean market, and can also greatly increase sales and supply opportunities.

To the best knowledge and information of the Board, Sulu Haiwang intends to place order of 100 pieces and deliver in 2025. The revenue generated from the sales order from Sulu Haiwang will be consolidated to the Enlarged Group.

In reviewing the market size and revenue forecast of the Portable AI X-Ray Device, the Directors have conducted the following to assess the reasonableness of the business forecast: (1) reviewed and compared the performance, pricing, technical specifications and market positioning of the Portable AI X-Ray Device against competing products currently available in the PRC market; (2) assessed the potential scale of application and future development prospects of the Portable AI X-Ray Device in hospitals, medical examination centres and other applicable scenarios; (3) conducted interviews with Sulu Haiwang regarding the trial results of the Portable AI X-Ray Device, downstream market demand and demand forecasts; and (4) performed due diligence on the business operations, management experience and financial condition of Sulu Haiwang.

From the above, the Directors noted that (a) the Portable AI X-Ray Device demonstrates competitive advantages in terms of portability, imaging precision and affordability compared with similar AI-based imaging devices in the market; (b) the feedback from product trials and potential customers, including hospitals and agents, indicates strong demand for portable diagnostic equipment in hospitals and body check centers in China; and (c) Sulu Haiwang possesses the requisite production capability and management expertise to execute its sales plan.

Having considered the above findings and taking into account the growth potential of China’s AI medical imaging market, the Directors are of the view that the product and business forecasts of the Portable AI X-Ray Device are reasonable.

Moore CPA Limited, being the reporting accountants of the Company, has reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the Valuation. So far as the calculations are concerned, the profit forecast has been properly compiled in all material respects in accordance with the assumptions adopted by the Board as set out in the Valuation Report.

The Directors confirmed that the profit forecast in the valuation of the PRC Operating Company has been made after due and careful enquiry. A report in compliance with Rule 14.60A(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix VI to this circular.

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5. INFORMATION ABOUT THE PARTIES

Information of the Group

The Group has nearly 30 years of experience in the medical field, serving over 10,000 various terminal medical institutions.

The Group is currently focusing on developing a full-cycle intelligent healthcare ecosystem platform for bone health in the PRC, covering the entire process of testing, treatment and rehabilitation. The Group's principal businesses include the (i) testing business, which involves serving as the general agent of the PRC Operating Company for the promotion and distribution of the AI X-Ray Bone Density System; (ii) treatment business, which mainly involves acting as a sales agent for orthopedic drugs such as "Teriparatide" and orthopedic health products; and (iii) the health rehabilitation business, which focuses on providing digital healthcare services and rehabilitation management solutions to corporate clients and medical institutions.

Information of the Sellers

The Seller A is Mr. Lou YongBin and Mr. Lou YongJun. Mr. Lou YongBin and Mr. Lou YongJun hold 56.34% and 43.66% of Target Company A, respectively. Mr. Lou YongBin and Mr. Lou YongJun are brothers.

The Seller B is Ms. Chen HongLi. Ms. Chen HongLi hold 100% of Target Company B.

The Seller C is Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min. Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min hold 92.30%, 2.75%, 2.20%, 2.20% and 0.55% of Target Company C, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers and their ultimate beneficial owners (if applicable), and the shareholders of the PRC Operating Company, are Independent Third Parties.

As at the Latest Practicable Date, the Sellers in aggregate held approximately 58.11% of equity interest in the PRC Operating Company. The remaining equity interest of approximately 41.89% was held as to (i) 29.99% by Yiwu Tongying Enterprise Management Partnership (Limited Partnership)* (義烏市同盈企業管理合夥企業有限合夥), the general partner and ultimate beneficial owner of which is Ms. Jin Yajuan (金亞娟) who is wife of Mr. Lou YongBin, (ii) 10.00% by Hangzhou Yingzhiqin No. 2 Venture Capital Partnership (Limited Partnership)* (杭州盈智勤貳號創業投資合夥企業有限合夥), the general partner of which is Hangzhou Yingzhiqin Private Fund Management Co., Ltd (杭州盈智勤私募基金有限公司) which is an Independent Third Party, and (iii) 1.90% by Lou YongJun.

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Information of the Target Groups

The Target Companies, Target HK Companies and Target WFOEs

Each of Target Company A, Target Company B and Target Company C is a company incorporated under the laws of the Cayman Islands and principally engaged in investment holding. As at the date of the Sale and Purchase Agreement, each of Target Company A, Target Company B and Target Company C is 100% legally and beneficially owned by Seller A, Seller B and Seller C, respectively.

Each of Target HK Company A, Target HK Company B and Target HK Company C is a private company incorporated under the laws of Hong Kong and principally engaged in investment holding. As at the date of the Sale and Purchase Agreement, each of Target HK Company A, Target HK Company B and Target HK Company C is directly and wholly-owned by Target Company A, Target Company B and Target Company C, respectively.

Each of Target WFOE A, Target WFOE B and Target WFOE C is a wholly foreign-owned enterprise established under the laws of the PRC and principally engaged in investment holding. As at the date of the Sale and Purchase Agreement, each of Target WFOE A, Target WFOE B and Target WFOE C is a direct wholly-owned subsidiary of the Target HK Company A, Target HK Company B and Target Company C, respectively.

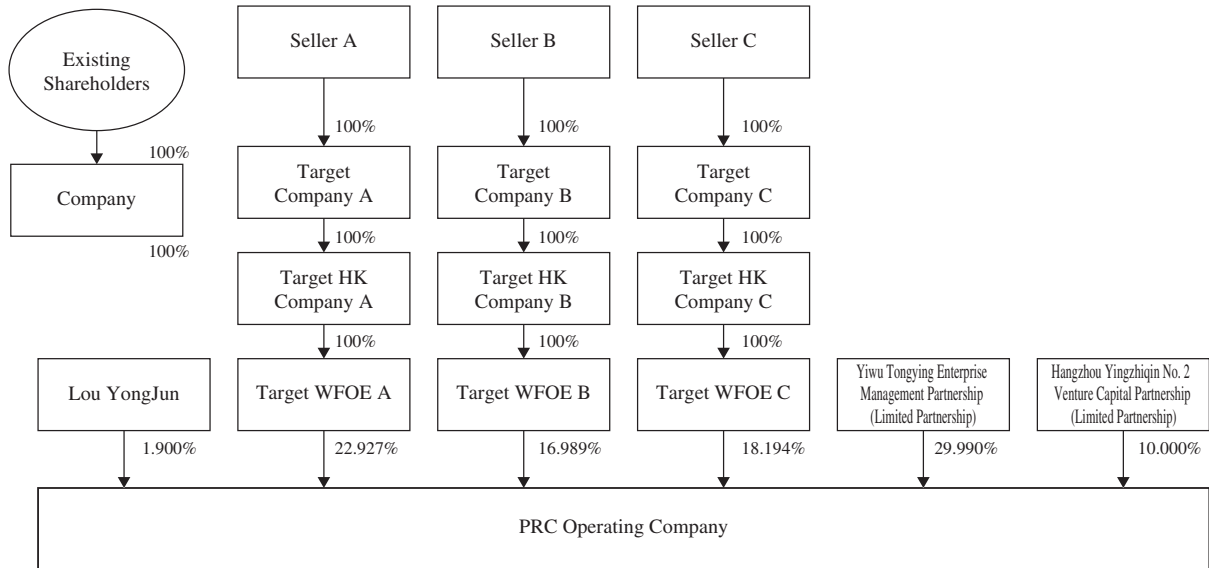
As at the date of the Sale and Purchase Agreement, Target WFOE A holds 22.927% equity interest in the PRC Operating Company; Target WFOE B holds 16.989% equity interest in the PRC Operating Company; and Target WFOE C holds 18.194% equity interest in the PRC Operating Company.

Save for their direct and indirect equity interests in the PRC Operating Company, each of the Target Companies, the Target HK Companies and Target WFOE did not hold any other material assets, liabilities, incomes and/or expenses, and has not recorded any profits as it has no business operation since their respective establishment or incorporation.

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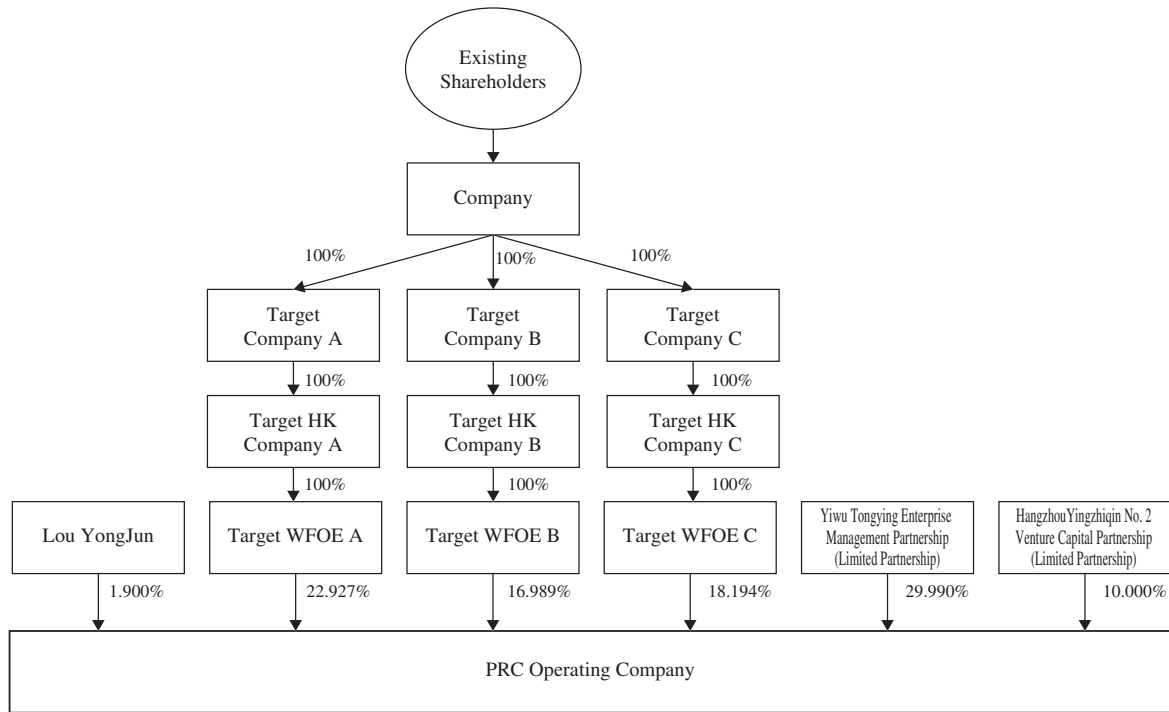
Shareholding structure of the Target Groups

The following diagram sets forth the shareholding structure of the Target Groups as at the date of the Sale and Purchase Agreement:



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The following diagram sets forth the shareholding structure of the Target Groups immediately upon Completion: ⁽¹⁾⁽²⁾



Notes:

- (1) The PRC Operating Company is principally engaged in providing bone density testing services and sales of portable AI X-Ray device in the PRC. According to the Administrative Measures of Foreign Investment Admission (Negative List) (2024 Revision)* (《外商投資准入特別管理措施(負面清單) (2024年版)》), the business of the PRC Operating Company is not classified as industries where foreign investments are restricted. Therefore, the Company will not use contractual arrangements in order to control the interest in PRC Operating Company upon completion of the Acquisition.
- (2) The Company has obtained legal advice from an independent PRC legal adviser that the Acquisition and the issue of the Consideration Shares do not fall within the scope of the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and are therefore not subject to the filing requirements thereunder. Accordingly, no filing with the China Securities Regulatory Commission is required in this regard.

Principal business of the PRC Operating Company

As at the date of the Sale and Purchase Agreement, the PRC Operating Company is a limited company established under the laws of the PRC headquartered in the Binjiang District of Hangzhou City, Zhejiang Province, China. The PRC Operating Company is primarily engaged in providing bone density testing services and sales of portable AI X-Ray device in PRC, and holds 12 related patents and 25 original codes.

The patents and original codes of the PRC Operating Company are in the fields of AI computing, lesion assessment, image capture, positioning, imaging, and correction in the field of bone health.

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The PRC Operating Company was selected for various programs and projects over the years:

- (a) In 2011, it was selected for the Hangzhou High-Tech Development Zone Innovation and Entrepreneurship 5050 Plan Class A and the Hangzhou Global Talent Introduction “521” Plan;
- (b) In 2012, it was selected for the Hangzhou Innovation “Eagle Plan”;
- (c) In 2013, it was selected for a major scientific and technological innovation project in Hangzhou City;
- (d) In 2014, it was selected as a national high-tech enterprise;
- (e) In 2017, its bone density product was selected for the national prevalence project of the Chronic Disease Center of the Center for Disease Control and Prevention;
- (f) In 2018, it was selected as one of the top 100 innovative enterprises in Zhejiang Province;
- (g) In 2019, it participated in Beijing’s “Healthy Bones Ten Hundred Thousand Project”; and
- (h) In 2020, it participated in the research on osteoporosis fracture prevention and treatment systems and key technologies at the Peking Union Medical College Hospital.

The Chief Scientific Officer of the PRC Operating Company holds an outstanding academic and professional background. He graduated from the University of Wisconsin with a Ph.D. in Medical Physics and completed postdoctoral research at the University of Michigan. He previously served as a senior researcher at Siemens and a professor at Northwestern University, specializing in radiation physics. His academic and research experience has laid a solid foundation for his innovation in medical technology.

He has led the PRC Operations team for over a decade, achieving significant results in the development of bone density testing and osteoporosis-related technologies. These include:

1. **Artificial Intelligence Algorithm Development:** Focusing on AI algorithms for bone density analysis, integrating radiophysics and big data technologies to improve diagnostic accuracy and efficiency.
2. **Medical Imaging Technology:** Leveraging advanced image processing techniques to develop high-precision bone density testing methods, which are widely used in osteoporosis diagnosis and fracture prevention.

LETTER FROM THE BOARD

3. **Interdisciplinary Research:** Combining medical physics, AI, and clinical applications to promote cross-disciplinary innovation in bone health-related technologies.

The PRC Operating Company is engaged in AI technology research and development. Since 2011, it has focused on the development of medical imaging equipment and AI software. Founding shareholders invested approximately RMB9.9 million in his AI X-Ray Technology. Over the past decade, the company has built a technological foundation centered on its multi-energy X-ray imaging patents. Leveraging AI algorithms, models, and big data tools, the company has achieved a long-term, efficient, low-cost, and advanced medical technology R&D system. From 2015 to 2019, the local Zhejiang Provincial government has provided numerous innovation grants and public welfare projects, significantly reducing the PRC Operating Company's previous R&D costs and expenses.

As at the Latest Practicable Date, the PRC Operating Company has registered the following patents in the PRC:

	Name of Patent	Publication No.	Publication date
1	A method and device for synchronizing exposure timing for an X-ray digital imaging system	CN110215222B	24/1/2025
2	A method, system, and device for detecting radial bone density based on deep learning	CN113920088B	6/8/2024
3	A portable X-ray machine	CN307084649S	25/1/2022
4	A device for measuring bone density using a reference module	CN107485405B	19/2/2021
5	An exposure timing synchronization device for an X-ray digital imaging system	CN209966403U	21/1/2020
6	A method and device for assessing bone lesions based on X-ray digital images	CN104873213B	17/11/2017
7	A digital X-ray imaging stereotactic positioning system and method thereof	CN104224211B	8/8/2017
8	A method for correcting spatial distribution inhomogeneities in X-ray imaging	CN103995010B	23/3/2016
9	A gastrointestinal machine	CN303360038S	2/9/2015
10	An X-ray imaging method with automatic correction function	CN103091968B	29/4/2015
11	A device for indicating the field of view of an X-ray beam limiter	CN202891970U	24/4/2013
12	A method and device for digital composite imaging using multi-energy X-ray composite projection	CN102068268B	5/9/2012

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As at the Latest Practicable Date, the PRC Operating Company has registered the following software copyright in the PRC:

	Name of software copyright	Registration date
1	Bone density cloud computing platform	16/1/2023
2	Bone density graphic report software	11/11/2022
3	Bone density message notification information management subsystem	11/11/2022
4	DR image archiving software	11/11/2022
5	Image correction software	11/11/2022
6	Bone density calculation software	11/11/2022
7	Image segmentation processing software	11/11/2022
8	Bone density purchase and sales information management subsystem	7/11/2022
9	Bone density data center cloud report printing and push subsystem	7/11/2022
10	Bone density information management system WeChat applet	7/11/2022
11	Bone density image segmentation software	7/11/2022
12	Photographic signature image processing software	7/11/2022
13	Kangyuan bone density software	29/12/2015
14	Kangyuan digital X-ray imaging system dual-energy subtraction software	3/2/2015
15	Kangyuan digital X-ray imaging system collection software	9/10/2014
16	Kangyuan digital X-ray imaging system stitching software	9/10/2014
17	Kangyuan DICOM printing software	23/7/2014
18	Kangyuan DR collection workstation software	23/7/2014
19	Kangyuan DR database modification software	23/7/2014
20	Kangyuan DICOM browser software	23/7/2014
21	Kangyuan report workstation software	23/7/2014
22	Kangyuan digital X-ray imaging system column unit software	15/5/2014
23	Kangyuan digital X-ray imaging system signal synchronization box unit software	15/5/2014
24	Kangyuan digital X-ray imaging system master control unit software	15/5/2014
25	Kangyuan digital X-ray imaging system display unit software	15/5/2014

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Financial information of the Target Groups

Set out below are the audited financial information of the PRC Operating Company prepared in accordance with HKFRS Accounting Standards, and audited by Moore CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA, for the year ended 31 December 2023, year ended 31 December 2024 and six months ended 30 June 2025:

	For the year ended 31 December 2023	For the year ended 31 December 2024	For six months ended 30 June 2025
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,438	1,810	624
Loss before taxation	(1,930)	(2,047)	(770)
Loss after taxation	(1,887)	(2,057)	(773)
Net liabilities as at the year end/period end	(523)	(2,580)	(1,090)

Each of Target Company A, Target Company B, Target Company C, Target HK Company A, Target HK Company B, Target HK Company C, Target WFOE A, Target WFOE B and Target WFOE C is principally engaged in investment holding with no operational activities or significant assets. Their asset value and financial impact on the Group are minimal. Accordingly, the revenue, loss before taxation, loss after taxation and the net liabilities stated above only reflected the financial information of the PRC Operating Company.

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Set out below are the audited financial information of the Target Groups A, Target Groups B and Target Groups C prepared in accordance with HKFRS Accounting Standards, and audited by Moore CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA, for the year ended 31 December 2023, year ended 31 December 2024 and six months ended 30 June 2025:

	For the year Ended 31 December 2023	For the year ended 31 December 2024	For six months ended 30 June 2025
	(audited) <i>RMB'000</i>	(audited) <i>RMB'000</i>	(audited) <i>RMB'000</i>
Target Group A Net Asset Value	N/A ⁽¹⁾	N/A ⁽¹⁾	72,361
Target Group B Net Asset Value	N/A ⁽¹⁾	100	53,710
Target Group C Net Asset Value	N/A ⁽¹⁾	N/A ⁽¹⁾	57,477

(1) The Company is not incorporated during the period.

6. REASONS FOR AND BENEFITS OF THE ACQUISITION

With the continuous evolution and intensified competition in the Chinese pharmaceutical industry, the Group's existing business has gradually lost its competitive advantage in the market. The traditional pharmaceutical sector in which the Group operates, particularly the sales and promotion of orthopedic drugs such as "Teriparatide" and orthopedic health products, has been facing persistent price pressure due to regulatory reforms, the PRC government's centralised procurement policy, and increased market saturation. As a result, product margins have been significantly reduced, and the Group's traditional business model has become less sustainable. At the same time, the pharmaceutical market has been shifting towards innovation-driven and technology-enabled healthcare solutions. The emerging AI medical device sector is rapidly developing in response to China's growing demand for efficient and accessible medical services. In light of these industry trends, the Group's existing business no longer enjoys a strong market position or competitive advantage.

To address these challenges, the Group has been actively exploring strategic transformations, including expanding into the AI medical device sector, with the aim of enhancing operational efficiency, maintaining long-term sustainability, and improving its financial performance.

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Building on its experience in delivering high-quality pharmaceutical products and services, the Group seeks to achieve strategic transformation through acquisitions of businesses with strong AI capabilities and innovative productivity in the pharmaceutical industry. This strategy is intended to enrich and strengthen the Group's overall business portfolio. In line with this direction, the Group has been identifying suitable businesses and products to complement its transformation and drive sustainable business growth.

The PRC Operating Company is primarily engaged in the research, operation and provision of bone density testing services and sales of portable AI X-Ray device in PRC, and holds 12 related patents and 25 original codes in relation to the AI X-Ray Bone Density System and the Portable AI X-Ray Device. It was believed that research and development, and technology are its core advantages, while product commercialization is its major disadvantage, as in the past, it focused more on research and development and paid less attention on sales and promotion.

AI X-Ray Bone Density System is a high-end medical diagnostic product that deeply integrates cloud computing principles, intelligent computing methods and radiation absorption technologies. Its medical image processing capabilities enable widespread use in the screening, precise diagnosis and dynamic monitoring of osteoporosis and related diseases.

Portable AI X-Ray device is a major innovation in the field of medical imaging technology, which is specially designed for the unique diagnostic needs of elderly healthcare, emergency and disaster response, military drills and remote areas. With a series of excellent features, the system provides strong support for medical services by overcoming geographical limitations and enabling efficient and accurate diagnosis.

The role of AI in medical imaging is transformative, enhancing diagnostics efficiency, disease detection, and workflow management to deliver improved treatment outcomes for patients. By employing advanced algorithms, AI analyzes medical images with outstanding accuracy and speed, rapidly identifying patterns and anomalies that may be overlooked by the human eye. This significantly improves diagnostic precision compared to traditional methods, which heavily rely on the expertise of physicians and visual inspections, often requiring time-consuming manual analysis and carrying a higher risk of human error. Therefore, by improving the accuracy and efficiency of medical imaging, AI addresses many of the limitations of the traditional diagnostic practices.

The boom in AI in the medical image processing market is fundamentally rooted in the increasing implementation of AI innovations in the medical imaging field. The AI market size in medical imaging is expanding rapidly due to the growing demand for more accurate and efficient diagnostic tools. The PRC Operating Company has been actively involved in the development of AI algorithms and their deep integration into medical image processing systems to strengthen its position in the AI in medical imaging market.

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The Group has rich experience in sales and promotion of orthopedic drugs such as “Teriparatide” and orthopedic health products, which overlaps with the sales and promotion of PRC Operating Company’s products. As such, the Company believes that the two parties are complementary in business, marketing, technology or industrial chain. Leveraging the Group’s expertise in sales, marketing channels, and resources, the Company aims to boost business performance, transition both companies from losses to profitability, establish sustainable operational capabilities, and accelerate product innovation and meet diverse customer demands through the integration of technology and market after the Acquisition.

Upon completion of the Acquisition, the Group’s strategic approach is twofold, focusing on expansion and consolidation:

- (a) Expansion into AI-Driven Bone Health Diagnostics: The acquisition of the PRC Operating Company will enable us to establish an AI Bone Health Center, specializing in advanced diagnostics and smart management. Our key focus will be on developing and commercializing two innovative products, namely the AI X-Ray Bone Density System and the Portable AI X-Ray Device. This initiative positions us at the forefront of technological advancements in bone health assessment and management.
- (b) Strengthening our core pharmaceutical business: Concurrently, we will continue to leverage our established network channels to promote and distribute bone health and osteoporosis treatment drugs, as well as related health products. This strategy ensures we maintain and grow our strong presence in the pharmaceutical sector. By implementing this dual approach, we aim to synergize cutting-edge AI technology with our extensive experience in bone health therapeutics. This comprehensive strategy allows us to offer end-to-end solutions in bone disease management, from advanced diagnostics to effective treatments, solidifying our position as a leader in the field.

The Board considers the Acquisition an important strategic move for the successful transformation of the Group and one which will diversify the Company’s portfolio and expand its footprint in the fast-growing AI medical imaging technology sector. This Acquisition is expected to establish the Company as a frontrunner in AI medical imaging technology, empowering it to capture a larger market share and attract a broader customer base seeking cutting-edge diagnostic solutions. The Acquisition will help the Group establish a full-cycle intelligent healthcare ecosystem platform for bone health in the PRC, covering the entire process of testing, treatment and rehabilitation, and will enable the Group to provide end-to-end solutions in the bone health field, forming a complete closed loop from advanced detection and diagnosis to effective treatment and health management, and to become a high-tech medical enterprise.

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In addition, as the Consideration for the Acquisition will be settled by the allotment and issue of Consideration Shares, financial tension caused by cash outflow of settlement by cash can be avoided, and therefore the existing daily operations and market expansion of the Group will not be impacted. Therefore, the Company considered that the Acquisition will improve the overall operational efficiency, and the financial situation of the Group, which is beneficial to the interests and rights of all Shareholders, external investors and employees of the Company.

Accordingly, the Directors are of the view that the Acquisition is fair and reasonable, conducted on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

We expect that the sales of products from the PRC Operating Company will become a primary source for the Group upon completion of the Acquisition. Set out below are our plan for each of PRC Operating Company's business upon completion of the Acquisition:

- (a) **For the AI X-Ray Bone Density System:** We plan to further promote the sales of this product. In particular, in the next three years, we aim to: (i) develop and cover 2% of the grade hospital market (about 1,000 hospitals) in China through self-operation and agency; (ii) develop and cover 1.0% of the community terminal market (about 1,000 customers) in China through self-operation and agency; and (iii) develop and cover 1.0% of the physical examination center market (about 100 hospitals) in China through cooperation with various physical examination centers. We aim to develop and cover new markets at a growth rate of no less than 30% each year on the following basis:
 - (i) **Huge Market Potential:** There are approximately over one million medical and healthcare institutions in China, and the PRC government strongly encourages and supports the application of AI in the medical field through policies. AI detection can assist hospitals or doctors in conducting medical examinations and diagnoses more efficiently and conveniently, while patients or users can benefit from more accurate and cost-effective treatments. The bone density testing system of the PRC Operating Company has been installed and applied in nearly 400 institutions in China, leaving a vast untapped market with immense potential for development and application scenarios;
 - (ii) **New Business Team at the Group:** the Group has newly established a business team with extensive experience in bone health promotion and a strong network of channels, which can help the PRC Operating Company rapidly expand its market and increase business coverage; and

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- (iii) Business Strategies and Actions: the Group has formulated relevant business strategies and action plans. In the initial phase, the PRC Operating Company will collaborate with agents in various provinces and cities to jointly develop the market and capture market share. As at the Latest Practicable Date, contracts have been signed with agents in multiple regions, including Jiangsu, Shandong, and Northeast China, to develop installations and usage in community hospitals, physical examination centers, and other institutions.

The AI X-Ray Bone Density System is currently the only AI-powered bone density analysis system in China compatible with any brand of Digital Radiography (“DR”) equipment which is a technology to digitizes traditional X-Ray image. It can be widely used for screening, precise diagnosis, and dynamic monitoring of osteoporosis and related diseases. It holds multiple exclusive patents and intellectual property rights, making it the designated sole bone density testing system for large-scale disease epidemiological investigations. It boasts advantages such as high accuracy, low radiation exposure, rapid reporting, and low cost.

The main competing products are Ultrasound and DXA.

Ultrasound: A sound wave-based detection product, which Chioy Medical is the key player in the market. Compared to AI bone density analysis, it has disadvantages such as higher costs, lower accuracy, and longer detection times, as it can only indirectly measure and analyze bone density.

DXA: A transmission-based detection product, which Hologic (USA) is the key player in the market. Compared to AI bone density analysis, it faces drawbacks including complex application environments, high equipment costs, and high radiation exposure.

The Strengthening Basics Project, the “Healthy China 2030” initiative, and medical policies explicitly incorporating free health checkups for people over 65 into basic public health services have created enormous market potential and lucrative profit opportunities for bone density testing. Over the next three years, it is expected to leverage numerous public welfare projects to become a primary or preferred product in the grassroots market.

Below are the risk for AI X-Ray Bone Density System to enter into new markets:

- (1) AI Software Maturity: The clinical value of AI software needs further enhancement to gradually replace users’ established habits and trust in traditional equipment.
- (2) Technical Errors in Complex Cases: Potential technical inaccuracies may lead to risks of missed diagnoses or misdiagnoses in complex medical cases.

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- (3) Technological Risks from AI and Big Data Iterations: Rapid advancements in AI and big data technologies introduce risks related to system updates, compatibility, and reliability.
- (b) **For the Portable AI X-Ray Device:** After obtaining the medical device registration certificate for the portable AI X-Ray device, we aim to sell no fewer than 3,050 units to Sulu Haiwang during the period from 2025 to 2030. In particular, from 2025, we aim to promote the device to clients such as emergency response departments, shipbuilders, and community-level medical institutions, with the goal of facilitating sales partnerships and supply. Customized designs and production plans will be developed based on customer order requirements, and the equipment will be delivered according to schedule. From 2026, we aim to establish strategic cooperations with a local government and a shipbuilding company, where the portable AI X-Ray devices are expected to be used as standard supporting equipment. The PRC Operating Company will develop an AI X-Ray device suitable for marine use, and capable of preventing moisture damage from ocean environments. As of the Last Practicable Date, we are in the process of negotiating these strategic cooperations. From 2026, we also aim to sell and supply the devices in emerging markets such as Southeast Asia, Africa, Latin America and other regions, where there is a large population base, residents' health awareness and medical infrastructure are continuously improving, demand for medical devices is growing and the development potential for portable AI X-ray device is substantial.

The Portable AI X-Ray Device is a uniquely developed X-ray diagnostic device with a compact design. It provides lighter, safer, and more efficient equipment for specialized scenarios such as elderly care, medical care, emergency rescue, military exercises, and island operations.

Our key competitor is a company called Shantou Ultrasound, which is domestically produced portable ultrasound X-ray equipment.

Compared with Shantou Ultrasound, Portable AI X-Ray device has distinctly different application scenarios and offers differentiated advantages in multiple product parameters.

Product	Portable AI X-Ray Device	Shantou Ultrasound's Portable Device
Application Scenarios	Emergency relief, community support and ships	Medium-sized medical institutions
Weight	11kg	21kg
Communication	Bluetooth	None
Battery Life	5,300mAh	3,300mAh

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Below are the risk factors for the Portable AI X-Ray Device entering in to new markets:

- (1) **User Training and Performance Maintenance:** Establishing comprehensive user training programs is necessary to ensure consistent and high-quality performance of the Portable AI X-Ray device across diverse and complex application scenarios. Such training may incur significant costs and require ongoing investment to maintain user competency and device performance.
- (2) **Regulatory and Data Compliance:** The Group must collaborate with relevant regulatory authorities to ensure compliance with national regulations, including personal data protection laws. Failure to comply could affect the data security, stability, and lawful operation of the device, and may result in regulatory penalties or restrictions on market access.

7. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of the Sale and Purchase Agreement, the Company has 674,246,015 Shares in issue. The following table illustrates the shareholding structure of the Company (i) as at the date of the Sale and Purchase Agreement; and (ii) immediately after the allotment and issue of the Consideration Shares (assuming there is no further change to the share capital and the shareholding structure of the Company between the date of the Sale and Purchase Agreement and the date of Completion:

	As at the date of the Sale and Purchase Agreement		Immediately after the allotment and issue of the Consideration Shares	
	<i>Number of shares</i>	<i>%⁽¹⁾</i>	<i>Number of shares</i>	<i>%⁽²⁾</i>
Golden Base Investment Ltd ⁽³⁾	303,925,563	45.08	303,925,563	32.03
Ms. Chin Yu	273,333	0.04	273,333	0.03
Mr. Jeong Iat ⁽⁴⁾	146,520,146	21.73	146,520,146	15.44
Mr. Jeong Chong Meng	54,762,300	8.12	54,762,300	5.77
Annie Investment Co., Ltd.	170,000	0.03	170,000	0.02
Mr. Yu Tze Shan Hailson ⁽⁵⁾	15,000	0.00	15,000	0.00
Mr. Lou YongBin ⁽⁶⁾⁽⁷⁾	–	–	61,073,627	6.43
Mr. Lou YongJun ⁽⁶⁾⁽⁷⁾	–	–	47,328,267	4.99
Ms. Chen HongLi ⁽⁶⁾⁽⁷⁾	–	–	80,326,240	8.46
Mr. Zhang GenHuo ⁽⁶⁾⁽⁷⁾	–	–	79,399,732	8.37
Mr. Zhang LiLiang ⁽⁶⁾⁽⁷⁾	–	–	2,365,647	0.25
Ms. He XianHua ⁽⁶⁾⁽⁷⁾	–	–	1,892,518	0.20
Ms. Hu BaoZhen ⁽⁶⁾⁽⁷⁾	–	–	1,892,518	0.20
Ms. Zheng Min ⁽⁶⁾⁽⁷⁾	–	–	473,130	0.05
Other public shareholders	168,579,673	25.00	168,579,673	17.76
Total issued Shares	674,246,015	100.00	948,997,694	100.00

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Notes:

- (1) These percentages are calculated based on 674,246,015 Shares in issue as at the date of the Sale and Purchase Agreement.
- (2) These percentages are calculated based on 948,997,694 Shares in issue upon completion of the allotment of Consideration Shares (assuming there is no change in the issued share capital of the Company other than issue of the Consideration Shares).
- (3) Golden Base Investment Limited was legally and beneficially owned as to 50% by Ms. Chin Yu and 50% by Mr. Ng Tit, the spouse of Ms. Chin Yu.
- (4) Mr. Jeong Iat is the son of Mr. Jeong Chong Mang and Ms. Shum Ning, who wholly owns Annie Investment Co. Ltd.
- (5) Mr. Yu Tze Shan Hailson is an independent non-executive Director of the Company. Save as disclosed herein, no other Directors held any Shares as at the Latest Practicable Date.
- (6) Save as Mr. Lou YongBin and Mr. Lou YongJun being brothers, there is no other voting or acting in concert arrangements or agreements among the Sellers.
- (7) Shares counted towards public float of the Company.

Upon Completion, each of Mr. Lou YongBin, Mr. Lou YongJun, Ms. Chen HongLi, Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min will become a Shareholder, holding approximately 6.43%, 4.99%, 8.46%, 8.37%, 0.25%, 0.20%, 0.20% and 0.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, respectively (assuming there will be no further changes in the share capital of the Company prior to the Completion). The Acquisition will not result in a change of control of the Company.

8. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% and less than 100%, the Acquisition constitutes a major transaction of the Group under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

9. EGM

The EGM will be convened and held by the Company at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 15 January 2026, 11:00 a.m. to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the granting of Specific Mandate for the allotment and issue of the Consideration Shares).

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A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.ntpharma.com).

Whether or not Shareholders are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than Tuesday, 13 January 2026, 11:00 a.m.). To be effective, all forms of proxy must be lodged with Tricor Investor Services Limited before the deadline. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM if you so wish.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective close associates has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting at the EGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

10. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 January 2026 to Thursday, 15 January 2026 (both days inclusive), during which period no transfer of shares will be effected. The record date for determining the entitlements of the Shareholders to attend and vote at the above meeting will be Thursday, 15 January 2026, being the last day of such period. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 9 January 2026 for registration.

11. VOTE BY POLL

In accordance with the articles of association of the Company, all the votes at the EGM must be taken by poll.

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12. RECOMMENDATION

Having considered the aforesaid circumstance and benefits of the Acquisition, the Directors are of the view that the Sale and Purchase Agreement and the Acquisition contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

13. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

For and on behalf of
China NT Pharma Group Company Limited
Ng Tit
Chairman of the Board

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 has been disclosed in the following documents, which can be accessed on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ntpharma.com):

- (a) the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 88–208):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042704256.pdf>
- (b) the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024 (pages 82–190):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001620.pdf>
- (c) the annual report of the Company for the year ended 31 December 2024 published on 30 April 2025 (pages 83–184):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043001069.pdf>
- (d) the interim report of the Company for the six months ended 30 June 2025 published on 5 September 2025 (pages 14–36):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0905/2025090500323.pdf>

2. INDEBTEDNESS STATEMENT

As at 31 October 2025, for the purpose of this indebtedness statement, the Enlarged Group had:

	<i>RMB'000</i>
Secured other borrowings ^(a)	30,142
Unsecured other borrowings ^(b)	272,645
Unsecured corporate bonds ^(c)	17,552
Interest payables included in other payables and accruals ^(d)	129,411
Leased liabilities ^(e)	898
Financial guarantee contracts ^(f)	133,008
	<u>583,656</u>

Notes:

- (a) As at 31 October 2025, secured other borrowings carried fixed interest rates ranging from 20.00% to 24.00% per annum, which were guaranteed by the Enlarged Group, certain wholly-owned subsidiaries of the Enlarged Group and two executive directors of the Company, Mr. Ng Tit and Ms. Chin Yu.

- (b) As at 31 October 2025, unsecured and unguaranteed other borrowings included several other borrowings with aggregated carrying amount of approximately RMB272,645,000, carried fixed interest rates ranged from 5.00% to 33.60% per annum and are repayable on demand.
- (c) The unsecured and unguaranteed corporate bonds were denominated in HK\$, with duration of four months to four years from the date subscribed. As at 31 October 2025, certain corporate bonds with carrying amount of approximately RMB17,552,000 were default and all the bonds' holders are independent third parties of the Enlarged Group.
- (d) As at 31 October 2025, included in interest payables are approximately RMB127,067,000 and RMB2,344,000 in relation to the other borrowings and corporate bonds of the Enlarged Group, respectively.
- (e) As at 31 October 2025, the Enlarged Group entered into a lease agreement for leasing of property and recognised right-of-use assets and lease liabilities for the lease agreement. Such lease liabilities amounted to approximately RMB898,000 as at 31 October 2025, of which approximately RMB708,000 were classified as current liabilities and RMB190,000 were classified as non-current liabilities.
- (f) On 27 April 2023, the 江蘇省蘇州工業園區人民法院 (the “Court”) accepted the application of the debt restructuring proposal (“**Restructuring**”) of a former wholly-owned subsidiary, Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) (“**Suzhou First Pharma**”), and appointed the administrator to execute the Restructuring.

According to the Restructuring completed at 1 August 2023, the Company has provided financial guarantees on behalf of a former wholly-owned subsidiary of the Company, Suzhou First Pharma and its subsidiaries for bank borrowings and one of the other borrowings with aggregated carrying amounts of approximately RMB348,073,000 and RMB58,030,000, respectively as at the date of completion date of transfer of shares of Suzhou First Pharma to the Investor.

Both lenders declared the unsettled balances to the Court and the court ruling approved the amounts to be approximately RMB383,156,000 and RMB60,789,000, respectively on 6 July 2023. According to the Restructuring proposal approved by the Court, all creditors are subject to the repayment allocations following several auctions to sell the assets of Suzhou First Pharma and its subsidiaries, which will be carried out by the administrator.

The directors of the Company consider the Company as a guarantor will be liable on guaranteed borrowings if the repayment allocations could not fully recover the approved amounts. The Company might be subject to repay the remaining unpaid balances.

On 28 November 2024, the Company entered into a subscription agreement with two subscribers, pursuant to which the Company has conditionally agreed to allot and issue 410,156,509 new shares, thereby HK\$87,000,000 representing the partial settlement of the outstanding principal amount and the accrued interest of the other borrowings; and approximately RMB44,000,000 representing release of financial guarantee contracts, respectively would be arranged.

On 21 February 2025, the Company completed the loan capitalization with one of the lender, pursuant to which the Company has conditionally agreed to allot and issue 146,520,146 new shares, thereby RMB44,000,000 representing release of financial guarantee contracts.

As at 30 June 2025, the carrying amount of the financial guarantee contract represented the allowance for credit loss under the financial guarantee as at the respective financial year end dates, which were determined by the management of the Company based on the fair value of Suzhou First Pharma's assets to be sold in the coming auctions and the repayment allocations ratio with reference to the first repayment allocation, which was completed upon the transfer to shareholding of Suzhou First Pharma.

As a result, financial guarantee contracts of approximately RMB133,008,000 was recognized as at 31 October 2025.

Up to 31 October 2025, the lenders have not taken any actions to claim against the Company in respect of these financial guarantees.

Contingent liabilities

As at 31 October 2025, for the preparation of the indebtedness statement in this circular, the Enlarged Group did not have any contingent liabilities.

The Enlarged Group did not have any debt securities, issued and outstanding, and authorized or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or not), any other borrowings, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other contingent liabilities as at 31 October 2025.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 30 June 2025, being the date to which the latest published audited accounts of the Company were made up.

4. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's available cash balance, the anticipated cash flows from operations, available facilities and the borrowing from the substantial shareholder) and the effects of the Completion, in the absence of any unforeseen circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient financial resources to meet its working capital requirement and financial requirements for capital expenditure for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. IMPACT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE ENLARGED GROUP

As at 30 June 2025, the unaudited consolidated total assets and total liabilities of the Group amounted to approximately RMB344.41 million and RMB621.29 million, respectively. The Group recorded a net loss of approximately RMB16.91 million for the six months ended 30 June 2025, and as at that date, had net current liabilities and net liabilities of approximately RMB592.69 million and RMB276.88 million, respectively.

Upon the Completion, the Target Groups will become indirect wholly-owned subsidiaries of the Company, and their financial results will be consolidated into the Group's consolidated financial statements. The PRC Operating Company, being the principal operating entity of the Target Groups, recorded audited net losses after tax of approximately RMB0.77 million, RMB2.06 million and RMB1.89 million for the six months ended 30 June 2025 and for the years ended 31 December 2024 and 2023, respectively. Therefore, the Acquisition is expected to increase the total assets of the Group due to the consolidation of the Target Groups' assets. Conversely, the Group's total liabilities may also increase as a result of the consolidation of the Target Groups' liabilities. Given that the consideration for the Acquisition will be settled by way of allotment and issue of Consideration Shares, there will be no immediate cash outflow from the Group, and accordingly, the Group's cash and cash equivalents are not expected to be materially affected.

Given the historical net losses of the PRC Operating Company, the Acquisition is not expected to have an immediate material positive impact on the earnings of the Group. However, the Directors believe that the Acquisition will enhance the Group's strategic positioning in the AI medical imaging sector and may contribute positively to the Group's earnings in the long term.

Shareholders should note that the above assessment is based on the audited financial information of the Target Groups and the current financial position of the Group. The actual impact of the Acquisition on the earnings, assets, and liabilities of the Enlarged Group may differ from the above assessment and will be subject to the final audited financial statements of the Group post-Completion.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is primarily engaged on the field of bone disease health, providing higher quality and faster services for the health of doctors and patients through AI and digital diagnostic systems. This will enable a wide range of medical institutions to enjoy high-quality and convenient medical services brought by high technology. For the six months ended 30 June 2025, the Group recorded revenue of approximately RMB12.00 million and a net loss of approximately RMB16.91 million. As at 30 June 2025, the Group had net current liabilities of approximately RMB592.69 million and net liabilities of approximately RMB276.88 million.

Following the Completion, the Target Groups – engaged in medical imaging technology and AI-based diagnostic system development – will become indirect owned subsidiaries of the Group. The PRC Operating Company, the main business entity of the Target Groups, focuses on developing intelligent medical imaging platforms and AI diagnostic tools. The Directors believe the Acquisition will complement the Group's existing services and strengthen its technological capabilities in AI-driven medical diagnostics.

Looking ahead, the Enlarged Group plans to integrate the Target Groups' technologies and R&D strengths with its current healthcare services. The Group aims to further develop intelligent diagnostic platforms combining medical imaging, AI-assisted analysis, and remote consultation. It also plans to expand partnerships with hospitals and healthcare providers, while improving cost control and efficiency.

Although short-term financial pressure may remain, the Directors believe the Acquisition will enhance the Group's position in the AI medical technology industry and create long-term growth opportunities.

The following is the text of a report received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



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會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF PRC OPERATING COMPANY TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of Zhejiang Kangyuan Medical Device Co, Ltd.* (浙江康源醫療器械有限公司), a company incorporated in the People's Republic of China (the “**PRC**”), with limited liability (the “**PRC Operating Company**”) set out on pages IIA-5 to IIA-47, which comprises the statements of financial position of the PRC Operating Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the PRC Operating Company for each of the three years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025 (the “**Relevant Periods**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IIA-5 to IIA-47 forms an integral part of this report, which has been prepared for inclusion in the circular of China NT Pharma Group Company Limited (the “**Company**”), dated 24 December 2025 (the “**Circular**”) in connection with the proposed acquisition of approximately 58.11% effective equity interest in the PRC Operating Company through acquiring 100% equity interests in Junbinxiongdi Limited (the “**Target Company A**”), Yue Hua Limited (the “**Target Company B**”) and Zhong He Qun Lian Limited (the “**Target Company C**”) (collectively, the “**Target Companies**”) (the “**Transactions**”), pursuant to formal sale and purchase agreement dated 28 April 2025 (the “**Sale and Purchase Agreement**”).

The directors' responsibility for the Historical Financial Information

The directors of the PRC Operating Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the PRC Operating Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

* English name is for identification purpose only.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the PRC Operating Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the PRC Operating Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the PRC Operating Company's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, and of the PRC Operating Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Emphasis of matters

Without qualifying our conclusion, we draw your attention to Note 4.2 to the Historical Financial Information concerning the adoption of going concern basis on which the Historical Financial Information has been prepared. As further explained, the Historical Financial Information of the PRC Operating Company have been prepared on a going concern basis, notwithstanding that for each of the three years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025, the PRC Operating Company reported net loss of approximately RMB1,579,000, RMB1,887,000, RMB2,057,000 and RMB773,000 respectively. As of 31 December 2022, 2023, 2024 and 30 June 2025, the PRC Operating Company had the net current liabilities of approximately RMB2,225,000, RMB1,319,000 and RMB2,889,000 and RMB1,522,000 and net liabilities of approximately RMB1,373,000, RMB523,000 and RMB2,580,000 and RMB1,090,000, respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt on the ability of the PRC Operating Company to continue as a going concern.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative financial information of the PRC Operating Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the PRC Operating Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend has been declared or paid by the PRC Operating Company in respect of the Relevant Periods.

Yours faithfully,

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

HISTORICAL FINANCIAL INFORMATION OF PRC OPERATING COMPANY

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the PRC Operating Company for the Relevant Periods (the “**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the PRC Operating Company in accordance with the accounting policies that conform with the HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong standards on Auditing Issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended	
		2022	2023	2024	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	7	2,507	2,438	1,810	935	624
Cost of services		(640)	(611)	(722)	(363)	(425)
Gross profit		1,867	1,827	1,088	572	199
Other income and gains, net	8	67	32	1,018	2	1,259
(Provision for)/reversal of allowance for expected credit losses (“ECL”) on trade receivables, net	4.4	(20)	(11)	29	29	(34)
(Provision for)/reversal of allowance for ECL on other receivables	4.4	–	(125)	–	–	125
Selling expenses		(431)	(458)	(353)	(170)	(147)
Administrative expenses		(2,975)	(3,164)	(3,819)	(1,498)	(2,166)
Operating loss		(1,492)	(1,899)	(2,037)	(1,065)	(764)
Finance costs	9	(57)	(31)	(10)	(8)	(6)
Loss before income tax	10	(1,549)	(1,930)	(2,047)	(1,073)	(770)
Income tax (expense)/credit	13	(30)	43	(10)	(8)	(3)
Loss for the year and total comprehensive expense for the year/period		<u>(1,579)</u>	<u>(1,887)</u>	<u>(2,057)</u>	<u>(1,081)</u>	<u>(773)</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at
		2022	2023	2024	30 June
	Notes	RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Property, plant and equipment	17	351	197	106	162
Intangible assets	16	–	–	–	–
Right-of-use assets	18	914	508	102	248
Deposits	20	78	78	98	108
Deferred tax assets	25	–	13	3	–
		<u>1,343</u>	<u>796</u>	<u>309</u>	<u>518</u>
Current assets					
Inventories	19	–	–	–	112
Trade receivables	20	15	43	44	20
Other receivables, deposits and prepayments	20	5,804	5,153	6,895	1,881
Cash and cash equivalents	21	<u>423</u>	<u>438</u>	<u>361</u>	<u>2,705</u>
		<u>6,242</u>	<u>5,634</u>	<u>7,300</u>	<u>4,718</u>
Current liabilities					
Other payables and accruals	22	6,256	5,594	4,624	744
Contract liabilities	23	1,793	898	5,565	5,333
Lease liabilities	24	<u>418</u>	<u>461</u>	<u>–</u>	<u>163</u>
		<u>8,467</u>	<u>6,953</u>	<u>10,189</u>	<u>6,240</u>
Net current assets		<u>(2,225)</u>	<u>(1,319)</u>	<u>(2,889)</u>	<u>(1,522)</u>
Total assets less current liabilities		<u>(882)</u>	<u>(523)</u>	<u>(2,580)</u>	<u>(1,004)</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

		As at 31 December			As at
		2022	2023	2024	30 June
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Lease liabilities	24	461	–	–	86
Deferred tax liabilities	25	30	–	–	–
		<u>491</u>	<u>–</u>	<u>–</u>	<u>86</u>
Net liabilities		<u>(1,373)</u>	<u>(523)</u>	<u>(2,580)</u>	<u>(1,090)</u>
Capital and reserves					
Share capital	26	52,000	54,737	54,737	54,737
Reserves		<u>(53,373)</u>	<u>(55,260)</u>	<u>(57,317)</u>	<u>(55,827)</u>
Total deficit		<u>(1,373)</u>	<u>(523)</u>	<u>(2,580)</u>	<u>(1,090)</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Other Reserve <i>RMB'000</i>	Accumulated Losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	52,000	–	(51,794)	206
Loss and total comprehensive expense for the year	<u>–</u>	<u>–</u>	<u>(1,579)</u>	<u>(1,579)</u>
At 31 December 2022 and 1 January 2023	52,000	–	(53,373)	(1,373)
Loss and total comprehensive expense for the year	<u>–</u>	<u>–</u>	<u>(1,887)</u>	<u>(1,887)</u>
Transaction with owners:				
Capital injection (<i>Note 26</i>)	<u>2,737</u>	<u>–</u>	<u>–</u>	<u>2,737</u>
At 31 December 2023 and 1 January 2024	54,737	–	(55,260)	(523)
Loss and total comprehensive expense for the year	<u>–</u>	<u>–</u>	<u>(2,057)</u>	<u>(2,057)</u>
At 31 December 2024 and 1 January 2025	54,737	–	(57,317)	(2,580)
Loss and total comprehensive expense for period	<u>–</u>	<u>–</u>	<u>(773)</u>	<u>(773)</u>
Transaction with owners:				
Additional capital injection (<i>Note 26</i>)	<u>–</u>	<u>2,263</u>	<u>–</u>	<u>2,263</u>
At 30 June 2025	<u>54,737</u>	<u>2,263</u>	<u>(58,090)</u>	<u>(1,090)</u>
At 1 January 2024	54,737	–	(55,260)	(523)
Loss and total comprehensive expense for the period	<u>–</u>	<u>–</u>	<u>(1,081)</u>	<u>(1,081)</u>
At 30 June 2024 (Unaudited)	<u>54,737</u>	<u>–</u>	<u>(56,341)</u>	<u>(1,604)</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended	
		2022	2023	2024	30 June	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cash flows from operating activities						
Loss before income tax		(1,549)	(1,930)	(2,047)	(1,073)	(770)
Adjustments for:						
Interest income	8	—*	—*	—*	—*	—*
Other income	8	—	—	(1,000)	—	—
Finance costs	9	57	31	10	8	6
Depreciation of property, plant and equipment	17	177	192	167	88	61
Depreciation of right-of-use assets	18	304	406	406	203	180
Provision for/(Reversal of) allowance for ECL on trade receivable, net	20	20	11	(29)	(29)	34
Provision for/(Reversal of) allowance for ECL on other receivables	20	—	125	—	—	(125)
Operating cash flow before working capital changes		(991)	(1,165)	(2,493)	(803)	(614)
Increase in inventories		—	—	—	—	(112)
(Increase)/decrease in trade receivables		(19)	(39)	28	16	(10)
Decrease/(increase) in other receivables, deposits and prepayments		3,442	546	(1,782)	125	5,129
Increase/(decrease) in other payables and accruals		1,084	(662)	30	984	(7,207)
(Decrease)/increase in contract liabilities		(1,910)	(895)	4,667	(95)	(232)
Net cash generated from/(used in) operating activities		1,606	(2,215)	450	227	(3,046)

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cash flows from investing activities						
Purchase of property, plant and equipment		(238)	(58)	(56)	(24)	(117)
Interest received	8	—*	—*	—*	—*	—*
Net cash used in investing activities		(238)	(58)	(56)	(24)	(117)
Cash flows from financing activities						
Capital contribution from shareholders	26	—	2,737	—	—	5,590
Payment for Interest portion of lease liabilities	28	(35)	(31)	(10)	(8)	(6)
Payment for principal portion of lease liabilities	28	(339)	(418)	(461)	(228)	(77)
Interest paid on borrowings	28	(22)	—	—	—	—
Repayments of borrowings	28	(1,000)	—	—	—	—
Net cash (used in)/ generated from financing activities		(1,396)	2,288	(471)	(236)	5,507
Net (decrease)/increase in cash and cash equivalents		(28)	15	(77)	(33)	2,344
Cash and cash equivalents at the beginning of the year/period		451	423	438	438	361
Cash and cash equivalents at the end of the year/period, represented by cash and cash equivalents		423	438	361	405	2,705

* Less than RMB1,000

NOTES TO THE HISTORICAL FINANCIAL INFORMATION*(Expressed in RMB)***1. BACKGROUND INFORMATION**

The PRC Operating Company is a limited liability company incorporated in the People's Republic of China (the “PRC”). During the Relevant Periods, the registered office and principal place of business of the PRC Operating Company are situated at 3/F, Building 4, No. 16 Yuecheng Lane, Xixing Subdistrict, Binjiang District, Hangzhou, the PRC.

The PRC Operating Company was established on 10 August 2011 and then its corporate shareholder was Hangzhou Mairun Pharmaceutical Technology Company Limited* (杭州邁潤醫藥科技有限公司, “**Hangzhou Mairun**”) with 67.00% equity interest, and its individual shareholder was Chen Jianfeng holding 33.00% equity interest. After a series of equity transfers and capital increases, as at 31 December 2022, the PRC Operating Company had a registered capital of RMB52,000,000, with shareholders consisting of five corporate shareholders and two individual shareholders. The corporate shareholders were consisted of Hangzhou Hengshi Baice Investment Partnership (Limited Partnership)* (杭州亨石佰策投資合夥企業(有限合夥), “**Hangzhou Hengshi**”) with 32.88% equity interest, Hangzhou Zhenlan Investment Partnership (Limited Partnership)* (杭州珍瀾投資合夥企業(有限合夥), “**Hangzhou Zhenlan**”) with 18.89% equity interest, Beijing Lucun Investment Management Center (Limited Partnership)* (北京祿存投資管理中心(有限合夥), “**Beijing Lucun**”) with 13.12% equity interest, Beijing Hongzhao Investment Management Co., Ltd.* (北京宏召投資管理有限公司, “**Beijing Hongzhao**”) with 5.99% equity interest, and Pujiang Hechun Investment Management Partnership (Limited Partnership)* (浦江賀純投資管理合夥企業(有限合夥), “**Pujiang Hechun**”) with 4.84% equity interest. The individual shareholders were Chen Jian-feng holding 22.28% equity interest and Lou YongJun holding 2.00% equity interest.

As at 31 December 2023 and 2024, following further equity transfers and capital increases, the PRC Operating Company's registered capital reached RMB54,736,842, with shareholders consisting of six corporate shareholders and two individual shareholders. The corporate shareholders were consisted of Hangzhou Hengshi with 10.12% equity interest, Hangzhou Zhenlan with 15.70% equity interest, Beijing Lucun with 13.01% equity interest, Beijing Hongzhao with 14.62% equity interest, Pujiang Hechun with 4.14% equity interest, and Yiwu Huikai Medical Equipment Co., Ltd.* (義烏市惠凱醫療器械有限公司), “**Yiwu Huikai**”) with 16.91% equity interest. The individual shareholders were Chen Jian-feng holding 23.60% equity interest and Lou YongJun holding 1.90% equity interest.

As at 30 June 2025, following further equity transfers, the PRC Operating Company's registered capital remained at RMB54,736,842 and other reserve reached RMB2,263,158 with shareholders consisting of five corporate shareholders and one individual shareholders. The corporate shareholders were consisted of Yiwu Hanrui Technology Co., Ltd. * (義烏市含蕊科技有限公司, the “**Target WFOE A**”) with 22.93% equity interest, Yiwu Kebo Technology Co., Ltd. * (義烏市可勃科技有限公司, the “**Target WFOE B**”) with 16.99% equity interest, Yiwu Miaohai Technology Co., Ltd. * (義烏市妙海科技有限公司, the “**Target WFOE C**”) with 18.19% equity interest, Yiwu Tongying Enterprise Management Partnership (Limited Partnership)* (義烏市同盈企業管理合夥企業有限合夥), “**Yiwu Tongying**”) with 29.99% equity interest, Hangzhou Yingzhiqin No. 2 Venture Capital Partnership (Limited Partnership)* (杭州盈智勤貳號創業投資合夥企業有限合夥), “**Hangzhou Yingzhiqin**”) with 10.00% equity interest and Lou YongJun holding 1.90% equity interest.

During the Relevant Periods, the PRC Operating Company is principally engaged in the provision of professional scientific services for hospitals and physical examination centers.

On 28 April 2025, the Company and the individual shareholders (collectively, the “**Sellers**”), which hold the equity interests in the PRC Operating Company, entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Company has conditionally agreed to acquire the approximately 58.11% effective equity interests in the PRC Company through the transfer of 100% equity interests in the Target Companies to the Company after the completion of group reorganisation as set out on page 29 of the letter from the Board to the Circular, at the consideration of approximately RMB116.2 million, which shall be satisfied by issue of 274,751,679 new ordinary shares of approximately RMB0.41 each by the Company.

* *English name is for identification purpose only.*

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2024, and conform with HKFRS Accounting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

No statutory financial statements of the PRC Operating Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the PRC Operating Company has consistently applied all applicable HKFRS Accounting Standards which are effective for annual accounting period beginning on 1 January 2025 throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Periods. The material accounting policies which conform with the HKFRS Accounting Standards that have been used in the preparation of the Historical Financial Information has been consistently applied throughout the Relevant Periods.

Further details of the material accounting policy information applied are set out in Note 4.

At the date of this report, the PRC Operating Company has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods

beginning on or after 1 January 2027 with earlier application permitted. The PRC Operating Company is still currently assessing the impact that HKFRS 18 will have on the PRC Operating Company.

Except for the new HKFRS Accounting Standards mentioned above, the directors of the PRC Operating Company have already commenced an assessment of the related impact of applying all other new and amendments to HKFRS Accounting Standards. So far, it has concluded that these new and amendments to HKFRS Accounting Standards will be applied at the respective effective dates and the application of them is unlikely to have a significant impact on the financial information of the PRC Operating Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of measurement

The PRC Operating Company's functional currency is RMB. The Historical Financial Information and the Stub Period Comparative Financial Information are presented in RMB to conform with the reporting currency of the PRC Operating Company. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information and the Stub Period Comparative Financial Information is the historical cost basis.

4.2 Going concern basis

For each of the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the PRC Operating Company recorded net loss of approximately RMB1,579,000, RMB1,887,000, RMB2,057,000 and RMB773,000 respectively. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the PRC Operating Company had net current liabilities of approximately RMB2,225,000, RMB1,319,000 and RMB2,889,000 and RMB1,522,000 and net liabilities of approximately RMB1,373,000, RMB523,000 and RMB2,580,000 and RMB1,090,000, respectively, indicating the existence of uncertainty which may cast significant doubt on the PRC Operating Company's ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the PRC Operating Company have given careful consideration to the future liquidity and performance of the PRC Operating Company in assessing whether the PRC Operating Company will have sufficient financial resources to continue as a going concern after taking into consideration the followings:

- (i) Reviewing the business operation of the PRC Operating Company to improve their efficiency;
- (ii) Expanding the revenue stream of the PRC Operating Company to improve their profitability; and
- (iii) Implementing cost savings measures to control administrative and operating costs with a view to reduce the working capital requirement of the PRC Operating Company.

The directors of the PRC Operating Company have reviewed the PRC Operating Company's cash flow projections prepared by the management, which covers a period of not less than twelve months from 30 June 2025, on the basis that the PRC Operating Company's aforementioned plans and measures will be successful, the directors of the PRC Operating Company believes that the PRC Operating Company will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the end of the reporting period. Accordingly, the directors of the PRC Operating Company believes that the PRC Operating Company will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing the Financial Information.

Should the PRC Operating Company be unable to continue as a going concern, adjustments would have to be made to the Historical Financial Information to adjust the value of the PRC Operating Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4.3 Use of estimates and judgements

The preparation of Historical Financial Information and the Stub Period Comparative Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

4.4 Financial risk management objectives

The PRC Operating Company's major financial instruments include, trade receivables, other receivables and deposits, cash and cash equivalents, other payables and accruals and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments, which include market risk (interest rate risk), credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. Save for credit risk, the PRC Operating Company does not have written risk management policies and guidelines. However, the directors of the PRC Operating Company periodically analyse and formulate measures to manage the PRC Operating Company's exposure to different risks arising from the use of financial instruments. Generally, the PRC Operating Company employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The PRC Operating Company is not exposed to significant interest rate risk as the PRC Operating Company does not have any variable rate interest-bearing financial assets or liabilities.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the PRC Operating Company.

The PRC Operating Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the Relevant Periods in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the statement of financial position. Credit risk mainly arises from trade receivables, other receivables and deposits and cash and cash equivalents.

Trade receivables

Most of the PRC Operating Company's customers do not have independent credit rating. To manage the risk arising from trade receivables, the PRC Operating Company has policies in place to ensure that transactions are conducted only with counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit periods granted to these customers are 30 days. The PRC Operating Company has a large number of customers and there is no significant concentration of credit risk.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

An impairment test is performed at the end of the reporting period using the simplified approach. To measure the ECLs, the significant balances and credit-impaired receivables, if any, are assessed individually and collectively with appropriate groupings, which is based on similar loss patterns. The expected loss rates are based on the corresponding credit losses probability of a receivable progressing through successive stages of delinquency to write-off. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The PRC Operating Company has identified the probabilities of default and recovery ratio to be the most relevant factors. Various economic scenarios are considered in generating the forward-looking adjustment, including general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the Relevant Periods.

The grouping is regularly reviewed by the management of the PRC Operating Company to ensure relevant information about debtors' credit quality and grouping adopted in provision matrix is updated.

The following tables provide information about the PRC Operating Company's exposure to credit risk and ECL for trade receivables at the end of the Relevant Periods:

	Expected loss rate %	Gross carrying amount RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000
Year ended 31 December 2022				
Current (not past due) to				
30 days past due	1.66	5	—*	—
31–90 days past due	3.55	10	—*	—
More than 90 days past due	100.00	20	—	20
		<u>35</u>	<u>—*</u>	<u>20</u>
Year ended 31 December 2023				
Current (not past due) to				
30 days past due	1.81	43	—*	—
31–90 days past due	3.65	—	—	—
More than 90 days past due	100.00	31	—	31
		<u>74</u>	<u>—*</u>	<u>31</u>
Year ended 31 December 2024				
Current (not past due) to				
30 days past due	1.82	44	—*	—
31–90 days past due	3.66	—	—	—
More than 90 days past due	100.00	2	—	2
		<u>46</u>	<u>—*</u>	<u>2</u>
Six months ended 30 June 2025				
Current (not past due) to				
30 days past due	1.92	20	—*	—
31–90 days past due	3.68	—	—	—
More than 90 days past due	100.00	36	—	36
		<u>56</u>	<u>—*</u>	<u>36</u>

* Less than RMB1,000

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

Movement in the loss allowance in respect of the trade receivables during the Relevant Periods are as follows:

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000
As at 1 January 2022	—	—
Changes in the loss allowance:		
– Charged to profit or loss	—*	20
As at 31 December 2022 and 1 January 2023	—*	20
Changes in the loss allowance:		
– Charged to profit or loss	—*	11
As at 31 December 2023 and 1 January 2024	—*	31
Changes in the loss allowance:		
– Credited to profit or loss	—*	(29)
As at 31 December 2024 and 1 January 2025	—*	2
Changes in the loss allowance:		
– Charged to profit or loss	—*	34
As at 30 June 2025	—*	36
As at 1 January 2024	—*	31
Changes in the loss allowance:		
– Credited to profit or loss	—*	(29)
As at 30 June 2024 (Unaudited)	—*	2

Other receivables and deposits

Other receivables and deposits are mainly comprised of receivables related to advances to staff and business partner companies, lease deposits, deposits paid to trading platforms, amounts due from shareholders. Management of the PRC Operating Company manages the other receivables and deposits by category, makes periodic assessments on the recoverability of other receivables and deposits based on historical settlement records and past experience.

The directors of the PRC Operating Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the PRC Operating Company provided impairment based on 12m ECL.

For the other receivables and deposits other than balances with shareholders, the PRC Operating Company closely monitor the follow-up action taken to recover any past due balances. In addition, the PRC Operating Company monitors subsequent recovery or settlement of each of the balances to ensure that adequate impairment losses are made for irrecoverable amounts. As at the end of Relevant Periods, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The impairment of approximately RMB125,000 was made during the year ended 31 December 2023, and such amount was reversed during the six months ended 30 June 2025 upon settlement. During the six months ended 30 June 2025, the receivables of approximately RMB1,254,000 being written off in the year ended 31 December 2021 had been recovered.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

Balances with shareholders are assessed individually for the credit risk and risk of default. The PRC Operating Company has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and ECL rates. No impairment on the balances with shareholders was made for the Relevant Periods.

Movement in the loss allowance in respect of the other receivables and deposits other than amounts due from shareholders during the Relevant Periods are as follows:

	12m ECL <i>RMB'000</i>
As at 1 January 2022	–
Changes in the loss allowance:	–
As at 31 December 2022 and 1 January 2023	–
Changes in the loss allowance:	
– charged to profit or loss	125
As at 31 December 2023, 1 January 2024 and 31 December 2024 and 1 January 2025	125
Changes in the loss allowance:	
– credited to profit or loss	(125)
As at 30 June 2025	–
At 1 January 2024	125
Changes in the loss allowance:	
– charged to profit or loss	–
At 30 June 2024 (Unaudited)	125

Cash and cash equivalents

In respect of bank balances in cash and cash equivalents, the PRC Operating Company will place them in state-owned banks in the PRC with high credit ratings. The management of the PRC Operating Company considers the bank balances are short-term in nature, and there has been no recent history of default in relation to these banks. Accordingly, the expected credit loss is close to zero.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

The tables below detail the credit risk exposures of the PRC Operating Company's financial assets, which are subject to ECL assessment:

		As at 31 December			As at
		2022	2023	2024	30 June
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Financial assets at amortised cost:					
Trade receivables (Note 20)	Lifetime ECL – credit-impaired (individually assessed)	30	31	2	36
	Lifetime ECL – not credit-impaired (collectively assessed)	15	43	44	20
Other receivables and deposits (Note 20)	12m ECL (individually assessed)	4,736	4,246	5,714	128
Bank balances (Note 21)	12m ECL	31	32	357	2,701

Liquidity risk

Liquidity risk relates to the risk that the PRC Operating Company will not be able to meet its obligation associated with its financial liabilities. In the management of the liquidity risk, the PRC Operating Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the PRC Operating Company's operations and mitigate the effects of fluctuations in cash flows in the short and long term.

The following tables show the remaining contractual maturities at the end of each reporting period of the PRC Operating Company's other payables and accruals and lease liabilities based on undiscounted cash flows (include interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the PRC Operating Company can be required to pay.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

	Effective interest rate per annum	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Total undiscounted cash flows carrying RMB'000	Carrying amount RMB'000
At 31 December 2022					
Other payables and accruals		5,712	–	5,712	5,712
Lease liabilities	4.6%	449	471	920	879
		<u>6,161</u>	<u>471</u>	<u>6,632</u>	<u>6,591</u>
At 31 December 2023					
Other payables and accruals		5,050	–	5,050	5,050
Lease liabilities	4.6%	471	–	471	461
		<u>5,521</u>	<u>–</u>	<u>5,521</u>	<u>5,511</u>
At 31 December 2024					
Other payables and accruals		3,800	–	3,800	3,800
Lease liabilities	4.6%	–	–	–	–
		<u>3,800</u>	<u>–</u>	<u>3,800</u>	<u>3,800</u>
At 30 June 2025					
Other payables and accruals		550	–	550	550
Lease liabilities	3.6%	169	86	255	249
		<u>719</u>	<u>86</u>	<u>805</u>	<u>799</u>

Fair value estimation

Financial instruments not measured at fair value include trade receivables, other receivables and deposits, cash and cash equivalents, other payables and accruals. The directors of the PRC Operating Company consider that the carrying amounts of these financial assets and liabilities carried at cost were not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 30 June 2025.

Capital risk management

The PRC Operating Company's objectives of managing capital are to safeguard the PRC Operating Company's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the PRC Operating Company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the Relevant Periods.

The capital structure of the PRC Operating Company consists of net debt, which included other payables and accruals and net of cash and cash equivalents, as disclosed in Notes 22 and 21 respectively, and equity attributable to owners of the PRC Operating Company, comprising share capital and reserves disclosed in the statements of financial position.

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses (Note 4.16), if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold improvements	3 years (over the term of lease)
Furniture, fixtures and equipment	5 years
Computers	3 years

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.6 Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the PRC Operating Company has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred.

The PRC Operating Company's intangible assets contained patents and trademarks which have been fully impaired.

Both the period and method of amortisation are reviewed annually.

4.7 Financial assets

Initial recognition and measurement

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss ("FVPL")) are added to the fair value of the financial assets, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVPL are recognised immediately in consolidated profit or loss.

Financial assets at amortised cost

All recognised financial assets of the PRC Operating Company are measured at amortised cost on the basis of the PRC Operating Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("ECL") assessment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The PRC Operating Company recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, deposits and cash and cash equivalents).

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the PRC Operating Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The PRC Operating Company always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for significant balances or collectively using a provision matrix with appropriate grouping based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtors.

For all other instruments, the PRC Operating Company measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, the PRC Operating Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the PRC Operating Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the PRC Operating Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the PRC Operating Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the PRC Operating Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the PRC Operating Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The PRC Operating Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The PRC Operating Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the PRC Operating Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the PRC Operating Company, in full (without taking into account any collaterals held by the PRC Operating Company).

Irrespective of the above, the PRC Operating Company considers that default has occurred when a financial asset is more than 90 days past due unless the PRC Operating Company has reasonable and supportable information that makes reference to other companies in same or similar industry.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The PRC Operating Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the PRC Operating Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the PRC Operating Company in accordance with the contract and the cash flows that the PRC Operating Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature and industry of debtors;
- Past-due status; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continues to share similar credit risk characteristics.

If the PRC Operating Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the PRC Operating Company measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The PRC Operating Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and deposits where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The PRC Operating Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.8 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value.

The PRC Operating Company's financial liabilities comprise mainly other payables and accruals and lease liabilities.

Subsequent measurement

Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less, in the statement of financial position.

4.10 Trade receivables

A receivable is recognised when the PRC Operating Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

If revenue has been recognised before the PRC Operating Company has an unconditional right to received consideration, the amount is presented as a contract asset.

4.11 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4.12 Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the PRC Operating Company recognises the related revenue set out in Note 6. A contract liability would also be recognised if the PRC Operating Company has an unconditional right to receive non-refundable consideration before the PRC Operating Company recognises the related revenue. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

4.13 Revenue***Professional scientific services***

The PRC Operating Company offers professional scientific services, which are bone density testing services, to hospitals and physical examination centers. Revenue is recognised at a point in time when relevant research reports are delivered.

4.14 Government grants

Government grants are not recognised until there is reasonable assurance that the PRC Operating Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the profit or loss on a systematic basis over the periods in which the PRC Operating Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the PRC Operating Company with no future related costs are recognised in profit or loss and presented as "other gains, net" in the year in which they become receivable.

4.15 Leases***The PRC Operating Company as a lessee***

For a contract that contains a lease component and one or more additional lease or non-lease components, the PRC Operating Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The PRC Operating Company applies a single recognition and measurement approach for all leases, except for short-term leases. The PRC Operating Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases

The PRC Operating Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The PRC Operating Company decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The cost of right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the PRC Operating Company; and
- where applicable, an estimate of costs to be incurred by the PRC Operating Company in dismantling and removing the underlying asset, restoring the underlying the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, discounted to their present value under HKAS 37 “Provisions, contingent liabilities and contingent assets”.

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets for buildings are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease terms. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the lease term. The PRC Operating Company presents right-of-use assets as a separate line item on the statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the PRC Operating Company recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the PRC Operating Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the PRC Operating Company under residual value guarantees;
- the exercise price of purchase options, if the PRC Operating Company is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the PRC Operating Company exercising of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The PRC Operating Company presents lease liabilities as a separate line item on the statements of financial position.

4.16 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash generating unit (the "CGU") to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The PRC Operating Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results.

Impairment assessment of non-financial assets

If circumstances indicate that carrying value of property, plant and equipment (Note 17), right-of-use assets (Note 18) and other non-financial assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36 Impairment of assets. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs and discount rate.

Allowance for ECL on trade receivables

The management estimates the amount of loss allowance based on the credit risk of the customers, the PRC Operating Company then uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristic. The provision matrix is based on the PRC Operating Company's historical default rates taking into consideration forward-looking information that is reasonable and supportable, and available without undue costs or effort. At every reporting date, the historical default rates are reassessed and changes in the forward-looking information are considered. In addition, certain balances of trade receivables and those credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

The above assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying amount of receivables and credit loss allowance/reversal in the period in which the estimate has been changed.

The PRC Operating Company's trade receivables and the information about the ECL are disclosed in Notes 20 and 4.4 respectively.

Allowance for ECL on other receivables

The management of the PRC Operating Company manages the other receivables by category, and they use judgement in making the assumptions and selecting the inputs to the impairment calculation based on the PRC Operating Company's periodic assessments on the recoverability of other receivables based on historical settlement records and forward-looking information at the end of the Relevant Periods.

The above assessment requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying amount of other receivables and credit loss allowance/reversal in the period in which the estimate has been changed.

The PRC Operating Company's other receivables and the information about the ECL are disclosed in Notes 20 and 4.4 respectively.

Current and deferred tax

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The PRC Operating Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

6. SEGMENT INFORMATION

The directors of the PRC Operating Company have determined that the PRC Operating Company has a single operating and reportable segment throughout the Relevant Periods, as the PRC Operating Company manages its business as a whole as bone density testing services and the directors of the PRC Operating Company, being the chief operating decision maker of the PRC Operating Company, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the PRC Operating Company. As this is the only operating segment of the PRC Operating Company, no further analysis for segment information is presented.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

In determining the PRC Operating Company's geographical segments and revenues are based on the location in which the customers are located; assets and capital expenditure are attributed to the segments based on the locations of the assets.

The principal place of the PRC Operating Company's operations is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the PRC Operating Company regarded the PRC as its country of domicile. The PRC Operating Company's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

Information about major customers

Details of the customers individually accounting for 10% or more of aggregate revenue of the PRC Operating Company during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	795	775	344	209	67
Customer B	288	287	278	144	138
Customer C	468	492	248	129	N/A [#]

[#] Less than 10% for respective year

7. REVENUE

Revenue arisen from services income mainly represented the provision of bone density testing services to hospitals and health examination centers during the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue recognised under HKFRS 15:					
Service income recognised at a point in time	2,507	2,438	1,810	935	624

All of the PRC Operating Company's service contracts are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

8. OTHER INCOME AND GAINS, NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest income	—*	—*	—*	—*	—*
Government subsidy					
(Note 1)	20	5	16	—	5
Bad debts recovery					
(Note 20)	—	—	—	—	1,254
Other income					
(Note 2)	47	27	1,002	2	—
Total	67	32	1,018	2	1,259

* Less than RMB1,000

Note 1: For the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025, government grants mainly represented the employment subsidy obtained from Hangzhou government.

There are no unfulfilled conditions or contingencies attaching to this subsidy.

Note 2: For the year ended 31 December 2024, the PRC Operating Company recognised an item of other income amounting to RMB1,000,000. This income originated from a cooperation project between the PRC Operating Company and Jiangxi Shengda Kangyuan Medical Technology Co., Ltd. (the “Cooperating Company”). The Cooperating Company initially paid RMB1,000,000 in the project in 2022. According to the contract, the PRC Operating Company had no obligation to refund the initial payment made by the Cooperating Company, and the Cooperating Company neither demanded the repayment nor required the PRC Operating Company to perform the contract after payment. Furthermore, the Cooperating Company was dissolved for its own reasons in 2024. In accordance with the relevant laws and regulations in the PRC, the limitation period for bringing a civil action was over and so the shareholders of the Cooperating Company lose the right to pursue litigation for recover this payment, such amount was recognised as other income accordingly.

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expense on borrowings	22	—	—	—	—
Interest expense on lease liabilities	35	31	10	8	6
Total	57	31	10	8	6

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					(unaudited)	
Employee benefit expenses (including directors' remuneration)	11	2,738	2,988	3,620	1,529	1,504
Expense relating to short-term leases	18	114	–	–	–	157
Depreciation of property, plant and equipment	17	177	192	167	88	61
Depreciation of right-of-use assets	18	304	406	406	203	180
		<u>2,738</u>	<u>2,988</u>	<u>3,620</u>	<u>1,529</u>	<u>1,504</u>

Note 1: For the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025, employee benefit expenses (including directors' remuneration) of approximately RMB473,000, RMB433,000 and RMB565,000, and RMB278,000 (unaudited) and RMB348,000 are included in cost of services, approximately RMB217,000, RMB224,000 and RMB181,000 and RMB97,000 (unaudited) and RMB71,000 are included in selling expenses, and the rest are included in administrative expenses, respectively.

Note 2: For the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025, depreciation of property, plant and equipment approximately RMB150,000, RMB145,000 and RMB120,000, and RMB64,000 (unaudited) and RMB52,000 are included in cost of services and the rest are included in administrative expenses, respectively.

11. STAFF COSTS AND FIVE HIGHEST PAID INDIVIDUALS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Staff costs, including directors' remuneration					
Salaries, allowances, discretionary bonus and other benefits in kind	2,562	2,839	3,472	1,403	1,397
Contributions to defined contribution plans	176	149	148	126	107
	<u>2,738</u>	<u>2,988</u>	<u>3,620</u>	<u>1,529</u>	<u>1,504</u>

No forfeited contributions available for offset against existing contributions during the Relevant Periods.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

Of the five highest paid employees of the PRC Operating Company, one, two and two are directors of the PRC Operating Company for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025 whose remuneration are set out in Note 12 to the Historical Financial Information below. The remuneration of the remaining four, three and three, three (unaudited) and three individuals for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Staff costs					
Salaries, allowances, discretionary bonus and other benefits in kind	645	477	652	300	340
Contributions to defined contribution plans	47	47	86	43	43
	<u>692</u>	<u>524</u>	<u>738</u>	<u>343</u>	<u>383</u>

The number of the highest paid employees who are neither a director nor chief executive of the PRC Operating Company is as below:

	Number of individuals			Number of individuals	
	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to HK\$1,000,000	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Relevant Periods, no remuneration were paid by the PRC Operating Company to any of these highest paid non-director individuals as an inducement to join or upon joining the PRC Operating Company, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

12. DIRECTORS' REMUNERATION

The amounts of remuneration received and receivable by the directors of the PRC Operating Company during the Relevant Periods are set out below.

	Directors' Fees RMB'000	Salaries allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Year ended 31 December 2022					
<i>Executive Director</i>					
Mr. Zhang GenHuo	–	160	–	6	166
<i>Non-executive Directors</i>					
Mr. Chen Jianfeng	–	105	–	–	105
Mr. Zhang Jinkui	–	–	–	–	–
Mr. Wu Zhaogan	–	–	–	–	–
Ms. Chen Anna	–	–	–	–	–
	–	265	–	6	271
Year ended 31 December 2023					
<i>Executive Director</i>					
Mr. Zhang GenHuo	–	150	–	11	161
<i>Non-executive Directors</i>					
Mr. Chen Jianfeng	–	158	–	–	158
Mr. Zhang Jinkui	–	–	–	–	–
Mr. Wu Zhaogan	–	–	–	–	–
Ms. Chen Anna	–	–	–	–	–
	–	308	–	11	319
Year ended 31 December 2024					
<i>Executive Director</i>					
Mr. Zhang GenHuo	–	143	–	9	152
<i>Non-executive Directors</i>					
Mr. Chen Jianfeng	–	193	–	–	193
Mr. Zhang Jinkui	–	–	–	–	–
Mr. Wu Zhaogan (resigned on 13 June 2024)	–	–	–	–	–
Ms. Chen Anna	–	–	–	–	–
Mr. Lou Yongbin (appointed on 13 June 2024)	–	–	–	–	–
	–	336	–	9	345

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

	Directors' Fees RMB'000	Salaries allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Six months ended 30 June 2025					
<i>Executive Director</i>					
Mr. Zhang GenHuo	–	133	–	5	138
<i>Non-executive Directors</i>					
Mr. Chen Jianfeng	–	105	–	–	105
Mr. Zhang Jinkui	–	–	–	–	–
Ms. Chen Anna	–	–	–	–	–
Mr. Lou Yongbin	–	–	–	–	–
	–	238	–	5	243
Six months ended 30 June 2024 (unaudited)					
<i>Executive Director</i>					
Mr. Zhang GenHuo	–	78	–	5	83
<i>Non-executive Directors</i>					
Mr. Chen Jianfeng	–	88	–	–	88
Mr. Zhang Jinkui	–	–	–	–	–
Mr. Wu Zhaogan					
(resigned on 13 June 2024)	–	–	–	–	–
Ms. Chen Anna	–	–	–	–	–
Mr. Lou Yongbin					
(appointed on 13 June 2024)	–	–	–	–	–
	–	166	–	5	171

Note 1: Mr. Wu Zhaogan was appointed as a director of the PRC Operating Company on 14 May 2017 and resigned on 13 June 2024.

Note 2: Mr. Lou Yongbin was appointed as a director of the PRC Operating Company on 13 June 2024.

The directors' remuneration shown above were for their services in connection with the management of the affairs of the PRC Operating Company.

During the Relevant Periods, no remuneration were paid by the PRC Operating Company to any of these directors as an inducement to join or upon joining the PRC Operating Company, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

13. INCOME TAX (EXPENSE)/CREDIT

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Current tax	–	–	–	–	–
Deferred tax (Note 25)	(30)	43	(10)	(8)	(3)
Income tax (expense)/credit	<u>(30)</u>	<u>43</u>	<u>(10)</u>	<u>(8)</u>	<u>(3)</u>

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance notes, the PRC Operating Company is subject to the PRC corporate income tax rate at 25% of the estimated assessable profits during the Relevant Periods.

The amount of income tax position for the year/period can be reconciled to the loss before income tax as follows:

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Loss before income tax	<u>(1,549)</u>	<u>(1,930)</u>	<u>(2,047)</u>	<u>(1,073)</u>	<u>(770)</u>
Tax calculated at statutory income tax rate at 25%	(387)	(483)	(512)	(268)	(193)
Expenses that are not deductible for tax purpose	17	20	15	7	10
Tax effect of tax losses not recognised	340	506	487	253	496
Tax effect of temporary differences not recognised	–	–	–	–	(3)
Utilisation of tax loss not recognised	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(313)</u>
Income tax (expense)/credit for the year/period	<u>(30)</u>	<u>43</u>	<u>(10)</u>	<u>(8)</u>	<u>(3)</u>

14. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

15. DIVIDENDS

No dividend was paid or declared by PRC Operating Company in respect of the Relevant Periods.

16. INTANGIBLE ASSETS

**Patents and
trademarks**
RMB'000

Cost

1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024, 1 January 2025 and 30 June 2025	9,900
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Accumulated amortisation and impairment

1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024, 1 January 2025 and 30 June 2025	9,900
---	-------

Carrying amount

1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024, 1 January 2025 and 30 June 2025	—
---	---

Note: On 10 August 2011, Chen Jianfeng, as a shareholder, contributed a patent technology valued at approximately RMB9.9 million to establish the PRC Operating Company. The PRC Operating Company capitalised the patent technology at approximately RMB9.9 million as an intangible asset and amortised it over a 10-year period. As at 31 December 2021, the patent technology had been fully amortised, resulting in a zero book balance.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Computers <i>RMB'000</i>	Total <i>RMB'000</i>
Cost				
At 1 January 2022	–	207	515	722
Additions	129	–	109	238
At 31 December 2022 and 1 January 2023	129	207	624	960
Additions	–	–	38	38
At 31 December 2023 and 1 January 2024	129	207	662	998
Additions	–	–	76	76
At 31 December 2024 and 1 January 2025	129	207	738	1,074
Additions	–	117	–	117
At 30 June 2025	129	324	738	1,191
Accumulated depreciation				
At 1 January 2022	–	100	332	432
Depreciation (<i>Note 10</i>)	27	38	112	177
At 31 December 2022 and 1 January 2023	27	138	444	609
Depreciation (<i>Note 10</i>)	47	38	107	192
At 31 December 2023 and 1 January 2024	74	176	551	801
Depreciation (<i>Note 10</i>)	47	31	89	167
At 31 December 2024 and 1 January 2025	121	207	640	968
Depreciation (<i>Note 10</i>)	8	1	52	61
At 30 June 2025	129	208	692	1,029
Carrying amount				
At 31 December 2022	102	69	180	351
At 31 December 2023	55	31	111	197
At 31 December 2024	8	–	98	106
At 30 June 2025	–	116	46	162

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

18. RIGHT-OF-USE ASSETS

The PRC Operating Company leases a property for the purpose of office use in the PRC. The lease of office premises has a lease term of three years from March 2022. In January 2025, the PRC Operating Company leases a property for the purpose of its operation in the PRC, with the lease term of two years.

	Premises <i>RMB'000</i>
Cost	
At 1 January 2022	–
Additions	1,218
	<hr/>
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	1,218
Derecognition upon expiry	(1,218)
Additions	326
	<hr/>
At 30 June 2025	326
	<hr/> <hr/>
Accumulated depreciation	
At 1 January 2022	–
Depreciation (<i>Note 10</i>)	304
	<hr/>
At 31 December 2022 and 1 January 2023	304
Depreciation (<i>Note 10</i>)	406
	<hr/>
At 31 December 2023 and 1 January 2024	710
Depreciation (<i>Note 10</i>)	406
	<hr/>
At 31 December 2024 and 1 January 2025	1,116
Depreciation (<i>Note 10</i>)	180
Derecognition upon expiry	(1,218)
	<hr/>
At 30 June 2025	78
	<hr/> <hr/>
Net carrying amount:	
At 31 December 2022	914
	<hr/> <hr/>
At 31 December 2023	508
	<hr/> <hr/>
At 31 December 2024	102
	<hr/> <hr/>
At 30 June 2025	248
	<hr/> <hr/>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

The analysis of expense items in relation to leases recognised in the profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Fixed payments	374	449	471	236	83
Expense relating to short-term leases (Operating cash flows)	114	—	—	—	157
	<u>488</u>	<u>449</u>	<u>471</u>	<u>236</u>	<u>240</u>

Details of cash outflows for lease, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 28, 24 and 4.4, respectively.

19. INVENTORIES

	As at 31 December			As at 30 June
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Raw materials	<u>—</u>	<u>—</u>	<u>—</u>	<u>112</u>

Inventories are stated at the lower of cost and net realisable value.

20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	As at 31 December			As at 30 June
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade receivables, gross	35	74	46	56
Less: allowance for ECL on trade receivables	<u>(20)</u>	<u>(31)</u>	<u>(2)</u>	<u>(36)</u>
Trade receivables, net	<u>15</u>	<u>43</u>	<u>44</u>	<u>20</u>

As at 1 January 2022, trade receivables from contracts with customers amounted to approximately RMB16,000.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

An ageing analysis of these trade receivables, net of allowance for ECL, as at the reporting date, based on the invoice dates, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	–	43	30	20
31 to 60 days	5	–	14	–
61 to 90 days	10	–	–	–
	<u>15</u>	<u>43</u>	<u>44</u>	<u>20</u>
Trade receivables, net	<u>15</u>	<u>43</u>	<u>44</u>	<u>20</u>

The allowance for impairment is measured at lifetime ECL in accordance with ECL policy, except for significant balances and credit-impaired receivables, trade receivables that have been grouped based on shared credit risk characteristics and the days past due.

Other receivables, deposits and prepayments

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables, gross (<i>Note 1</i>)	4,658	4,168	5,616	20
Less: allowance for ECL on other receivables	<u>–</u>	<u>(125)</u>	<u>(125)</u>	<u>–</u>
Other receivables, net	4,658	4,043	5,491	20
VAT recoverable, net of write-off	1,020	977	896	986
Prepayments (<i>Note 2</i>)	126	133	508	875
Deposits	<u>78</u>	<u>78</u>	<u>98</u>	<u>108</u>
Other receivables, deposits and prepayments	5,882	5,231	6,993	1,989
Less: Deposits – non-current	<u>(78)</u>	<u>(78)</u>	<u>(98)</u>	<u>(108)</u>
Other receivables, deposits and prepayments – current	<u>5,804</u>	<u>5,153</u>	<u>6,895</u>	<u>1,881</u>

Note 1: As at 31 December 2022, 2023 and 2024 and 30 June 2025, the balance mainly represented other receivables for advances to business partner of approximately nil, nil and RMB1,950,000 and nil respectively, advances to staff of approximately RMB503,000, RMB591,000 and RMB214,000 and nil respectively and the related party balances as set out in Note 27. The Controlling Shareholder has provided indemnity to the PRC Operating Company for any loss arisen from uncollected amount of the other receivables.

During the six months ended 30 June 2025, the receivables of approximately RMB1,254,000 being written off in the year ended 31 December 2021 had been recovered.

Note 2: As at 31 December 2022, 2023 and 2024 and 30 June 2025, the balance mainly represented prepayments for operating expenses of approximately RMB126,000, RMB113,000 and RMB508,000 and RMB875,000 respectively.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

21. CASH AND CASH EQUIVALENTS

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate their fair values.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, bank balances of the PRC Operating Company denominated in RMB amounted to approximately RMB31,000, RMB32,000, and RMB354,000 and RMB2,701,000, and cash balances of the PRC Operating Company denominated in RMB amounted to approximately RMB392,000, RMB406,000, and RMB7,000 and RMB4,000 respectively. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to shareholders (Note 27)	3,161	2,191	1,786	–
Other payables	2,526	2,834	1,919	455
Accrued payroll and employee benefits	544	544	824	194
Deposit	25	25	95	95
	<u>6,256</u>	<u>5,594</u>	<u>4,624</u>	<u>744</u>
Total	<u>6,256</u>	<u>5,594</u>	<u>4,624</u>	<u>744</u>

The carrying amounts of other payables and accruals approximate their fair values, and the related party balances are set out in Note 27.

23. CONTRACT LIABILITIES

Contract liabilities reflect the obligations arising from the advance payments received by the PRC operating Company for bone density testing services before the services are provided.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

When the PRC operating Company receives advance payments from customers or agents before the services are rendered, contract liabilities are recognised at the time the contract becomes effective and remain outstanding until the recognised revenue exceeds the amount of the advance payment. The PRC operating Company typically collects advance payments upon signing contracts with agents or customers, with the amount of the advance payment negotiated on a case-by-case basis with the agents or customers. Changes in contract liabilities under the bone density testing services service income during the year are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Carrying amount at beginning of the year/period	3,703	1,793	898	898	5,565
Increase in contract liabilities as a result of receiving deposits in advance during the year	237	55	5,140	15	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,147)	(950)	(473)	(110)	(232)
Carrying amount at end of year/period	<u>1,793</u>	<u>898</u>	<u>5,565</u>	<u>803</u>	<u>5,333</u>

Note: As at 31 December 2024 and 30 June 2025, the balance mainly included a contract liability of RMB5,000,000 for the provision of the bone density test services to be purchased by a service distributor, which is an independent third party to the PRC Operating Company on 2 December 2024.

24. LEASE LIABILITIES

	As at 31 December			As at 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000	
Within one year	418	461	–	163	
Within a period of more than one year but not more than two years	<u>461</u>	<u>–</u>	<u>–</u>	<u>86</u>	
	<u>879</u>	<u>461</u>	<u>–</u>	<u>249</u>	
Less: portion classified as current liabilities	<u>(418)</u>	<u>(461)</u>	<u>–</u>	<u>(86)</u>	
Non-current liabilities	<u>461</u>	<u>–</u>	<u>–</u>	<u>163</u>	

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total lease payments	920	471	–	255
Less: future finance charges	(41)	(10)	–	(6)
Total lease obligations	879	461	–	249

25. DEFERRED TAX (LIABILITIES)/ASSETS

For the purpose of presentation in the statement of financial position, deferred tax assets and liabilities have been offset. The net movements on the deferred tax are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Beginning of the year/period	–	(30)	13	13	3
(Charged)/credited to profit or loss (Note 13)	(30)	43	(10)	(8)	(3)
End of the year/period	(30)	13	3	5	–

The movements in deferred tax liabilities and assets during the year, without taking into consideration the offsetting of balances, are as follows:

Deferred tax assets

	Lease liabilities	Credit loss allowances	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	–	–	–
Deferred tax credited to profit or loss	220	5	225
As at 31 December 2022 and 1 January 2023	220	5	225
Deferred tax (charged)/credited to profit or loss	(105)	34	(71)
As at 31 December 2023 and 1 January 2024	115	39	154
Deferred tax charged to profit or loss	(115)	(8)	(123)
As at 31 December 2024 and 1 January 2025	–	31	31
Deferred tax charged to profit or loss	62	(31)	31
As at 30 June 2025	62	–	62

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

Deferred tax liabilities

	Right-of-use assets RMB'000	Leasehold improvements RMB'000	Total RMB'000
As at 1 January 2022	–	–	–
Deferred tax charged to profit or loss	(229)	(26)	(255)
As at 31 December 2022 and 1 January 2023	(229)	(26)	(255)
Deferred tax credited to profit or loss	102	12	114
As at 31 December 2023 and 1 January 2024	(127)	(14)	(141)
Deferred tax credited to profit or loss	101	12	113
As at 31 December 2024 and 1 January 2025	(26)	(2)	(28)
Deferred tax credited to profit or loss	(36)	2	(34)
As at 30 June 2025	62	–	62

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the PRC Operating Company has unused tax losses arose in the PRC, which will be expired in 5 years from the year that the tax loss incurred, were amounted to approximately RMB21,701,000, RMB17,574,000 and RMB11,970,000 and RMB12,702,000 respectively. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Share capital RMB'000
Paid-up capital	
At 1 January 2022 and 31 December 2022	52,000
Capital injection	2,737
At 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	54,737

Note: According to the resolution of the shareholders' meeting dated 20 October 2023, it was agreed that Beijing Hongzhao would increase its capital contribution to the PRC Operating Company by RMB2,737,000. Consequently, the registered capital of the PRC Operating Company was increased to RMB54,737,000. The additional capital contribution of approximately RMB2,263,000 from Hangzhou Zhenlan was recognised in the Other Reserve.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

27. RELATED PARTY TRANSACTIONS AND BALANCES

	Maximum Amount Outstanding during the		Maximum amount outstanding during the		Maximum amount outstanding during the		Maximum amount outstanding during the six months ended	
	As at 31 December 2022 RMB'000	year ended 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	year ended 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	year ended 31 December 2024 RMB'000	As at 30 June 2025 RMB'000	ended 30 June 2025 RMB'000
Amounts due from shareholders included in other receivables (Note 20)								
Hangzhou Zhenlan (Note)	4,150	4,150	1,627	4,150	1,527	1,627	20	1,627
Beijing Hongzhao (Note)	—	—	1,800	1,800	1,800	1,800	—	1,800
	<u>4,150</u>		<u>3,427</u>		<u>3,327</u>		<u>20</u>	
Amounts due to shareholders include in other payables (Note 23)								
Hangzhou Zhenlan	(3,134)		(2,164)		(1,759)		—	
Chen JianFeng	<u>(27)</u>		<u>(27)</u>		<u>(27)</u>		<u>—</u>	
	<u>3,161</u>		<u>2,191</u>		<u>1,786</u>		<u>—</u>	

Note: Amounts due from shareholders included in other receivables are unpaid share capital. These amounts were fully recovered as at 30 June 2025.

Except for those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the PRC Operating Company did not enter into any other significant related party transactions during the Relevant Periods.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE PRC OPERATING COMPANY

28. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The table below details changes in the PRC Operating Company's liabilities arising from financing activities.

	Bank borrowing RMB'000	Lease liabilities RMB'000
As at 1 January 2022	1,000	–
Changes from financing activities:		
– Repayments of bank borrowings	(1,000)	–
– Payment of interest element of lease liabilities	–	(35)
– Payment of capital element of lease liabilities	–	(339)
– Repayments of interest on bank borrowings	(22)	–
Other changes:		
– Commencement of new lease	–	1,218
– Interest expenses	22	35
As at 31 December 2022 and 1 January 2023	–	879
Changes from financing activities:		
– Payment of interest element of lease liabilities	–	(31)
– Payment of capital element of lease liabilities	–	(418)
Other changes:		
– Interest expenses	–	31
As at 31 December 2023 and 1 January 2024	–	461
Changes from financing activities:		
– Payment of interest element of lease liabilities	–	(10)
– Payment of capital element of lease liabilities	–	(461)
Other changes:		
– Interest expense	–	10
As at 31 December 2024 and 1 January 2025	–	–
Changes from financing activities:		
– Payment of interest element of lease liabilities	–	(6)
– Payment of capital element of lease liabilities	–	(77)
Other changes:		
– New lease entered	–	326
– Interest expense	–	6
As at 30 June 2025	–	249
As at 1 January 2024	–	461
Changes from financing activities:		
– Payment of interest element of lease liabilities	–	(8)
– Payment of capital element of lease liabilities	–	(228)
Other changes:		
– Interest expense	–	8
As at 30 June 2024 (unaudited)	–	233

29. SUBSEQUENT FINANCIAL STATEMENTS

No financial statements of the PRC Operating Company have been prepared in respect of any period subsequent to the end of the Relevant Periods.

The following is the text of a report received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



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大華馬施雲
會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP A TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of Junbinxiongdi Limited (the “**Target Company A**”) and its subsidiaries (together, the “**Target Group A**”) set out on pages IIB-4 to IIB-17, which comprises the consolidated statement of financial position as at 30 June 2025 and the statement of financial position of the Target Company A as at 30 June 2025, and the consolidated statement of changes in equity for the period from 8 January 2025 (date of incorporation) to 30 June 2025 (the “**Relevant Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IIB-4 to IIB-17 forms an integral part of this report, which has been prepared for inclusion in the circular of China NT Pharma Group Company Limited (the “**Company**”), dated 24 December 2025 (the “**Circular**”) in connection with the proposed acquisition of 100% equity interests in the Target Companies (as defined in Note 1) (the “**Transactions**”), pursuant to formal sale and purchase agreement dated 28 April 2025 (the “**Sale and Purchase Agreement**”).

The directors' responsibility for the Historical Financial Information

The directors of the Target Company A are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company A determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group A is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company A, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company A and the Target Group A as at 30 June 2025 in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined below have been made.

Dividends

We refer to Note 7 to the Historical Financial Information which states that no dividend has been declared or paid by Target Company A in respect of the Relevant Period.

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP A**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group A for the Relevant Period (the “**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the Target Company A in accordance with the accounting policies that conform with the HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong standards on Auditing Issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at
		30 June 2025
	<i>Notes</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Financial assets at fair value through other comprehensive income	10	72,000

Current asset		
Amounts due from shareholders	11	361

Net current assets and net assets		72,361
		=====
EQUITY		
Share capital	13	361
Reserves		72,000

Total equity		72,361
		=====

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY A

		As at
		30 June 2025
	<i>Notes</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	9	9

Current asset		
Amount due from shareholders	11	361

Current liability		
Amount due to a subsidiary	12	9

Net current assets		352

Net assets		361
		=====
EQUITY		
Share capital	13	361

Total equity		361
		=====

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Fair value reserve <i>RMB'000</i>	Total <i>RMB'000</i>
Issuance of shares upon the date of incorporation (<i>Note 13</i>)	361	–	–	–	361
Contribution from shareholders [#]	–	72,000	–	–	72,000
At 30 June 2025	361	72,000	–	–	72,361

[#] As detailed in Note 10, the consideration of transferring the unlisted equity investments was negotiated and borne by the Controlling Shareholders without recharge, such transfer was deemed as capital contribution and was then recognised in the other reserve at fair value of the unlisted equity investment as an equity transactions.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1. BACKGROUND INFORMATION

The Target Company A is a company incorporated under the laws of the Cayman Islands with limited liability on 8 January 2025. The address of the Target Company's registered office is Suite 2206, Cassia Court, 72 Market Street, Camana Bay, P.O. Box 32303, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of the Target Company A is located at 3/F, Building 4, No. 16, Yuecheng Lane, Xixing Street, Benjiang District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "**PRC**").

The Target Company A is an investment holding company and has not carried on any material business. The Target Group A is principally engaged in investment holding in the PRC. The ultimate controlling parties are Mr. Lou YongBin and Mr. Lou YongJun (collectively, the "**Controlling Shareholders**").

On 28 April 2025, the Company, the Controlling Shareholders and another 6 individual shareholders (collectively the "**Sellers**"), which hold 100% equity interests in the Target Company A and Target Companies B and C (collectively the "**Target Companies**") respectively, entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Company has conditionally agreed to acquire 100% of equity interests in the Target Companies at the consideration of approximately RMB116.2 million, which shall be satisfied by issue of 274,751,679 new ordinary shares of approximately RMB0.41 each by the Company.

Pursuant to a group restructuring (the "**Reorganisation**"), Binbinwenhua Trading Co., Limited ("**Target HK Company A**") was set up by the Controlling Shareholders on 2 January 2025 who transferred their equity interests in Target HK Company A to the Target Company A at a consideration of HK\$10,000 on 12 February 2025. On 5 March 2025, the Target HK Company A set up Yiwu Hanrui Technology Co., Ltd.* (the "**Target WFOE A**") with the registered capital of RMB100,000. Accordingly, the Target HK Company A and the Target WFOE A have since become a subsidiary of the Target Company A and the Target Company A became the holding company of the companies now comprising the Target Group A.

Pursuant to the Reorganisation described above, since the Controlling Shareholders controls the Target Company A and its subsidiaries before and after the Reorganisation, the Group comprising the Target Company A and its subsidiaries is regarded as a continuing entity (collectively, the "**Target Group A**"). The Reorganisation mainly involved inserting some newly formed entities with no substantive business operations. There were no changes in the economic substance of the ownership and business of the Target Group A before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Target Company A and its subsidiaries with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. The amounts in the consolidated statements of financial position are presented as if the entities had been combined at the earliest balance sheet date presented or when they first came under common control, whichever is later.

* *English name is for identification purpose only.*

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

As at the date of this report, the Target Company A had direct and indirect interests in its subsidiaries, all of which are the private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Target Company A	Principal activities
Directly hold:				
Binbinwenhua Trading Co., Limited (<i>Note (i)</i>)	Hong Kong, 2 January 2025	HK\$10,000	100%	Investment holding
Indirectly hold:				
Yiwu Hanrui Technology Co., Ltd. * (義烏市含蕊 科技有限公司) (<i>Notes (i) and (ii)</i>)	The PRC, 5 March 2025	RMB100,000	100%	Investment holding

Notes:

- (i) No statutory financial statements are available for the Company as of the date of this report as it was incorporated for less than 6 months.
- (ii) No statutory financial statements are available for the Company as of the date of this report as there was no requirement to issue audited statutory financial statements by local authority. The English translation of the above company is for reference only. The official name of the company established in the PRC is in Chinese.

All companies now comprising the Target Group A have adopted 31 December as their financial year end date.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2024, and conform with HKFRS Accounting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies ordinance.

The Target Group A has not prepared the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows as the integral part of the consolidated financial statements as the Target Group A did not have any cash and cash equivalents for the Relevant Period, and all the transactions represented the non-cash transactions only which do not have any profit or loss impact.

No statutory financial statements of the Target Company A have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

* *English name is for identification purpose only.*

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Group A has consistently adopted all applicable HKFRS Accounting Standards which are effective during the Relevant Period, except for any new standards or interpretations that are not yet effective during the Relevant Period. The accounting policies which conform with the HKFRS Accounting Standards that have been used in the preparation of the Historical Financial Information has been consistently applied throughout the Relevant Period.

Further details of the material accounting policy information adopted are set out in Note 4.

At the date of this report, the Target Group A has not early adopted the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. the Target Group A is still currently assessing the impact that HKFRS 18 will have on the Target Group A.

Except for the new HKFRS Accounting Standards mentioned above, the directors of the Target Group A have already commenced an assessment of the related impact of adopting all other new and amendments to HKFRS Accounting Standards. So far, it has concluded that these new and amendments to HKFRS Accounting Standards will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on these consolidated financial statements of the Target Group A.

4. MATERIAL ACCOUNTING POLICY INFORMATION**4.1 Basis of measurement**

The Target Group A's functional currency is RMB. The Historical Financial Information is presented in RMB to conform with the reporting currency of the Target Group A. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial instruments measured at fair value.

4.2 Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

4.3 Financial risk management objectives

The Target Group A entities' major financial instruments are financial assets at fair value through other comprehensive income and the amounts due from/(to) shareholders and a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risk associated with the major financial instruments, which are credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. Save for credit risk, the Target Group A does not have written risk management policies and guidelines. However, the directors of the Target Group A periodically analyse and formulate measures to manage the Target Group A's exposure to different risks arising from the use of financial instruments. Generally, the Target Group A employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk refers to the risk that the counterpart to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group A.

Credit risk arises from the amounts due from shareholders. But in substance, the amounts due from shareholders are capital contribution, which take the form of receivables and will be settled upon the completion of the Transactions, the credit risk is considered insignificant.

Liquidity risk

Liquidity risk relates to the risk that the Target Group A will not be able to meet its obligation associated with its financial liabilities. The Target Group A's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

All of the Target Company A's remaining contractual maturity for its financial liabilities are repayable on demand for the reporting period.

Fair value estimation

(i) Financial assets not measured at fair value

Except for the below, the directors of the Target Company A consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

(ii) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Target Group A's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement.

	Fair value measurement categorised into			
	Fair value	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement:				
At 30 June 2025				
Financial assets:				
Unlisted equity security	72,000	–	–	72,000

During the Relevant Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group A's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined by income approach based on the discounted cash flows with the assumptions that are not supported by observable market data, with reference to the valuation performed by BonVision International Appraisals Limited, an independent professional valuer. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings.

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

Below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2025:

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of fair value to the inputs
Unlisted equity investments	Income approach	Discount rate	22.52%	1% increase in discount rate would result in decrease in fair value by RMB4,109,000
				1% decrease in discount rate would result in increase in fair value by RMB4,557,000
		Discount of lack of marketability	20.40%	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB904,000

The movements during the Relevant Period in the balance of these Level 3 fair value measurements are as follows:

	For the period from 8 January 2025 (date of incorporation) to 30 June 2025 RMB'000
Unlisted equity investments:	
Contribution from shareholders	72,000
At 30 June 2025	72,000

No material change in fair value was estimated for the period from the date of contribution from shareholders to 30 June 2025.

Capital risk management

The Target Group A's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group A may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the Relevant Period.

The capital structure of the Target Group A consists of equity attributable to the owners of the Target Group A, which includes share capital as disclosed in the statement of financial position.

4.4 Subsidiaries

A subsidiary is an investee over which the Target Company A is able to exercise control. The Target Company A controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Target Company A's statement of financial position, interests in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Target Company A on the basis of dividends received and receivable at the end of the reporting period.

4.5 Financial assets

Initial recognition and measurement

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss ("FVPL")) are added to the fair value of the financial assets, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVPL are recognised immediately in consolidated profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

The Target Group A assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Target Group A's business model for managing the asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the "SPPI").

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is to collect contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the SPPI.

All other financial assets are subsequently measured at FVPL, except that at the date of initial recognition of a financial asset the Target Group A may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss (“ECL”) assessment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVOCI

For investments in equity instruments that are not held for trading, this will depend on whether the Target Group A has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Target Group A subsequently measures all equity investments at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the “Fair value reserve”. Where the Target Group A’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated profit or loss as “Other income” when the Group’s right to receive payments is established.

Impairment of financial assets

The Target Group A recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including amounts due from shareholders).

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Target Group A’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For the instruments, the Target Group A measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group A recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group A in accordance with the contract and the cash flows that the Target Group A expects to receive, discounted at the effective interest rate determined at initial recognition.

If the Target Group A has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Group A measures the loss allowance at an amount equal to 12 months ECL at the current reporting date. The Target Group A recognises an impairment gain or loss in consolidated profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Target Group A derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

4.6 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. The Target Company A's financial liability comprises mainly amount due to a subsidiary.

Subsequent measurement

Subsequent to initial recognition, the financial liability is measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in consolidated profit or loss.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Target Group A makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results.

Allowance for ECLs on amounts due from shareholders

The allowance for ECLs on the amounts due from shareholders are based on the assumption about the ECL. The Target Group A uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on its historical experience and forward-looking information at the end of reporting period.

Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to consolidated profit or loss.

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

As at 30 June 2025, the carrying amounts of amounts due from shareholders was approximately RMB361,000 with no allowance for credit losses made. Details of the Target Group A's assessment of ECL and the Target Group A's amounts due from shareholders are disclosed in Notes 4.3 and 11 respectively.

Fair value measurement of financial instruments

One of the Target Group A's financial instruments is measured at fair value for the financial reporting purpose. The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by the management with the assistance of an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. A degree of judgement is also required including consideration of parameters such as liquidity risk, credit risk, future performance. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

As at 30 June 2025, the fair value of financial instruments was approximately RMB72,000,000. Details of the Target Group A's fair value measurement and the financial instruments are disclosed in Notes 4.3 and 10 respectively.

6. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

7. DIVIDENDS

No dividend was paid or declared by Target Company A or its subsidiary in respect of the Relevant Period.

8. DIRECTORS' REMUNERATION

There was no directors' remuneration paid by the Target Company A during the Relevant Period. The directors have not waived or agreed to waive any remuneration and there were no remuneration paid by the Target Company A to the directors as an inducement to join or upon joining the Target Company A or as compensation for loss of office.

9. INVESTMENT IN A SUBSIDIARY

Target Company A

As at
30 June 2025
RMB'000

Unlisted shares, at cost	9
--------------------------	---

Particulars of the subsidiaries of the Target Company A are set out in Note 2.

10. FINANCIAL ASSETS AT FVOCI

As at
30 June 2025
RMB'000

Equity investments designated at FVOCI (non-recycling)	
Unlisted equity securities	72,000

APPENDIX IIB ACCOUNTANTS' REPORT OF THE TARGET GROUP A

On 10 April 2025, the Controlling Shareholders, three independent third parties and the Target WFOE A have entered into a series of arrangements, pursuant to which the Controlling Shareholders and three independent third parties transferred their equity interests in Zhejiang Kangyuan Medical Device Co, Ltd.* (浙江康源醫療器械有限公司) (the “**PRC Operating Company**”), representing approximately 22.93% of the issued share capital of the PRC Operating Company at an aggregate consideration of approximately RMB11,464,000. The consideration was determined by the negotiation between the independent third parties and the Controlling Shareholders in a capacity of the equity owners of the Target Company A, and such consideration was borne by the Controlling Shareholders without recharge.

The PRC Operating Company is a company incorporated in the PRC and engaged in provision of professional scientific services for hospitals and physical examination centers. The Target Group A designated its investment in the PRC Operating Company at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends income was recognised on this investment during the Relevant Period.

The fair value of the unlisted equity investments at the date of transfer was estimated by the directors of the Target Company A with reference to the valuation provided by the independent professional valuer, using income approach with unobservable inputs. Details of the valuation was set out in Note 4.3. No material change in the fair value of the unlisted equity investment was estimated for the period from the transfer to 30 June 2025.

11. AMOUNTS DUE FROM SHAREHOLDERS

The amounts due represented unpaid share capital which are unsecured, interest free and repayable on demand.

Name	Maximum amount outstanding during the Relevant Period RMB'000	As at 30 June 2025 RMB'000
Mr. Lou YongBin and Mr. Lou YongJun	361	361

12. AMOUNT DUE TO A SUBSIDIARY

Target Company A

The amount due is unsecured, interest free and repayable on demand.

13. SHARE CAPITAL

The Target Company A was incorporated on 8 January 2025 and, on the same date, 50,000 ordinary shares with aggregate value of US\$50,000 (equivalent to approximately RMB361,000) were issued to the Controlling Shareholders. Up to the date of this report, its share capital has not been paid-up.

14. SUBSEQUENT FINANCIAL STATEMENTS

No financial statements of the Target Company A or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Period.

* English name is for identification purpose only.

The following is the text of a report received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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大華馬施雲
會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP B TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED**Introduction**

We report on the historical financial information of Yue Hua Limited (the “**Target Company B**”) and its subsidiaries (together, the “**Target Group B**”) set out on pages IIC-4 to IIC-17, which comprises the consolidated statements of financial position as at 31 December 2024 and 30 June 2025 and the statement of financial position of the Target Company B as at 30 June 2025, and the consolidated statements of changes in equity for the period from 30 December 2024 to 31 December 2024 and the six months ended 30 June 2025 (the “**Relevant Periods**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IIC-4 to IIC-17 forms an integral part of this report, which has been prepared for inclusion in the circular of China NT Pharma Group Company Limited (the “**Company**”), dated 24 December 2025 (the “**Circular**”) in connection with the proposed acquisition of 100% equity interests in the Target Companies (as defined in Note 1), (the “**Transactions**”) pursuant to formal sale and purchase agreement dated 28 April 2025 (the “**Sale and Purchase Agreement**”).

The directors' responsibility for the Historical Financial Information

The directors of the Target Company B are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company B determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group B is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company B, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company B as at 30 June 2025 and the Target Group B as at 31 December 2024 and 30 June 2025 in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined below have been made.

Dividends

We refer to Note 7 to the Historical Financial Information which states that no dividend has been declared or paid by Target Company B in respect of the Relevant Periods.

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP B

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group B for the Relevant Periods (the “**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the Target Company B prepared in accordance with the accounting policies that conform with the HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong standards on Auditing Issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December 2024 <i>RMB'000</i>	As at 30 June 2025 <i>RMB'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current asset			
Financial assets at fair value through other comprehensive income	10	—	53,349
		-----	-----
Current asset			
Amount due from shareholder	11	100	361
		-----	-----
Net current assets and net assets		100	53,710
		=====	=====
EQUITY			
Share capital	13	—	361
Reserves		100	53,349
		-----	-----
Total equity		100	53,710
		=====	=====

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY B

		As at 30 June 2025
	<i>Notes</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	9	9

Current asset		
Amount due from shareholder	11	361

Current liability		
Amount due to a subsidiary	12	9

Net current assets		352

Net assets		361
		=====
EQUITY		
Share capital	13	361

Total equity		361
		=====

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Fair value reserve <i>RMB'000</i>	Total <i>RMB'000</i>
Issuance of shares upon the date of incorporation of the Target WFOE B	100	–	–	–	100
At 31 December 2024 and 1 January 2025	100	–	–	–	100
Issuance of shares upon the date of incorporation of the Target Company B (<i>Note 13</i>)	361	–	–	–	361
Arising from reorganisation [#]	(100)	–	–	–	(100)
Contribution from shareholder*	–	53,349	–	–	53,349
At 30 June 2025	361	53,349	–	–	53,710

[#] Upon the incorporation of the Target Company B, the share capital of the Target WFOE B would be eliminated as the Target Company B became the holding company of the Target Group B upon the completion of the reorganisation.

^{*} As detailed in Note 10, the consideration of transferring the unlisted equity investments was negotiated and borne by the Controlling Shareholder without recharge, such transfer was deemed as capital contribution and was then recognised in the other reserve at fair value of the unlisted equity investment as an equity transactions.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1. BACKGROUND INFORMATION

The Target Company B is a company incorporated under the laws of the Cayman Islands with limited liability on 8 January 2025. The address of the Target Company's registered office is Suite 2206, Cassia Court, 72 Market Street, Camana Bay, P.O. Box 32303, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of the Target Company B is located at 3/F, Building 4, No. 16, Yuecheng Lane, Xixing Street, Benjiang District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "**PRC**").

The Target Company B is an investment holding company and has not carried on any material business. The Target Group B is principally engaged in investment holding in the PRC. The ultimate controlling party Ms. Chen HongLi (the "**Controlling Shareholder**").

On 28 April 2025, the Company, the Controlling Shareholder and another 7 individual shareholders (the collectively the "**Sellers**"), which hold 100% equity interests in the Target Company B and Target Companies A and C (collectively, the "**Target Companies**") respectively, entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Company has conditionally agreed to acquire 100% of equity interests in the Target Companies at the consideration of approximately RMB116.2 million, which shall be satisfied by issue of 274,751,679 new ordinary shares of approximately RMB0.41 each by the Company.

Pursuant to a group restructuring (the "**Reorganisation**"), on 30 December 2024, the Yiwu Kebo Technology Co., Ltd.* (the "**Target WFOE B**") was set up with the registered capital of RMB100,000. Nianhua Trading Co., Limited, ("**Target HK Company B**") was set up by the Controlling Shareholder on 2 January 2025 who transferred their equity interests in Target HK Company B to the Target Company B at a consideration of HK\$10,000 on 12 February 2025. On 3 March 2025, the Target WFOE B was transferred to the Target HK Company B at a consideration of RMB100,000. Accordingly, the Target HK Company B and the Target WFOE B have since become a subsidiary of the Target Company B and the Target Company B became the holding company of the companies now comprising the Target Group B.

Pursuant to the Reorganisation described above, since the Controlling Shareholder controls the Target Company B and its subsidiaries before and after the Reorganisation, the Group comprising the Target Company B and its subsidiaries is regarded as a continuing entity (collectively, the "**Target Group B**"). The Reorganisation mainly involved inserting some newly formed entities with no substantive business operations. There were no changes in the economic substance of the ownership and business of the Target Group B before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Target Company B and its subsidiaries with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. The amounts in the consolidated statements of financial position are presented as if the entities had been combined at the earliest balance sheet date presented or when they first came under common control, whichever is later.

As at the date of this report, the Target Company B had direct and indirect interests in its subsidiaries, all of which are the private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Target Company B	Principal activities
<i>Directly hold:</i>				
Nianhua Trading Co., Limited (<i>Note (i)</i>)	Hong Kong, 2 January 2025	HK\$10,000	100%	Investment holding

* English name is for identification purpose only.

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Target Company B	Principal activities
Indirectly hold:				
Yiwu Kebo Technology Co., Ltd. * (義烏市可勃科技有 限公司) (Notes (i) and (ii))	The PRC, 30 December 2024	RMB100,000	100%	Investment holding

Notes:

- (i) No statutory financial statements are available for the Company as of the date of this report as it was incorporated for less than 6 months.
- (ii) No statutory financial statements are available for the Company as of the date of this report as there was no requirement to issue audited statutory financial statements by local authority. The English translation of the above company is for reference only. The official name of the company established in the PRC is in Chinese.

All companies now comprising the Target Group B have adopted 31 December as their financial year end date.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2024, and conform with HKFRS Accounting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies ordinance.

The Target Group B has not prepared the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows as the integral part of the consolidated financial statements as the Target Group B did not have any cash and cash equivalents for the Relevant Periods, and all the transactions represented the non-cash transactions only which do not have any profit or loss impact.

No statutory financial statements of the Target Company B have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group B has consistently adopted all applicable HKFRS Accounting Standards which are effective during the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Periods. The accounting policies which conform with the HKFRS Accounting Standards that have been used in the preparation of the Historical Financial Information has been consistently applied throughout the Relevant Period.

Further details of the material accounting policy information adopted are set out in Note 4.

* English name is for identification purpose only.

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

At the date of this report, the Target Group B has not early adopted the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. the Target Group B is still currently assessing the impact that HKFRS 18 will have on the Target Group B.

Except for the new HKFRS Accounting Standards mentioned above, the director of the Target Group B have already commenced an assessment of the related impact of adopting all other new and amendments to HKFRS Accounting Standards. So far, it has concluded that these new and amendments to HKFRS Accounting Standards will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on these consolidated financial statements of the Target Group B.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of measurement

The Target Group B's functional currency is RMB. The Historical Financial Information is presented in RMB to conform with the reporting currency of the Target Group B. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial instruments measured at fair value.

4.2 Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

4.3 Financial risk management objectives

The Target Group B entities' major financial instruments are financial assets at fair value through other comprehensive income and the amounts due from/(to) the shareholder and a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risk associated with the major financial instruments, which are credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. Save for credit risk, the Target Group B does not have written risk management policies and guidelines. However, the directors of the Target Group B periodically analyse and formulate measures to manage the Target Group B's exposure to different risks arising from the use of financial instruments. Generally, the Target Group B employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk refers to the risk that the counterpart to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group B.

Credit risk arises from the amount due from the shareholder. But in substance, the amount due from the shareholder is capital contribution, which take the form of receivable and will be settled upon the completion of the Transactions, the credit risk is considered insignificant.

Liquidity risk

Liquidity risk relates to the risk that the Target Group B will not be able to meet its obligation associated with its financial liabilities. The Target Group B's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All of the Target Company B's remaining contractual maturity for its financial liabilities are repayable on demand for the reporting period.

Fair value estimation

(i) Financial assets not measured at fair value

Except for the below, the directors of the Target Company B consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position approximate to their fair values.

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

(ii) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Target Group B's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement.

	Fair value measurement categorised into			
	Fair value	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement:				
At 30 June 2025				
Financial assets:				
Unlisted equity security	53,710	–	–	53,710

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group B's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined by income approach based on the discounted cash flows with the assumptions that are not supported by observable market data, with reference to the valuation performed by BonVision International Appraisals Limited, an independent professional valuer. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings.

Below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2025:

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of fair value to the inputs
Unlisted equity investments	Income approach	Discount rate	22.52%	1% increase in discount rate would result in decrease in fair value by RMB3,044,000
				1% decrease in discount rate would result in increase in fair value by RMB3,377,000
		Discount of lack of marketability	20.40%	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB670,000

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

The movements during the Relevant Period in the balance of these Level 3 fair value measurements are as follows:

	For the period from 8 January 2025 (date of incorporation) to 30 June 2025 RMB'000
Unlisted equity investments:	
Contribution from shareholder	53,349
	<hr/>
At 30 June 2025	53,349
	<hr/>

No material change in fair value was estimated for the period from the date of contribution from shareholders to 30 June 2025.

Capital risk management

The Target Group B's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns to the shareholder and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group B may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the Relevant Periods.

The capital structure of the Target Group B consists of equity attributable to the owners of the Target Group B, which includes share capital as disclosed in the statement of financial position.

4.4 Subsidiaries

A subsidiary is an investee over which the Target Company B is able to exercise control. The Target Company B controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Target Company B's statement of financial position, interests in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Target Company B on the basis of dividends received and receivable at the end of the reporting period.

4.5 Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss

("FVPL")) are added to the fair value of the financial assets, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVPL are recognised immediately in consolidated profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

The Target Group B assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Target Group B's business model for managing the asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the "SPPI").

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is to collect contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the SPPI.

All other financial assets are subsequently measured at FVPL, except that at the date of initial recognition of a financial asset the Target Group B may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("ECL") assessment.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVOCI

For investments in equity instruments that are not held for trading, this will depend on whether the Target Group B has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Target Group B subsequently measures all equity investments at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the "Fair value reserve". Where the Target Group B's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated profit or loss following the derecognition of the investment. Dividends

from such investments continue to be recognised in consolidated profit or loss as “Other income” when the Group’s right to receive payments is established.

Impairment of financial assets

The Target Group B recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including amount due from shareholder).

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Target Group B’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For the instruments, the Target Group B measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group B recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group B in accordance with the contract and the cash flows that the Target Group B expects to receive, discounted at the effective interest rate determined at initial recognition.

If the Target Group B has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Group B measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Target Group B recognises an impairment gain or loss in consolidated profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Target Group B derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

4.6 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value. The Target Company B’s financial liability comprises mainly amount due to a subsidiary.

Subsequent measurement

Subsequent to initial recognition, the financial liability is measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in consolidated profit or loss.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Target Group B makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results.

Allowance for ECLs on amounts due from shareholder

The allowance for ECLs on the amounts due from shareholder are based on the assumption about the ECL. The Target Group B uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on its historical experience and forward-looking information at the end of reporting period.

Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to consolidated profit or loss.

As at 30 June 2025, the carrying amounts of amounts due from shareholders was approximately RMB361,000 with no allowance for credit losses made. Details of the Target Group B's assessment of ECL and the Target Group B's amounts due from shareholders are disclosed in Notes 4.3 and 11 respectively.

Fair value measurement of financial instruments

One of the Target Group B's financial instruments is measured at fair value for the financial reporting purpose. The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by the management with the assistance of an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. A degree of judgement is also required including consideration of parameters such as liquidity risk, credit risk, future performance. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

As at 30 June 2025, the fair value of financial instruments was approximately RMB53,349,000. Details of the Target Group B's fair value measurement and the financial instruments are disclosed in Notes 4.3 and 10 respectively.

6. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

7. DIVIDENDS

No dividend was paid or declared by Target Company B or its subsidiary in respect of the Relevant Periods.

8. DIRECTORS' REMUNERATION

There was no directors' remuneration paid by the Target Company B during the Relevant Periods. The directors have not waived or agreed to waive any remuneration and there were no remuneration paid by the Target Company B to the directors as an inducement to join or upon joining the Target Company B or as compensation for loss of office.

9. INVESTMENT IN A SUBSIDIARY

Target Company B

**As at 30 June
2025**
RMB'000

Unlisted shares, at cost	<u>9</u>
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Particulars of the subsidiaries of the Target Company B are set out in Note 2.

10. FINANCIAL ASSETS AT FVOCI

**As at 30 June
2025**
RMB'000

Equity investment designated at FVOCI (non-recycling)

Unlisted equity securities	<u>53,349</u>
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On 20 January 2025 and 10 April 2025, the Controlling Shareholder, the independent third parties and the Target WFOE B have entered into a series of arrangements, pursuant to which the independent third party transferred the equity interests in Zhejiang Kangyuan Medical Device Co, Ltd.* (浙江康源醫療器械有限公司) (the “**PRC Operating Company**”), representing approximately 16.99% of the issued share capital of the PRC Operating Company at a net consideration of approximately RMB6,695,000. The consideration was determined by the negotiation between the independent third parties and the Controlling Shareholder in a capacity of the equity owner of the Target Company B, and such consideration was borne by the Controlling Shareholder without recharge.

The PRC Operating Company is a company incorporated in the PRC and engaged in provision of professional scientific services for hospitals and physical examination centers. The Target Group B designated its investment in the PRC Operating Company at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends income was recognised on this investment during the Relevant Periods.

The fair value of the unlisted equity investment at the date of transfer was estimated by the directors of the Target Company B with reference to the valuation provided by the independent professional valuer, using income approach with unobservable inputs. Details of the valuation was set out in Note 4.3. No significant change in the fair value of the unlisted equity investment was estimated for the period from the transfer to 30 June 2025.

* *English name is for identification purpose only.*

APPENDIX IIC ACCOUNTANTS' REPORT OF THE TARGET GROUP B

11. AMOUNT DUE FROM/(TO) THE SHAREHOLDER

The amount due represented unpaid share capital which is unsecured, interest free and repayable on demand.

Name	Maximum amount outstanding during the Relevant Period <i>RMB'000</i>	As at 30 June 2025 <i>RMB'000</i>
Ms. Chen HongLi	361	361

12. AMOUNT DUE TO A SUBSIDIARY

Target Company B

The amount due is unsecured, interest free and repayable on demand.

13. SHARE CAPITAL

The Target Company B was incorporated on 8 January 2025 and, on the same date, 50,000 ordinary shares with aggregate value of US\$50,000 (equivalent to approximately RMB361,000) were issued to the Controlling Shareholder. Up to the date of this report, its share capital has not been paid-up.

14. SUBSEQUENT FINANCIAL STATEMENTS

No financial statements of the Target Company B or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Periods.

The following is the text of a report received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



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大華馬施雲
會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP C TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of Zhong He Qun Lian Limited (the “**Target Company C**”) and its subsidiaries (together, the “**Target Group C**”) set out on pages IID-4 to IID-17, which comprises the consolidated statement of financial position as at 30 June 2025 and the statement of financial position of the Target Company C as at 30 June 2025, and the consolidated statement of changes in equity for the period from 8 January 2025 (date of incorporation) to 30 June 2025 (the “**Relevant Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IID-4 to IID-17 forms an integral part of this report, which has been prepared for inclusion in the circular of China NT Pharma Group Company Limited (the “**Company**”), dated 24 December 2025 (the “**Circular**”) in connection with the proposed acquisition of 100% equity interests in the Target Companies (as defined in Note 1), pursuant to formal sale and purchase agreement dated 28 April 2025 (the “**Sale and Purchase Agreement**”).

The directors' responsibility for the Historical Financial Information

The directors of the Target Company C are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company C determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group C is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company C, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company C and the Target Group C as at 30 June 2025 in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined below have been made.

Dividends

We refer to Note 7 to the Historical Financial Information which states that no dividend has been declared or paid by Target Company C in respect of the Relevant Period.

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

HISTORICAL FINANCIAL INFORMATION OF TARGET GROUP C**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group C for the Relevant Periods (the “**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the Target Company C prepared in accordance with the accounting policies that conform with the HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong standards on Auditing Issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025
	<i>Notes</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Financial assets at fair value through other comprehensive income	10	57,116

Current asset		
Amounts due from shareholders	11	361

Net current assets and net assets		57,477
		=====
EQUITY		
Share capital	13	361
Reserves		57,116

Total equity		57,477
		=====

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY C

		As at 30 June 2025
	<i>Notes</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	9	9

Current asset		
Amounts due from shareholders	11	361

Current liability		
Amount due to a subsidiary	12	9

Net current liabilities		352

Net assets		361
		=====
EQUITY		
Share capital	13	361

Total equity		361
		=====

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Fair value reserve <i>RMB'000</i>	Total <i>RMB'000</i>
Issuance of shares upon the date of incorporation (Note 13)	361	–	–	–	361
Contribution from shareholders [#]	–	57,116	–	–	57,116
	<u>–</u>	<u>57,116</u>	<u>–</u>	<u>–</u>	<u>57,116</u>
At 30 June 2025	<u>361</u>	<u>57,116</u>	<u>–</u>	<u>–</u>	<u>57,477</u>

[#] As detailed in Note 10, the consideration of transferring the unlisted equity investments was negotiated and borne by the Controlling Shareholders without recharge, such transfer was deemed as capital contribution and was then recognised in the other reserve at fair value of the unlisted equity investment as an equity transactions.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1. BACKGROUND INFORMATION

The Target Company C is a company incorporated under the laws of the Cayman Islands with limited liability on 8 January 2025. The address of the Target Company's registered office is Suite 2206, Cassia Court, 72 Market Street, Camana Bay, P.O. Box 32303, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of the Target Company C is located at 3/F, Building 4, No. 16, Yuecheng Lane, Xixing Street, Benjiang District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC").

The Target Company C is an investment holding company and has not carried on any material business. The Target Group C is principally engaged in investment holding in the PRC. The ultimate controlling parties are Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min (collectively, the "Controlling Shareholders").

On 28 April 2025, the Company, the Controlling Shareholders and another 3 individual shareholders (the collectively the "Sellers"), which hold 100% equity interests in the Target Company C and Target Companies A and B (collectively, the "Target Companies") respectively, entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell and the Company has conditionally agreed to acquire 100% of equity interests in the Target Companies at the consideration of approximately RMB116.2 million, which shall be satisfied by issue of 274,751,679 new ordinary shares of approximately RMB0.41 each by the Company.

Pursuant to a group restructuring (the "Reorganisation"), Zhong He Jing Lin Trading Co., Limited ("Target HK Company C") was set up by the Controlling Shareholders on 2 January 2025 who transferred their equity interests in Target HK Company C to the Target Company C at a consideration of HK\$10,000 on 12 February 2025. On 5 March 2025, the Target HK Company C set up Yiwu Miaohai Technology Co., Ltd.* (the "Target WFOE C") with the registered capital of RMB100,000. Accordingly, the Target HK Company C and the Target WFOE C have since become a subsidiary of the Target Company C and the Target Company C became the holding company of the companies now comprising the Target Group C.

Pursuant to the Reorganisation described above, since the Controlling Shareholders controls the Target Company C and its subsidiaries before and after the Reorganisation, the Group comprising the Target Company C and its subsidiaries is regarded as a continuing entity (collectively, the "Target Group C"). The Reorganisation mainly involved inserting some newly formed entities with no substantive business operations. There were no changes in the economic substance of the ownership and business of the Target Group C before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Target Company C and its subsidiaries with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. The amounts in the consolidated statements of financial position are presented as if the entities had been combined at the earliest balance sheet date presented or when they first came under common control, whichever is later.

As at the date of this report, the Target Company C had direct and indirect interests in its subsidiaries, all of which are the private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Target Company C	Principal activities
Directly hold:				
Zhong He Jing Lin Trading Co., Limited (Note (i))	Hong Kong, 2 January 2025	HK\$10,000	100%	Investment holding

* English name is for identification purpose only.

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Target Company C	Principal activities
Indirectly hold:				
Yiwu Miaohai Technology Co., Ltd. * (義烏市妙海科技有限公司) (Notes (i) and (ii))	The PRC, 5 March 2025	RMB100,000	100%	Investment holding

Notes:

- (i) No statutory financial statements are available for the Company as of the date of this report as it was incorporated for less than 6 months.
- (ii) No statutory financial statements are available for the Company as of the date of this report as there was no requirement to issue audited statutory financial statements by local authority. The English translation of the above company is for reference only. The official name of the company established in the PRC is in Chinese.

All companies now comprising the Target Group C have adopted 31 December as their financial year end date.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2024, and conform with HKFRS Accounting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies ordinance.

The Target Group C has not prepared the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows as the integral part of the consolidated financial statements as the Target Group C did not have any cash and cash equivalents for the Relevant Period, and all the transactions represented the non-cash transactions only which do not have any profit or loss impact.

No statutory financial statements of the Target Company C have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Group C has consistently adopted all applicable HKFRS Accounting Standards which are effective during the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Period. The accounting policies which conform with the HKFRS Accounting Standards that have been used in the preparation of the Historical Financial Information has been consistently applied throughout the Relevant Period.

Further details of the material accounting policy information adopted are set out in Note 4.

* English name is for identification purpose only.

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

At the date of this report, the Target Group C has not early adopted the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. the Target Group C is still currently assessing the impact that HKFRS 18 will have on the Target Group C.

Except for the new HKFRS Accounting Standards mentioned above, the directors of the Target Group C have already commenced an assessment of the related impact of adopting all other new and amendments to HKFRS Accounting Standards. So far, it has concluded that these new and amendments to HKFRS Accounting Standards will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on these consolidated financial statements of the Target Group C.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of measurement

The Target Group C's functional currency is RMB. The Historical Financial Information is presented in RMB to conform with the reporting currency of the Target Group C. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for certain financial instruments measured at fair value.

4.2 Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

4.3 Financial risk management objectives

The Target Group C entities' major financial instruments are financial assets at fair value through other comprehensive income and the amounts due from/(to) the shareholders and a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risk associated with the major financial instruments, which are credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. Save for credit risk, the Target Group C does not have written risk management policies and guidelines. However, the directors of the Target Group C periodically analyse and formulate measures to manage the Target Group C's exposure to different risks arising from the use of financial instruments. Generally, the Target Group C employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk refers to the risk that the counterpart to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group C.

Credit risk arises from the amounts due from the shareholders. But in substance, the amounts due from the shareholders are capital contribution, which take the form of receivables and will be settled upon the completion of the Transactions, the credit risk is considered insignificant.

Liquidity risk

Liquidity risk relates to the risk that the Target Group C will not be able to meet its obligation associated with its financial liabilities. The Target Group C's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All of the Target Company C's remaining contractual maturity for its financial liabilities are repayable on demand for the reporting period.

Fair value estimation***(i) Financial assets not measured at fair value***

Except for the below, the directors of the Target Company C consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

(ii) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Target Group C's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement.

	Fair value measurement categorised into			
	Fair value	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement:				
At 30 June 2025				
Financial assets:				
Unlisted equity security	57,116	–	–	57,116

During the Relevant Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group C's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined by income approach based on the discounted cash flows with the assumptions that are not supported by observable market data, with reference to the valuation performed by BonVision International Appraisals Limited, an independent professional valuer. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings.

Below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2025:

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of fair value to the inputs
Unlisted equity investments	Income approach	Discount rate	22.52%	1% increase in discount rate would result in decrease in fair value by RMB3,259,000
				1% decrease in discount rate would result in increase in fair value by RMB3,615,000
		Discount of lack of marketability	20.40%	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB718,000

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

The movements during the Relevant Period in the balance of these Level 3 fair value measurements are as follows:

	For the period from 8 (date of incorporation) to 30 June 2025 RMB'000
Unlisted equity investments:	
Contribution from shareholders	57,116
At 30 June 2025	57,116

No material change in fair value was estimated for the period from the date of contribution from shareholders to 30 June 2025.

Capital risk management

The Target Group C's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group C may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the Relevant Period.

The capital structure of the Target Group C consists of equity attributable to the owners of the Target Group C, which includes share capital as disclosed in the statement of financial position.

4.4 Subsidiaries

A subsidiary is an investee over which the Target Company C is able to exercise control. The Target Company C controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Target Company C's statement of financial position, interests in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Target Company C on the basis of dividends received and receivable at the end of the reporting period.

4.5 Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss ("FVPL")) are added to the fair value of the financial assets, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVPL are recognised immediately in consolidated profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“**FVOCI**”) and FVPL.

The Target Group C assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Target Group C's business model for managing the asset.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the “**SPPI**”).

Financial assets that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is to collect contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the SPPI.

All other financial assets are subsequently measured at FVPL, except that at the date of initial recognition of a financial asset the Target Group C may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss (“**ECL**”) assessment.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVOCI

For investments in equity instruments that are not held for trading, this will depend on whether the Target Group C has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Target Group C subsequently measures all equity investments at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the “Fair value reserve”. Where the Target Group C's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated profit or loss as “Other income” when the Group's right to receive payments is established.

Impairment of financial assets

The Target Group C recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including amounts due from shareholders).

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Target Group C's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For the instruments, the Target Group C measures the loss allowance equal to 12 months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group C recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group C in accordance with the contract and the cash flows that the Target Group C expects to receive, discounted at the effective interest rate determined at initial recognition.

If the Target Group C has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Group C measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Target Group C recognises an impairment gain or loss in consolidated profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Target Group C derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated profit or loss.

4.6 Financial liabilities***Initial recognition and measurement***

All financial liabilities are recognised initially at fair value. The Target Company C's financial liability comprises mainly amount due to a subsidiary.

Subsequent measurement

Subsequent to initial recognition, the financial liability is measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in consolidated profit or loss.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Target Group C makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results.

Allowance for ECLs on amounts due from shareholders

The allowance for ECLs on the amounts due from shareholders are based on the assumption about the ECL. The Target Group C uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on its historical experience and forward-looking information at the end of reporting period.

Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to consolidated profit or loss.

As at 30 June 2025, the carrying amounts of amounts due from shareholders was approximately RMB361,000 with no allowance for credit losses made. Details of the Target Group C's assessment of ECL and the Target Group C's amounts due from shareholders are disclosed in Notes 4.3 and 11 respectively.

Fair value measurement of financial instruments

One of the Target Group C's financial instruments is measured at fair value for the financial reporting purpose. The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by the management with the assistance of an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. A degree of judgement is also required including consideration of parameters such as liquidity risk, credit risk, future performance. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

As at 30 June 2025, the fair value of financial instruments was approximately RMB57,116,000. Details of the Target Group C's fair value measurement and the financial instruments are disclosed in Notes 4.3 and 10 respectively.

6. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

7. DIVIDENDS

No dividend was paid or declared by Target Company C or its subsidiary in respect of the Relevant Period.

8. DIRECTORS' REMUNERATION

There was no directors' remuneration paid by the Target Company C during the Relevant Period. The directors have not waived or agreed to waive any remuneration and there were no remuneration paid by the Target Company C to the directors as an inducement to join or upon joining the Target Company C or as compensation for loss of office.

9. INVESTMENT IN A SUBSIDIARY

Target Company C

**As at 30 June
2025**
RMB'000

Unlisted shares, at cost	9
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Particulars of the subsidiaries of the Target Company C are set out in Note 2.

10. FINANCIAL ASSETS AT FVOCI

**As at 30 June
2025**
RMB'000

Equity investments designated at FVOCI (non-recycling)

Unlisted equity securities	57,116
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On 10 April 2025, the Controlling Shareholders, two independent third parties and the Target WFOE C have entered into a series of arrangements, pursuant to which the independent third parties transferred their equity interests in Zhejiang Kangyuan Medical Device Co, Ltd.* (浙江康源醫療器械有限公司) (the “**PRC Operating Company**”), representing approximately 18.19% of the issued share capital of the PRC Operating Company at an aggregate consideration of approximately RMB9,097,000. The consideration was determined by the negotiation between the independent third parties and the Controlling Shareholders in a capacity of the equity owners of the Target Company C, and such consideration was borne by the Controlling Shareholders without recharge.

The PRC Operating Company is a company incorporated in the PRC and engaged in provision of professional scientific services for hospitals and physical examination centers. The Target Group C designated its investment in the PRC Operating Company at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends income was recognised on this investment during the Relevant Period.

The fair value of the unlisted equity investments at the date of transfer was estimated by the directors of the Target Company C with reference to the valuation provided by the independent professional valuer, using income approach with unobservable inputs. Details of the valuation was set out in Note 4.3. No significant change in the fair value of the unlisted equity investment was estimated for the period from the transfer to 30 June 2025.

* *English name is for identification purpose only.*

APPENDIX IID ACCOUNTANTS' REPORT OF THE TARGET GROUP C

11. AMOUNTS DUE FROM SHAREHOLDERS

The amounts due represented unpaid share capital which are unsecured, interest free and repayable on demand.

Name	Maximum amount outstanding during the Relevant Period <i>RMB'000</i>	As at 30 June 2025 <i>RMB'000</i>
Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min	361	361

12. AMOUNT DUE TO A SUBSIDIARY

Target Company C

The amount due is unsecured, interest free and repayable on demand.

13. SHARE CAPITAL

The Target Company C was incorporated on 8 January 2025 and, on the same date, 50,000 ordinary shares with aggregate value of US\$50,000 (equivalent to approximately RMB361,000) were issued to the Controlling Shareholders. Up to the date of this report, its share capital has not been paid-up.

14. SUBSEQUENT FINANCIAL STATEMENTS

No financial statements of the Target Company C or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Period.

The information set forth in this appendix does not form part of the accountants' report received from Moore CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix II to this Circular, and is included herein for illustrative purposes only.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group set forth in Appendix I and the accountants' reports set forth in Appendix II-A and Appendix II-B to this circular.

* *All capitalised terms used herein have the same meaning as those defined in the Circular, unless otherwise indicated.*

A. INTRODUCTION

The following unaudited pro forma financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”), Junbinxiongdi Limited (the “**Target Company A**”) and its subsidiaries (together, the “**Target Group A**”), Yue Hua Limited (the “**Target Company B**”) and its subsidiaries (together, the “**Target Group B**”) and Zhong He Qun Lian Limited (the “**Target Company C**”) and its subsidiaries (together, the “**Target Group C**”) and Zhejiang Kangyuan Medical Device Co., Ltd* (浙江康源醫療器械有限公司) (the “**PRC Operating Company**”) (the “**Unaudited Pro Forma Financial Information**”) is prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the effect of the proposed acquisition of 100% equity interests in the Target Companies A, B and C (together, the “**Target Companies**”) and approximately 58.11% effective equity interests in PRC Operating Company by the Group (the “**Transactions**”) as if it had taken place on 30 June 2025 for the unaudited pro forma consolidated statement of assets and liabilities.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2025, which has been extracted from the published interim results announcement of the Group for the six months end 30 June 2025, and the audited statement of financial position of the PRC Operating Company and the audited consolidated statements of financial position of the Target Group A, Target Group B and Target Group C (together, the “**Target Groups**”) as at 30 June 2025, which have been extracted from the accountants' reports thereon set out in Appendix II-A, Appendix II-B, Appendix II-C and Appendix II-D of the Circular respectively, after making pro forma adjustments that are (i) directly attributable to the Transactions; and (ii) factually supportable, as if the Transactions have been completed on 30 June 2025.

* *English name is for identification purpose only.*

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the financial position of the Enlarged Group that would have been attained had the Transactions been completed on 30 June 2025, nor purport to predict the future financial position of the Enlarged Group.

A narrative description of the pro forma adjustments that are directly attributable to the Transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared under accounting policies consistent with those of the Group.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

									Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	The Group as at 30 June 2025 (Unaudited) RMB'000 Note 1	The Target Group A as at 30 June 2025 RMB'000 Note 2	The Target Group B as at 30 June 2025 RMB'000 Note 2	The Target Group C as at 30 June 2025 RMB'000 Note 2	The PRC Operating Company as at 30 June 2025 RMB'000 Note 3	Total RMB'000	Pro forma adjustment RMB'000 Note 4	RMB'000 Note 5	
Non-current assets									
Property, plant and equipment	1,079	–	–	–	162	1,241			1,241
Right-of-use assets	–	–	–	–	248	248			248
Intangible assets	–	–	–	–	–	–	242,463		242,463
Financial assets at fair value through profit or loss	315,064	–	–	–	–	315,064			315,064
Financial assets at fair value through other comprehensive income	–	72,000	53,349	57,116	–	182,465	(182,465)		–
Prepayments and deposits	48	–	–	–	108	156			156
Deferred tax assets	–	–	–	–	–	–			–
	<u>316,191</u>	<u>72,000</u>	<u>53,349</u>	<u>57,116</u>	<u>518</u>	<u>499,174</u>			<u>559,172</u>
Current assets									
Inventories	449	–	–	–	112	561			561
Trade and other receivables	23,136	–	–	–	1,901	25,037			25,037
Amounts due from shareholders	–	361	361	361	–	1,083	(1,083)		–
Cash and cash equivalents	<u>4,634</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,705</u>	<u>7,339</u>			<u>7,339</u>
	<u>28,219</u>	<u>361</u>	<u>361</u>	<u>361</u>	<u>4,718</u>	<u>34,020</u>			<u>32,937</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

									Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	The Group as at 30 June 2025 (Unaudited) RMB'000 Note 1	The Target Group A as at 30 June 2025 RMB'000 Note 2	The Target Group B as at 30 June 2025 RMB'000 Note 2	The Target Group C as at 30 June 2025 RMB'000 Note 2	The PRC Operating Company as at 30 June 2025 RMB'000 Note 3	Total RMB'000	Pro forma adjustment		RMB'000
							RMB'000 Note 4	RMB'000 Note 5	RMB'000
Current liabilities									
Trade and other payables	171,556	–	–	–	744	172,300		2,117	174,417
Contract liabilities	–	–	–	–	5,333	5,333			5,333
Financial guarantee contracts	133,008	–	–	–	–	133,008			133,008
Other borrowings	315,659	–	–	–	–	315,659			315,659
Lease liabilities	689	–	–	–	163	852			852
	<u>620,912</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,240</u>	<u>627,152</u>			<u>629,269</u>
Net current (liabilities)/assets	<u>(592,693)</u>	<u>361</u>	<u>361</u>	<u>361</u>	<u>(1,522)</u>	<u>(593,132)</u>			<u>(596,332)</u>
Total assets less current liabilities	<u>(276,502)</u>	<u>72,361</u>	<u>53,710</u>	<u>57,477</u>	<u>(1,004)</u>	<u>(93,958)</u>			<u>(37,160)</u>
Non-current liabilities									
Lease liabilities	375	–	–	–	86	461			461
Other borrowings	–	–	–	–	–	–			–
Deferred tax liabilities	–	–	–	–	–	–	60,616		60,616
	<u>375</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>86</u>	<u>461</u>			<u>61,077</u>
NET (LIABILITIES)/ ASSETS	<u>(276,877)</u>	<u>72,361</u>	<u>53,710</u>	<u>57,477</u>	<u>(1,090)</u>	<u>(94,419)</u>			<u>(98,237)</u>

Notes to the Unaudited Pro Forma Financial Information:

- (1) The balances were extracted from the unaudited condensed consolidated interim statement of financial position of the Group as at 30 June 2025 as set out in the published 2025 interim results announcement of the Company for six months ended 30 June 2025.
- (2) The balances were extracted from the audited consolidated statements of financial position of the Target Group A, B and C as at 30 June 2025 included in the accountants' report of Target Groups A, B and C as set out in Appendix II-B, Appendix II-C and Appendix II-D to the Circular respectively.
- (3) The balances were extracted from the audited statement of financial position of the PRC Operating Company as at 30 June 2025 included in the accountants' report of the PRC Operating Company as set out in Appendix II-A to the Circular.
- (4) Pursuant to the sale and purchase agreement dated 28 April 2025 (the "**Sale and Purchase Agreement**"), the vendors have conditionally agreed to sell and the Group has conditionally agreed to acquire the sale shares, representing the entire issued share capital of the Target Companies, at the consideration of RMB116,220,000, which shall be satisfied by the allotment and issue a total of 274,751,679 new shares of the Company ("**Consideration Shares**") at the issue price of HK\$0.45 (equivalent to approximately RMB0.41) per share, to the vendors.

The excess amount of the pro forma fair value of the Target Groups' identifiable assets and liabilities acquired over the consideration assumed to be transferred and the non-controlling interests is recognised as pro forma gain on bargain purchase:

	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration satisfied by Consideration Shares (100% equity interests acquired in the Target Companies)	(a)		<u>105,010</u>
Net asset values of the Target Groups and the PRC Operating Company as at 30 June 2025		182,458	
Less: Financial assets at fair value through other comprehensive income	(b)	(182,465)	
Add: Fair value adjustment on intangible assets of the PRC Operating Company	(b)(i)	242,463	
Less: Deferred tax liabilities on fair value adjustment of the PRC Operating Company	(b)(i)	(60,616)	
Less: Fair value adjustment on other receivables of the Target Groups	(b)(ii)	<u>(1,083)</u>	
		180,757	
Less: Non-controlling interests as at 30 June 2025	(c)	<u>(75,719)</u>	
Assumed fair value of net identifiable assets and liabilities attributable to equity interest acquired by the Group			<u>105,038</u>
Pro forma gain on bargain purchase	(d)		<u><u>28</u></u>

Notes:

- (a) For the purpose of this Unaudited Pro Forma Financial Information of the Enlarged Group, the fair value of the consideration shall be measured at the fair value of the Consideration Shares issued by the Company and the Directors assumed the fair value of each Consideration Shares is HK\$0.42 (equivalent to approximately RMB0.38 per share, with reference to the closing price on 30 June 2025. The considerations satisfied by 274,751,679 Consideration Shares amounted to approximately HK\$115,396,000 (equivalent to approximately RMB105,010,000), the difference to the par value of US\$0.0000008 per Consideration Shares, totaling approximately HK\$115,394,000 (equivalent to approximately RMB105,009,000), is recognised as share premium.

The fair value of consideration will be subject to changes upon actual completion of the Transactions in accordance with Hong Kong Financial Reporting Standard 3 (Revised) *Business Combinations* (“**HKFRS 3**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Upon the completion of the Transactions on fulfilment of the conditions as stipulated in the Sale and Purchase Agreement, the Directors will engage an independent qualified professional valuer to carry out the valuation of the Consideration Shares as at the date of completion of the Transactions, based on the facts and circumstances existing as at that date. The valuation of the Consideration Shares may be significantly different from the assumed valuation used for the purpose of preparation of the Unaudited Pro Forma Financial Information.

- (b) Upon the completion of the Transactions, the Group will directly own 100% equity interests in the Target Groups and indirectly own an aggregate approximately 58.11% effective equity interests in the PRC Operating Company. Accordingly, the Target Groups and the PRC Operating Company will become the subsidiaries of the Company and whose financial statements will be consolidated into the Company’s consolidated financial statements since the completion of the Transactions.

The identifiable assets and liabilities of the Target Groups and PRC Operating Company acquired by the Group will be accounted for in the consolidated financial statements of the Enlarged Group at their fair values as at the completion date of the Transactions, under acquisition accounting in accordance with HKFRS 3. As such, the equity interests in the PRC Operating Company owned by the Target Groups, which being classified as the financial asset at fair value through other comprehensive income, would be excluded from the net asset values of the Target Groups and the PRC Operation Company would be remeasured at fair value as at the date of completion of the Transactions.

The allocation of the pro forma purchase consideration to the Target Groups’ and the PRC Operating Company’s identifiable assets and liabilities acquired is made as if the Transactions had taken place on 30 June 2025. The pro forma allocation of purchase consideration to the identifiable assets and liabilities is determined with reference to the valuation results of the Target Groups and the identifiable assets and liabilities of the PRC Operating Company as at 30 June 2025 issued by an independent valuer, BonVision International Appraisals Limited (the “**Valuer**”).

- (i) PRC Operating Company

HKFRS 3 requires all identifiable assets and liabilities to be recognised in business combinations, including both previously recognised assets or liabilities as well as those previously unrecognised. The Directors have identified the patent owned by the PRC Operating Company as the intangible asset and the Directors determined the pro forma fair value of the intangible asset as at 30 June 2025 with reference to a valuation report issued by the Valuer, which was prepared based on the same set of underlying information used in valuation report set out in Appendix V to this Circular.

Patent was assessed by multi-period excess earning method, which estimates the present value of the profits attributable to the patent after deducting (i) the contributory charges associated with the patent and (ii) the income tax expense. The profit attributable to the patent was estimated by reference to the projected revenue and expenses of the PRC Operating Company as detailed in section 8.1 of Appendix V to this Circular.

The other key parameters involved in the multi-period excess earnings method with detailed basis are set out below:

Key parameters	Notes	
Contributory charge for fixed assets:	a-1	17.99%
Contributory charge for working capital:	a-2	11.51%
Contributory charge for workforce:	a-3	22.52%
Discount rate:	b	31.52%

Notes:

- (a) Fixed assets, working capital and assembled workforce were identified as contributory assets that were used to support the realisation of cash flows from the patent. The rates of return for each of these contributory assets were employed according to the risk inherent in each asset. It then multiplied the rates of return by the respective asset balance to arrive at the contributory asset charges.
 1. the contributory charge is determined at the ratio of the fixed assets to be financed by equity and debt, which adopted 50% of the cost of equity and 50% the cost of debt.
 2. the contributory charge is determined by the source of funding to support the working capital, which involved the use of after-tax China short term borrowing rate and specific risk premium of the PRC Operating Company.
 3. the contributory charge is determined at the cost of capital which is referred to the weight average of cost of capital (“WACC”) of the PRC Operating Company.
- (b) The discount rate is referred to the WACC of the PRC Operating Company, which is determined by using capital asset pricing model, taking into account the risk free rate of China, market risk premium of China, beta of companies engaged in similar industry as the PRC Operating Company, size premium published by Kroll and the additional risk premium.

The fair value adjustments for the patent of approximately RMB242,463,000, and corresponding impact to the deferred tax liabilities of approximately RMB60,616,000, which is calculated at the income tax rate of the PRC Operating Company of 25%, were then recognised.

For the purpose of impairment testing, the intangible asset is, from the acquisition date, allocated to the PRC Operating Company’s cash generating unit that are expected to be benefit from the synergies of the Transactions, irrespective of whether other assets and liabilities of the Enlarged Group are assigned to those unit. Based on the impairment assessment, no impairment on intangible asset is made in the Unaudited Pro Forma Financial Information of the Enlarged Group.

(ii) Target Groups

Except for the of financial assets at fair value through other comprehensive income, the net asset value of the Target Groups primarily consisted the amounts due from the shareholders arising from committed capital contributions as of 30 June 2025. Unpaid capital are typically excluded from the fair value of identifiable net assets. Therefore, the net asset value of the Target Groups was not considered when calculating the goodwill arising from the Transactions.

For the purpose of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities of the Target Groups and the PRC Operating Company as at 30 June 2025 were used to determine the pro forma gain on bargain purchase arising from the Transactions. Upon completion of the Transactions, the Directors will engage an independent qualified professional valuer to carry out the valuations of the net identifiable assets and liabilities for the purchase price allocations at the date of completion of the Transactions, based on the facts and circumstances existing as at that date. The valuation of the net identifiable assets and liabilities may be significantly different from the assumed valuation used for the purpose of preparation of the Unaudited Pro Forma Financial Information.

- (c) Non-controlling interests of approximately RMB75,719,000 is calculated 41.89 % of the pro forma fair value of PRC Operating Company's identifiable assets and liabilities by reference to the proportionate share of equity interest held by non-controlling shareholders in the PRC Operating Company.
- (d) For the purpose of preparation of the Unaudited Pro Forma Financial Information, the pro forma gain on bargain purchase of approximately RMB28,000 is recognised in the consolidated profit or loss.

Actual goodwill or gain on bargain purchase arising from the acquisition will depend on the fair values of the identifiable assets and liabilities of the Target Groups and the PRC Operating Company and the consideration determined at the completion date of the Transactions and shall be different to the pro forma gain amount calculated in the above table.

Upon the completion of the Transactions, the Company will adopt consistent accounting policies and principal assumptions. The Company's auditor will review in accordance with Hong Kong Standards on Auditing, the appropriateness of the key assumptions used, to estimate the recoverable amount of the investments in subsidiaries based on the facts and circumstance at the end of each reporting period, to ensure the impairment assessment performed is in compliance with HKAS 36 and is consistently applied.

- (5) Other professional services related to the Transactions are estimated to be approximately RMB2,117,000 according to respective quotations from the professional parties, which should be charged to the consolidated profit or loss.

This adjustment on transactions costs is not expected to have continuing effect on the Enlarged Group's consolidated statement of assets and liabilities.

- (6) Apart from the Transactions, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Target Groups and the PRC Operating Company entered into subsequent to 30 June 2025.
- (7) Subsequent to 30 June 2025, the directors of the Target Groups and the PRC Operating Company have not recommended any dividend.
- (8) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, the amounts or balances denominated in Hong Kong dollars ("HK\$") have been translated into Renminbi ("RMB") at HK\$1 to RMB0.91, the exchange rate prevailing as at 30 June 2025.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP

The following is the text of a report received from the independent reporting accountants of the Company, Moore CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



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會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China NT Pharma Group Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated assets and liabilities as at 30 June 2025 and related notes as set out on pages 3 to 8 of Appendix III of the Company’s circular dated 24 December 2025 (the “**Circular**”) issued by the Company in connection with the proposed acquisition of 100% equity interest in Junbinxiongdi Limited, a company incorporated in Cayman Islands (the “**Target Company A**”), Yue Hua Limited, a company incorporated in Cayman Islands (the “**Target Company B**”) and Zhong He Qun Lian Limited, a company incorporated in Cayman Islands (the “**Target Company C**”) (collectively referred to as the “**Target Groups**”) and approximately 58.11% effective equity interests in the Zhejiang Kangyuan Medical Device Co.,Ltd* (浙江康源醫療器械有限公司), a company incorporated in the People’s Republic of China (the “**PRC Operating Company**”), by the Company, pursuant to formal sale and purchase agreement dated 28 April 2025 (the “**Transactions**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Page 3 to 8 of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transactions on the Group’s financial position as at 30 June 2025 as if the Transactions had taken place on 30 June 2025. As part of this process, information about the Group’s consolidated financial position as at 30 June 2025 has been extracted by the Directors from the published interim results announcement of the Group for the six months end 30 June 2025.

* English name is for identification purpose only.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, 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 Responsibilities

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transaction at 30 June 2025 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated.
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRC OPERATING COMPANY

The following is the management discussion and analysis of the PRC Operation Company, which shall be read together with the historical financial information for the three financial years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025 as set out in the accountant report of Moore CPA Limited. The full text of such audit report is set out in Appendix IIA to this circular.

Business overview

The PRC Operating Company is a limited company established under the laws of the PRC headquartered in the Binjiang District of Hangzhou City, Zhejiang Province, China. The PRC Operating Company is primarily engaged in the research and operation of AI X-Ray Bone Density System and Portable AI X-Ray Device in PRC, and holds 12 related patents and 25 original codes.

Revenue

The revenues of the PRC Operating Company primarily represent providing service on AI X-Ray Bone Density System. The PRC Operating Company revenue of approximately RMB2,507,000, RMB2,438,000, RMB1,810,000 and RMB624,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. In FY2022 and FY2023, the revenue from the PRC Operating remains at the same level. In FY2024, the revenue decreased by RMB628,000 or 25.76% to RMB1,810,000, as compared with FY2023 of RMB2,438,000. The decrease due to a drop of approximately 50% sales to the larger customer. The revenue for the six months ended 30 June 2025 decreased by RMB311,000 or 33.26% to RMB624,000, as compared to the same period in 2024 of RMB935,000. The decrease due to a drop of sales to the larger customer.

Cost of services

The costs of PRC Operating Company primarily included the depreciation of property, plant and equipment and employee salary. The PRC Operating Company recorded cost of services of approximately RMB640,000, RMB611,000, RMB722,000 and RMB425,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. In FY2022 and FY2023, the cost of services from the PRC Operating remains at the same level. In FY2024, the cost of services increased by RMB111,000 or 18.17% to RMB722,000, as compared with FY2023 of RMB611,000. The increase is due to an increase in employee salary expenses in FY2024. The cost of services for the six months ended 30 June 2025 of RMB425,000 remaining stable, as compared to the same period in 2024 of RMB363,000.

Gross profit

The PRC Operating Company recorded a gross profit of approximately RMB1,867,000, RMB1,827,000, RMB1,088,000 and RMB199,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. The decrease in gross profit since FY2024 was primarily influenced by declining revenue as well as the increasing cost of revenue simultaneously.

Other income and gains

The PRC Operating Company recorded other income and gain of approximately RMB67,000, RMB32,000, RMB1,018,000 and RMB1,259,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. In FY2024, the PRC Operating Company recognized an item of other income amounting to RMB1,000,000. This income originated from a cooperation project between the PRC Operating Company and Jiangxi Shengda Kangyuan Medical Technology Co., Ltd. (the “**Cooperating Company**”). The Cooperating Company initially invested RMB1,000,000 in the project. Subsequently, the Cooperating Company was dissolved for its own reasons. The PRC Operating Company had no obligation to refund the initial investment made by the cooperating company and therefore recognized the amount as other income. During the six months ended 30 June 2025, the receivables of approximately RMB1,254,000 being written off in the year ended 31 December 2021 had been recovered.

Administrative expenses

The PRC Operating Company recorded administrative expenses of approximately RMB2,975,000, RMB3,164,000, RMB3,819,000 and RMB2,166,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. These expenses primarily consisted of depreciation and amortisation, staff costs, and legal and professional fee and office expenses. The increase in administrative expenses was primarily attributed to increase in employee salary expenses in FY2024 and six months ended 30 June 2025 respectively.

Loss for the year

The PRC Operating Company recorded a loss of approximately RMB1,579,000, RMB1,887,000, RMB2,057,000 and RMB773,000 for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 respectively. The increase in loss since FY2023 were primarily driven by the decline in gross profit with the reasons as stated above.

Other receivables, prepayments and deposits

The PRC Operating Company recorded other receivables, prepayments and deposits of approximately RMB5,882,000, RMB5,231,000, RMB6,993,000 and RMB1,989,000 as at 31 December 2022, 2023, 2024 and 30 June 2025 respectively. The amount mainly represented

advances to business partner, advances to staff and the related party balances. The decrease in amount as at 30 June 2025 because of repayment of amount to business partner and related party.

FOREIGN CURRENCY MANAGEMENT

The PRC Operating Company is not exposed to significant foreign exchange risk as its operations are mainly denominated in the functional currency of RMB.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the total number of employees in the PRC Operating Company was 20. The PRC Operating Company determined employee remuneration based on market standards, personal qualifications, experience, skills, performance and contributions. The PRC Operating Company regularly reviews its remuneration and benefits policies, as well as the individual performance of its employees, to ensure that they are fairly paid. The PRC Operating Company also provides safety trainings to employees in accordance with relevant laws and regulations.

SIGNIFICANT INVESTMENTS HELD

The PRC Operating Company does not have other significant investments nor any material acquisitions or disposal of subsidiaries and affiliated companies for the years ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2025.

Debt-to-Assets Ratio

The PRC Operating Company closely monitors its debt-to-assets ratio to optimize its capital structure so as to ensure solvency and the PRC Operating Company's ability to continue as a going concern.

	As at 31 December			As of
	2022	2023	2024	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total debts	8,958	6,953	10,189	6,326
Total assets	7,585	6,430	7,609	5,236
Debt-to-assets ratio	118.10%	108.13%	133.91%	120.82%

CONTINGENT LIABILITIES

As at 31 December 2022, 2023, 2024 and 30 June 2025, the PRC Operating Group did not have any contingent liabilities.



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24 December 2025

China NT Pharma Group Company Limited

Unit 2102, 21/F
West Tower Shun Tak Centre
168-200 Connaught Road
Hong Kong

Dear Sir/Madam,

Re: Business Valuation for 浙江康源醫療器械有限公司

In accordance with the instructions from China NT Pharma Group Company Limited (hereinafter referred to as the “**Company**”) to us to conduct a business valuation for 浙江康源醫療器械有限公司 (hereinafter referred to as the “**Business Enterprise**”). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our valuation as at 30 June 2025 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, economic overview, industry overview, an overview of the Business Enterprise, basis of valuation, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and presents our opinion of value.

1. PURPOSE OF VALUATION

This valuation report has been prepared exclusively for the use of the directors and management of the Company. Additionally, BonVision International Appraisals Limited (hereinafter referred to as “**BVIA**”) acknowledges that this report may be made available to the Company for internal reference purpose.

BVIA does not assume any responsibility beyond the Company for the contents of this report. If any other parties choose to rely on the information and findings presented in this report, they do so entirely at their own risk and BVIA bears no liability for such third-party usage.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the “**Management**”).

In preparing this report, we have undertaken the necessary steps to facilitate the valuation for the Business Enterprise. We have engaged in detailed discussions with the Management. We have coordinated with the Company’s representatives to obtain all the required information and supporting documents pertaining to the Business Enterprise. We have conducted market research on comparable companies and performed data analysis on the market trends.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In applying these projections to the valuation of the Business, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized. In case of any change in the assumptions and projections, our opinion of value may vary materially.

Based on the research and information, we have selected an appropriate valuation method to conduct the valuation of the Business Enterprise and compiled this report.

3. ECONOMIC OVERVIEW

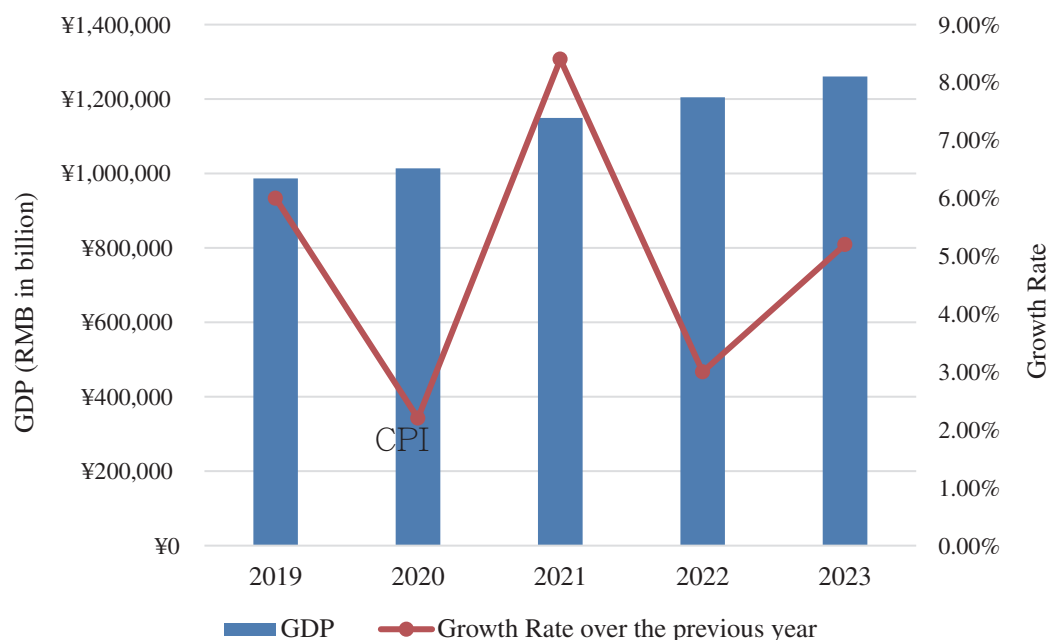
As the world’s second largest economy, the development in the People’s Republic of China (“**China**” or “**PRC**”) has significant implications for businesses, investors, and policymakers worldwide. This overview will delve into key aspects of China’s economy, including Gross Domestic Product (“**GDP**”) growth and inflation levels measured by the Consumer Price Index (“**CPI**”).

3.1 Gross Domestic Product of China

China’s economy has been characterized by rapid growth in recent decades. According to the State Council of the People’s Republic of China, China’s GDP grew at an average annual rate of 6.6% from 2013 to 2021, surpassing the global average of 2.6%. This remarkable growth was primarily driven by domestic consumption, infrastructure investment, and an increase in exports.

However, in recent years, due to factors such as the COVID-19 pandemic and geopolitical complexities, China's GDP growth rate has experienced a downward trend. Figure 1 illustrates the GDPs and growth rates of China from 2019 to 2023. Nonetheless, in 2023, a year focused on economic recovery, China's GDP still grew by 5.2% year-on-year. The size of China's economy expanded from RMB120 trillion in 2022 to RMB126 trillion in 2023 as reported by the National Bureau of Statistics of China.

Figure 1 – GDPs and Growth Rates of China from 2019 to 2023



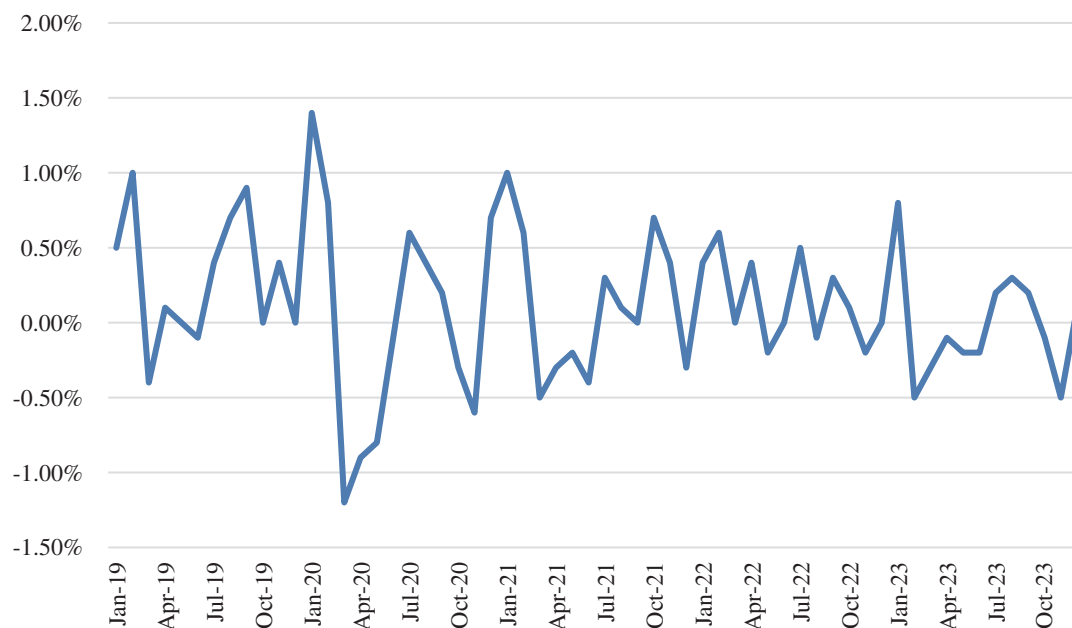
Source: National Bureau of Statistics of China

3.2 Inflation in China

In China, the CPI serves as a crucial indicator of price stability and the overall cost of living. From 2013 to 2022, China experienced moderate inflation, typically ranging between 1% and 3%, with an average of 2%.

Despite the challenges posed by the pandemic and geopolitical complexities, China's policymakers made efforts to stimulate domestic demand, leading to a slight rise in CPI for the full year of 2023, at approximately 0.2% annually, according to the National Bureau of Statistics of China. However, it is noted that in December 2023, the CPI edged down by 0.3% year-on-year, indicating increasing deflationary pressures due to weak domestic demand during the economic recovery. Figure 2 illustrates CPI (annual variation in %) of China from 2019 to 2023.

Figure 2 – Consumer Price Index (CPI, annual variation in %) of China from 2019 to 2023



Source: Capital IQ

3.3 Structural Reforms and Shift to Quality Future Growth

Apart from impact of the pandemic and geopolitical affairs, China has embarked on a path of economic transformation, transitioning from a model driven by investment and exports to one that prioritizes quality future growth, consumption, and innovation, with a promising future. This transition is part of the effort to achieve sustainable and balanced economic development. To facilitate this shift, China has implemented a range of structural breakdowns and reforms, including the reduction of excess industrial capacity, the enhancement of the role of market forces in resource allocation, and the promotion of innovation and technological advancements. These reforms are aimed at fostering a more efficient and dynamic economy that is less dependent on traditional industries and more focused on innovation and domestic consumption as key drivers of future growth.

4. INDUSTRY OVERVIEW

Portable X-ray devices provide mobility and flexibility, enabling radiological diagnosis to be conducted at various sites, such as ambulances, emergency disaster relief areas, military exercises, ships, islands, and rural regions. According to Coherent Market Insights, the portable X-ray devices market is estimated to be valued at USD 8.21 billion in 2024 and is expected to reach USD 15.31 billion by 2031, exhibiting a compound annual growth rate (CAGR) of 9.3% from 2024 to 2031. According to statistics and forecasts by Frost & Sullivan, China's X-ray inspection equipment market was valued at approximately RMB11.9 billion in 2021, driven by surging demand from downstream industries such as integrated circuits, electronics manufacturing, and new energy batteries. The market size for X-ray inspection equipment across major application sectors (excluding healthcare) is projected to reach RMB24.14 billion by 2026, representing a compound annual growth rate (CAGR) of 15.2% during 2021-2026. The X-ray diagnostic robotics sector is expected to gain additional momentum from accelerating global population aging and continuous technological advancements.

The rapid growth of artificial intelligence (AI) in medical image processing stems primarily from the strengthening innovation and execution capabilities in this field. Driven by increasing demand for more accurate and efficient diagnostic tools, the AI-powered medical imaging market is expanding swiftly. Leading companies are actively investing in AI algorithm development and deeply integrating these technologies into medical imaging systems, securing dominant positions in the market. Key participants include healthcare innovation organizations, medical imaging hardware manufacturers, and software engineers. Sustained market growth is expected to foster further breakthroughs, enhancing diagnostic accuracy and efficiency in medical imaging.

According to Knowledge Sourcing Intelligence, the global AI in medical imaging diagnostics market is projected to surge from USD2.449 billion in 2024 to USD10.376 billion by 2029, reflecting a robust 33.47% CAGR during the forecast period. Meanwhile, EO Intelligence (億歐智庫) estimates in its 2023 China AI Medical Imaging Product Ecosystem Roadmap Report that China's AI medical imaging market reached RMB2.4 billion in 2023 and is expected to grow to RMB13.74 billion by 2030, at a 33.8% CAGR.

4.1 Macro Factor Driving Growth – The Rising Geriatric Population

The X-ray diagnostic robotics market is poised for sustained growth, driven by accelerating global demographic aging trends. According to the World Health Organization (“WHO”), the number and proportion of people aged 60 years and older in the population are on the rise. For instance, the proportion of the world's population over 60 years old is expected to nearly double from 12% to 22% between 2015 and 2050. In 2019, the number of individuals aged 60 years and older was 1 billion. This figure is anticipated to increase to 1.4 billion by 2030 and 2.1 billion by 2050. Common conditions in older age, such as osteoarthritis and chronic obstructive pulmonary disease, can be diagnosed using portable X-ray devices. Regular diagnostic X-rays checking help evaluate the evolution of joint damage, assess changes in lung function, or identify the development of complications. These robotic systems autonomously adjust X-ray

dosage and imaging angles based on individual patient characteristics including age, gender, and physiological conditions, optimizing diagnostic accuracy while minimizing radiation exposure.

4.2 Micro Factor Driving Growth – Technological Advancements

Another key driver propelling the growth of the portable X-ray devices market is the advancements in technology that are making these devices more portable and enhancing image quality. Manufacturers often offer backpack-sized portable X-ray devices comprising an X-ray transmitter, digital flat panel detector, and a laptop with specific software. Instant shooting, rapid calculation, and result transmission save time for patients needing to visit hospitals, while allowing doctors to pre-read film results. Furthermore, portable X-ray equipment frequently offers enhanced imaging capabilities and features like magnification, contrast adjustment, and image rotation, enabling users to optimize image quality and visualize specific areas of a patient's body more effectively. Additionally, it facilitates efficient storage, retrieval, and sharing of images and reports, thereby improving diagnostic accuracy and reducing the need for retakes.

4.3 Continued Surge in X-ray imaging Diagnostics

Market size and trends of portable X-ray devices have significantly grown. The global aging demographic is irreversible, and advancements in digital imaging technology enhance the widespread availability of portable X-ray examinations. The increasing number of X-ray imaging diagnostics, driven by these two factors, is contributing to this surge in the market. Furthermore, with the widespread deployment of 5G networks, X-ray diagnostic robots now achieve faster and more stable data transmission. This technological advancement significantly improves both the efficiency and quality of remote diagnostics, while expanding medical support to underserved regions with limited healthcare resources.

5. OVERVIEW OF THE BUSINESS ENTERPRISE

The Business Enterprise is a high-tech enterprise focusing on the research and development, production and sales of digital medical imaging equipment and technologies. It was founded in 2011 by a research team led by a group of well-known scientists and industry experts who are extremely influential in related fields. The core technologies of the commercial enterprise are mainly applied to AI X-Ray Bone Density System and Portable AI X-Ray Device.

Kangyuan AI X-Ray Bone Density System

Kangyuan AI X-Ray Bone Density System is a high-end medical diagnostic product that deeply integrates cloud computing, intelligent computing methods, and the principle of radiographic absorption. Clinically, this system can be widely used for screening, precise diagnosis, and dynamic monitoring of osteoporosis and related diseases in the human body.

The system uses a standard digital X-ray imaging device (Digital Radiographic, DR) as the image acquisition platform, capable of accurately capturing projected images of the diagnosed skeletal site. Through advanced local Picture Archiving and Communication System (PACS), the acquired skeletal images are rapidly transmitted to the local computer workstation of the bone density measurement system for initial image preprocessing to obtain high-quality skeletal images that meet diagnostic requirements.

Subsequently, the preprocessed images are uploaded to the cloud, where with the powerful computing power of cloud computing, the images are further processed. Specifically, intelligent algorithms segment the images, accurately separating the regions of interest of the bones and the surrounding soft tissue regions. Utilizing the complex nonlinear relationship between the absorption characteristics of bones and soft tissues to X-rays and the grayscale values of images, different advanced computing methods are employed to accurately calculate the bone density values of the regions of interest. During cloud computing processing, intelligent algorithms effectively correct for X-ray absorption attenuation of soft tissues surrounding bones and X-ray cone beam scatter interference on bone density calculation results to ensure the accuracy of the measurement results.

To meet different clinical diagnostic needs, the system employs appropriate statistical computing methods to derive accurate osteoporosis diagnosis parameters. Finally, these computed results are fed back to the local computer workstation of the bone density measurement system and can be outputted and printed as needed to provide detailed diagnostic reports for doctors. The system also incorporates deep learning algorithms, enabling continuous learning and accumulation of a large amount of bone density imaging data to continuously optimize the diagnostic model, improving diagnostic accuracy and reliability.

Kangyuan Portable AI X-Ray Device

The Kangyuan Portable Digital X-ray Device is a significant innovation in the medical imaging technology field, meticulously designed for special diagnostic needs in elderly care, emergency disaster response, military exercises, and remote areas. With its range of outstanding features, this system provides powerful support for breaking geographical constraints in medical services and achieving efficient and accurate diagnostics.

Lightweight and portable, flexible deployment: The device is designed to be compact and lightweight, weighing only 11kg in total, making it extremely convenient for transportation and carrying, enabling rapid deployment in various complex environments. Whether providing medical services in remote mountainous areas, conducting emergency rescue operations in disaster relief scenarios, or offering real-time diagnostics during military exercises, it can be quickly put into use. This not only significantly reduces transportation and long-term storage costs but also greatly alleviates the pressure on the allocation and deployment of medical resources. The device is equipped with autonomous navigation systems, capable of automatically planning paths in complex environments, rapidly reaching specified locations, and improving work efficiency. Notably, this portable

device has excellent battery life, able to capture over 150 images continuously without a power source, fully meeting the long-term usage requirements in environments with unstable power supply such as the outdoors and remote areas, providing reliable support for ongoing medical operations.

Cutting-edge imaging, precise and reliable: The device incorporates the most advanced imaging technology and algorithm optimizations, capable of capturing extremely fine structural images inside the human body. Through multidimensional data acquisition and intelligent analysis, it significantly enhances image clarity and contrast, providing medical personnel with high-precision detection results to ensure accuracy in every diagnosis. Advanced ultrasound-assisted imaging technology is employed to further enhance image resolution through the reflection and refraction characteristics of sound waves, making even minor abnormalities clearly visible.

Intelligent interaction, efficient emergency response: The system's user interface is designed to be simple and intuitive, utilizing advanced human-machine interaction technology so that even first-time users can quickly get accustomed to it. Additionally, incorporating cutting-edge AI technology enables instant processing of image data and supports remote real-time image review. In emergency rescue scenarios, doctors can overcome geographical limitations, promptly access image data, and make accurate diagnoses, significantly improving emergency response efficiency. The device supports voice command operation, allowing doctors to quickly issue commands via voice in emergency situations, avoiding inconveniences caused by manual operations and further enhancing response speed. Furthermore, the device has the capability to automatically generate diagnostic reports. After completing image capture and analysis, it can quickly generate detailed and professional diagnostic reports based on powerful algorithms and abundant medical data models, providing robust references for doctors' diagnoses, greatly saving on manpower and time costs, and enhancing overall efficiency in medical work.

Wide applicability, comprehensive coverage: With its outstanding portability and adaptability, the Kangyuan Portable AI X-Ray Device performs exceptionally well in special locations such as ships, aircraft, and remote islands. Whether on ships at sea, aircraft soaring in the sky, or in remote island areas with relatively scarce medical resources, this equipment can meet diverse medical diagnostic needs.

Safe low radiation, compatible and expandable: Prioritizing the health and safety of patients and medical personnel, advanced low radiation dose technology is employed to minimize radiation risks while ensuring imaging quality meets clinical standards. In terms of compatibility and scalability, the system seamlessly integrates with various existing medical devices, facilitating data sharing and functional collaboration. Additionally, it offers abundant upgrade interfaces for easy future functional updates and performance enhancements, ensuring it consistently maintains cutting-edge levels in medical technology.

Future Planning

Commercial enterprises will carefully plan their future research and development directions to meet the increasingly diverse demands in bone health medical care. Currently, bone density testing products mainly focus on standard site detection, with shortcomings in detecting specific conditions like osteoporosis caused by type 2 diabetes. Commercial enterprises plan to develop adolescent bone age prediction robot products, making full use of existing X-ray technology and advanced AI algorithms to conduct in-depth image analysis and provide precise bone age estimates for adolescents. Additionally, the companies will develop bone density diagnostic robot products based on X-ray measurements of bone microstructure to achieve accurate diagnosis and assessment of fracture risks in diabetic patients.

Furthermore, commercial enterprises will expand bone health measurement methods and apply them to a wider range of imaging devices. In the future, companies plan to develop bone health diagnostic robot products based on CT imaging, utilizing quantitative CT technology to extract precise data from three-dimensional images, providing a more comprehensive reflection of bone structure. Simultaneously, they will research bone health diagnostic robot methods based on MRI, delving into the relationship between bones and surrounding soft tissues to offer stronger support for the early diagnosis of bone diseases. Moreover, commercial enterprises plan to develop nuclear medicine diagnostic robot methods based on SPECT and PET, enabling precise detection of early-stage diseases to further enhance patient survival rates and quality of life. In future research and development, companies will also explore the integration of brain-computer interface technology, allowing doctors to control robots through thoughts, achieving a more precise and efficient diagnostic process, bringing new experiences and transformations to the medical field.

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2024, **market value** is defined as ‘the estimated amount for which an asset or liability 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’.

7. VALUATION METHODOLOGY

There are three well-established approaches that can be used to determine the market value of the Business Enterprise: the Market-Based Approach, the Income-Based Approach, and the Asset-Based Approach. The appropriateness of each approach depends on the specific circumstances and the nature of the entity being valued.

Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long-term debt**"). Under the Asset-Based Approach, the market value of equity of a business entity refers to the market values of various assets and liabilities on the statement of financial position of the business entity as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

7.1 Selection of Valuation Approach

In the process of valuing the Business Enterprise, we have taken into account the Business Enterprise's operations, financial information, and the nature of the business.

The Market-Based Approach was not adopted since the Business Enterprise is in its early development stage, the valuation multiples derived from guideline companies and transactions might not reflect the risk and return characteristics of the Business Enterprise. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the Business Enterprise. We have therefore adopted the Income-Based Approach in arriving at the market value of 100% equity interests in the Business Enterprise.

7.2 Discounted Cash Flow

Under the Income-Based Approach, we have adopted the discounted cash flow (“**DCF**”) method, which is based on a simple reversal calculation to restate all future cash flows in present terms. The expected free cash flow for each year was determined as follows:

Expected Free Cash Flow = Net Profit + Depreciation + After-Tax Interest Expenses – Change in Net Working Capital – Capital Expenditure

The present value of the expected free cash flows was calculated as follows:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + \cdots + CF_n/(1+r)^n$$

In which

PVCF = Present value of the expected free cash flows;

CF = Expected free cash flow;

r = Discount rate; and

n = Number of years.

To adopt this method, we obtained the weighted average cost of capital (“**WACC**”) of the Business Enterprise as a basic discount rate. WACC of the Business Enterprise is the minimum required return that the Business Enterprise must earn to satisfy its various capital providers including shareholders and debt holders. WACC calculation takes into account the relative weights of debt and equity. It is computed using the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which

R_e = Cost of equity;

R_d = Cost of debt;

W_e = Weight of equity value to enterprise value;

W_d = Weight of debt value to enterprise value; and

T_c = Corporate tax rate.

7.3 Cost of Debt

The cost of debt was determined by the expected borrowing rate of the Business Enterprise. Since the interest expenses paid on debts are tax- deductible for the Business Enterprise, the cost of the Business Enterprise to get debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt was calculated by multiplying one minus the corporate tax rate by the cost of debt.

7.4 Cost of Equity

The cost of equity was determined using the Capital Asset Pricing Model (“CAPM”), which describes the relationship between the risk of the Business Enterprise and expected return to investors. It is calculated by the following formula:

$$R_e = R_f + \beta \times \text{Market Risk Premium} + \text{Size Premium} + \text{Other Risk Premium}$$

In which

R_e = Cost of equity;

R_f = Risk-free rate; and

β = Beta coefficient.

7.5 Discount Rate

In the process of estimating the WACC, we adopted several listed companies with business scopes and operations similar to those of the Business Enterprise as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are listing on the Shanghai Stock Exchange and Shenzhen Stock Exchange;
- The companies are primarily engaged in electron medical and radiology equipment which are similar to the operation of the Business Enterprise;
- The companies have major operating segment with more than 50% revenue from China which demonstrates the major revenue stream of the comparable companies are from China, similar to the Business Enterprise;
- The companies are with listing and operating histories of over 3 years which represents sufficient data points to obtain the beta; and
- The financial information of the companies is available to the public.

APPENDIX V VALUATION REPORT OF THE PRC OPERATING COMPANY

Based on the selection criteria, the comparable companies were selected under an exhaustive list. Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description	Market Capitalisation (HKD million)
Beijing Wandong Medical Technology Co.,Ltd.	SHSE:600055	China	Beijing Wandong Medical Technology Co.,Ltd. engages in the research, development, manufactures, sales, and after-sale services of digital imaging equipment in China.	13,312.52
Contec Medical Systems Co.,Ltd	SZSE:300869	China	Contec Medical Systems Co.,Ltd engages in the research and development, production, and sale of medical diagnosis and monitoring equipment.	6,313.73
iRay Technology Company Limited	SHSE:688301	China	iRay Technology Company Limited develops, manufactures, and sells flat panel X-ray detectors for use in medical, dental, oncology, veterinary, security, and industrial imaging applications in China and internationally.	19,197.84
Shenzhen Mindray Bio- Medical Electronics Co., Ltd.	SZSE:300760	China	Shenzhen Mindray Bio-Medical Electronics Co., Ltd. provides medical devices and solutions worldwide.	297,845.12

Source: S&P Capital IQ.

APPENDIX V VALUATION REPORT OF THE PRC OPERATING COMPANY

The major business segment, geographical segment, D/E ratio and the beta of the comparable companies:

Company Name	Major Business Segment	Major Geographical Segment	D/E Ratio	Beta
Beijing Wandong Medical Technology Co., Ltd.	Medical equipment manufacturing – 100%	China – 100%	0.17%	1.11
Contec Medical Systems Co., Ltd	Medical equipment business – 100%	China – 100%	14.34%	0.82
iRay Technology Company Limited	Digital radiography – 100%	China – 100%	20.38%	0.89
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	Medical equipment business – 100%	China – 100%	0.11%	0.88

Source: S&P Capital IQ.

Below is the summary of the key parameters of the WACC of the Business Enterprise adopted as at the Date of Valuation:

	As at 30 June 2025
(a) Risk-free Rate	1.65%
(b) Market Risk Premium	5.27%
(c) Beta Coefficient	0.93
(d) Size Premium	2.66%
(e) Other Risk Premium	14.00%
(f) Cost of Equity	23.22%
(g) Cost of Debt	17.00%
(h) Weight of Equity Value to Enterprise Value	93.24%
(i) Weight of Debt Value to Enterprise Value	6.76%
(j) Corporate Tax Rate	25.00%
WACC (Rounded)	22.52%

Notes:

- (a) The risk-free rate adopted was the yield rate of the China 10-year government bond as at the Date of Valuation as extracted from Capital IQ.
- (b) The market risk premium adopted was the equity market risk premium in China with reference to Damodaran Online published in January 2025.
- (c) The beta coefficient adopted was the median adjusted beta of the comparable companies as extracted from Capital IQ.
- (d) The size premium adopted was the size premium for micro cap company with market capitalisation between USD1.11 million and USD729.92 million with reference to the size premium study published in 2024 Valuation Handbook by Duff and Phelps.
- (e) The other risk premium adopted was valuer's professional judgement to reflect the risk of the early development stage of the Business Enterprise, business risks and forecast risks of the Business Enterprise.
- (f) The cost of equity was estimated based on CAPM.
- (g) The cost of debt of 3.00% adopted was the latest China Loan Prime rate as at the Date of Valuation with reference to the People's Bank of China added with other risk premium 14.00%.
- (h) The weight of equity value to enterprise value adopted was derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Capital IQ.
- (i) The weight of debt value to enterprise value adopted was derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Capital IQ.
- (j) The corporate tax rate adopted was the China Corporate tax rate with reference to KPMG Tax Survey.

Hence, the WACC of 22.52% was applied as the post-tax discount rate.

7.6 Business Valuation Details

Calculation of the net profit of the Business Enterprise

The calculation details of the net profit of the Business Enterprise were shown as follows:

<i>(RMB)</i>	2025	2026	2027	2028	2029	2030	Terminal
Revenue	38,580,000	120,000,000	206,334,000	274,117,440	364,783,718	415,040,605	423,341,417
Cost of Sales	(11,555,500)	(31,628,625)	(56,671,556)	(76,423,635)	(103,134,544)	(113,742,687)	(116,017,541)
Gross Profit	27,024,500	88,371,375	149,662,445	197,693,805	261,649,174	301,297,917	307,323,876
VAT	(2,657,736)	(7,878,673)	(13,752,751)	(18,372,772)	(24,578,608)	(27,640,969)	(28,193,789)
Operating Expense	(14,167,858)	(37,928,150)	(58,378,180)	(74,565,183)	(95,515,378)	(108,558,282)	(110,729,448)
Operating Profit	10,198,906	42,564,552	77,531,514	104,755,849	141,555,188	165,098,666	168,400,639
R & D Expense	(1,000,000)	(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)	(2,448,000)
Depreciation	(81,397)	(161,641)	(161,131)	(161,641)	(161,641)	(161,641)	(199,137)
Income tax	(2,279,377)	(10,000,728)	(18,742,596)	(25,548,552)	(34,748,387)	(40,634,256)	(41,438,376)
Net Profit	6,838,132	30,002,183	56,227,787	76,645,656	104,245,160	121,902,768	124,315,127

Note: The VAT of the China medical sector was approximately 6% as advised by the Management.

The income tax was calculated according to the China Corporate tax rate of 25% with reference to KPMG Tax Survey.

Please refer to section 8 for the forecast details.

Calculation of the total present value of the Business Enterprise

The calculation details of the total present value of the Business Enterprise were shown as follows:

<i>(RMB)</i>	2025	2026	2027	2028	2029	2030	Terminal
Net Profit	6,838,132	30,002,183	56,227,787	76,645,656	104,245,160	121,902,768	124,315,127
Depreciation and Amortization	81,397	161,641	161,131	161,641	161,641	161,641	199,137
Change in Working Capital	(2,691,831)	(4,935,929)	(6,968,708)	(5,432,810)	(7,371,726)	(4,345,392)	(4,872,831)
Capital Expenditure	(213,070)	0	(124,145)	(124,145)	(124,145)	(124,145)	(199,137)
Free Cash Flow	4,014,629	25,227,895	49,296,065	71,250,342	96,910,931	117,594,872	119,442,295
Terminal Value						582,194,810	
Present Value of Free Cash Flow	3,814,311	20,568,634	32,805,325	38,717,575	42,960,782	42,550,383	
Present Value of terminal Value						210,660,649	
Total Present Value	392,077,659						

Note: The terminal value was calculated based on the 2030 China inflation rate of 2% with reference to International Monetary Fund.

The projected depreciation expense for each year was calculated based on the straight-line depreciation method corresponding to the useful life of the fixed assets.

The capital expenditure of RMB213,070 in 2025 was the renovation fee of the operation plant as advised by Management. The capital expenditure beyond 2027 was the annual maintenance rental expense for the right-of-use assets of the Business Enterprise after the termination of the 2 years contract of the right-of-use assets.

Calculation of the equity interest of the Business Enterprise

We have calculated the equity interest by adjusting the cash, debt and non-operating assets and liabilities and lease liabilities of the Business Enterprise with the total present value discounted by the WACC.

Total Present Value of the Business Enterprise <i>(RMB)</i>	392,077,659
+ Surplus Cash <i>(RMB)</i>	2,705,024
+ Non-operating assets <i>(RMB)</i>	0
– Non-operating liabilities <i>(RMB)</i>	0
– Debt <i>(RMB)</i>	0
– Lease liabilities <i>(RMB)</i>	249,259
Equity Interest of the Business Enterprise <i>(RMB)</i>	<u>394,533,423</u>

7.7 Marketability Discount

Compared to ownership interests in public companies, shares in closely-held companies are not readily marketable. As a result, the value of a share of stock in a privately-held company is typically less than a comparable share in a publicly-traded company.

Referencing the findings from the “Stout Restricted Stock Study” published by Stout Risius Ross, LLC, we adopted a discount for lack of marketability of 20.40% in determining the market value of the Business Enterprise. The restricted stock study provided empirical data on the discounts applied to the fair market value of shares in privately-held companies to account for their lack of marketability compared to publicly-traded shares.

7.8 Calculation of the Market Value of 100% equity interest in the Business Enterprise

The calculation details of the market value of 100% equity interest in the Business Enterprise were illustrated as follows:

	Market Value before Marketability Discount	394,533,423
x	Marketability Discount	(1–20.40%)
	Market Value of 100% Equity Interest in the Business Enterprise (<i>RMB</i>)	314,048,605
	Market Value of 100% Equity Interest in the Business Enterprise (<i>RMB</i>) (Rounded)	314,000,000

8. KEY ASSUMPTIONS

In arriving at our opinion of value, we have adopted certain specific assumptions in our valuation and the major ones are as follows:

- As advised by the Management, the consolidated financial statements of the Business Enterprise as at 30 June 2025 can reasonably represent the Business Enterprise’s financial positions as at the Date of valuation;
- As advised by the Management, the manufacturing and production of the equipment were outsourced to manufacturing agent. Thus, there is no significant fixed assets of the Business Enterprise as at the Date of Valuation;
- As advised by the Management, the turnover days for accounts receivable, prepayment, accounts payable and accrued expenses were assumed to be 75 days, 145 days, 109 days and 120 days respectively. The working capital projection throughout the forecast period was based on the assumptions aforesaid;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industries in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and
- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

8.1 Specific assumptions of the financial forecast

8.1.1 Revenue

As advised by the Management, the total projected revenue is RMB38,580,000, RMB120,000,000, RMB206,334,000, RMB274,117,440, RMB364,783,718 and RMB415,040,605 for 2H2025, FY2026, FY2027, FY2028, FY2029 and FY2030 respectively. The breakdown of the revenue were shown as below:

<i>RMB ('000)</i>	2H2025	FY2026	FY2027	FY2028	FY2029	FY2030
Testing Center	8,580	43,500	65,880	83,100	105,000	133,500
Sale of Device	30,000	76,500	140,454	191,017	259,784	281,541

Testing Center

The Testing Center means the hospital and body check center in China. The Business Enterprise used the sales data from Miacalcic to estimate the number of hospitals and body check centers that the Business Enterprise can promote to.

The price per diagnosis was assumed to be RMB100 with reference to the guiding price of X-ray absorptiometry set by health insurance in China of the Bone Density Test. The adopted price per diagnosis was RMB50 after a 50% discount on the price for the forecast period.

According to the Management, the diagnosis per year was expected to be 171,600, 870,000, 1,317,600, 1,662,000, 2,100,000 and 2,670,000 for 2H2025, FY2026, FY2027, FY2028, FY2029 and FY2030 respectively.

China's bone density testing market is experiencing robust growth, driven by demographic shifts such as an aging population and rising rates of osteoporosis, alongside increasing public awareness of preventative health management. National policy initiatives – including the modernization of primary healthcare infrastructure, promotion of domestic medical equipment, integration of AI, and implementation of tiered diagnosis and treatment systems – are further accelerating market development. In response, the Business Enterprise has adopted a segmented market strategy, offering high-value clinical solutions to tiered hospitals, cost-effective and user-friendly devices to community clinics, and bundled “testing + insurance” services to consumers through strategic partnerships with insurance and health management organizations. Channel expansion efforts include strengthening agency networks, enhancing digital marketing, and collaborating with pharmaceutical and rehabilitation institutions to deliver customized health services. With over 1.07 million medical institutions nationwide, including approximately 38,400 tiered hospitals and more than 1.01 million primary care facilities, the Business Enterprise requires coverage of only 2% of tiered hospitals and 0.1% of primary institutions to sustain an annual growth rate exceeding 30%. Through technological innovation, deep market penetration, and ecosystem collaboration, the Business Enterprise is transitioning from a traditional equipment supplier to a comprehensive health management service provider, establishing a differentiated competitive edge and capitalizing on significant growth opportunities.

Sales of Device

The Sales of Device is estimated by a sale agency agreement (hereinafter referred to as the “**Sale Agency Agreement**”) signed between the Business Enterprise and 蘇魯海王醫療器械有限公司 (hereinafter referred to as the “蘇魯海王”), a subsidiary of 深圳市海王生物工程股份有限公司 which listed on Shenzhen Stock exchange (SZSE:000078), the sales target within the coming 3 years was set to be 3,000 pieces.

The Business Enterprise used 100, 250, 450, 600, 800 and 850 pieces of device in 2H2025, FY2026, FY2027, FY2028, FY2029 and FY2030 respectively, to project the sales of Portable AI X-Ray Device.

Per information provided by the Management, customers of 蘇魯海王 have intention to placed order of 100 pieces and request to delivery in FY2025. The Sales order from 蘇魯海王 will be piece to the enlarged group once the license is approved from Zhejiang Provincial Food and Drug Administration.

As advised by the Management, the price of each portable X-ray was RMB300,000.

8.1.2 Cost of Sales

Testing Center

Per the experience of Business Enterprise, most of the cost of service were fixed cost. As the number of tests increased, the cost per unit was expected to decrease. In FY2024, the per unit cost is RMB8.44. Because more diagnosis will reduce the average cost per diagnosis due to more cost efficiency, the Management estimated that the unit cost will drop to RMB5 from FY2025 to FY2029 based on historical record and Management experience.

Sales of Device

The cost per unit of device was estimated by the cost of purchasing parts of the Portable AI X-Ray Device on making the sample.

8.1.3 Operating Expenses

Operating expenses comprise administrative expenses, selling expenses, and marketing expenses. These operating expenses were estimated based on the historical records of the Business Enterprise for FY2024, with additional provisions made for administrative, selling, and marketing expenses to support business expansion.

The additional administrative expenses were estimated based on the planned increase in manpower (primarily the sales team) required for business growth.

The additional marketing expenses were budgeted at 5% of revenue from sales of the Portable AI X-Ray Device, in line with the approved business plan to attract new customers.

The additional selling expenses were estimated at 5% of revenue from sales of the Portable AI X-Ray Device, representing the commission payable to the external sales agency under the negotiated agreement.

8.1.4 R&D Expense

The R&D expenses were estimated based on the R&D plan of the Business Enterprise and the required cost, which is mainly the salary of the R&D Personnel.

This R&D focus primarily focuses on advancing bone health diagnostics by developing AI-powered X-ray robots for precise adolescent bone age prediction and fracture risk assessment in diabetic patients. The Business Enterprise plans to expand to CT, MRI, SPECT, and PET-based diagnostic robots for comprehensive bone structure analysis and early disease detection. Future innovations include integrating brain-computer interfaces for thought-controlled robotic diagnostics to enhance precision and efficiency.

8.1.5 Net Profit

Based on the projection of the revenue and expenses aforesaid, the net profit of the Business Enterprise for 2H2025, FY2026, FY2027, FY2028, FY2029 and FY2030 will be estimated as RMB6,838,132, RMB30,002,183, RMB56,227,787, RMB76,645,656 RMB104,245,160 and RMB121,902,768 respectively.

8.1.6 Working Capital

Working capital projection is estimating how much short-term funding the Business Enterprise will need in the future. It is calculated by forecasting current assets such as receivables, and inventory, and subtracting projected current liabilities such as payables and accruals. These projections are usually based on expected sales and costs, using ratios such as Receivable Turnover Days, Inventory Turnover Days, and Payable Turnover Days to estimate balances. The projected working capitals were calculated as follows:

Account Receivables: Revenue x account receivable turnover days/365

Other Receivables, Deposits and Prepayments: total operating expenses x other receivables, deposits and prepayments turnover days/365

Inventory: 10% of cost of sales

Account Payables: (cost of sales + total operating expenses) x account payables turnover days/365

Other Payables and Accruals: total operating expenses x other payables and accruals turnover days/365

Tax Payables: 10% of income tax expense

The change in working capital was then calculated as the total working capital employed in the current year minus the total working capital employed in the previous year.

Apart from the comparable companies listed in previous sections, the turnover days of Shanghai MicroPort EP MedTech Co., Ltd. (SHSE: 688351) and Shanghai United Imaging Healthcare Co., Ltd. (SHSE: 688271) were also considered as comparable companies for the working capital turnover days with an exhaustive list by removing the criteria of having a listing and operating histories of over 3 years. Although their operating histories were less than 3 years, their recent operating data can provide a valuable reference point as it offers a comprehensive snapshot of the company's current financial and operational performance, including key indicators such as revenue, expenses, profitability and turnovers.

Turnover days of accounts receivable and account payables were reference to the median of the comparable companies. Details of the turnover days were shown as below:

	Accounts Receivable Turnover days	Account Payables Turnover days
SHSE:600055	92	104
SZSE:300869	32	31
SHSE:688301	179	157
SHSE:688351	58	124
SHSE:688271	169	113
SZSE:300760	37	74
Median	75	109

The turnover days for prepayments were calculated based on the actual costs incurred with suppliers. The production of the Portable AI X-Ray Device requires a number of advanced, high-technology components (e.g., high-resolution scintillation detectors and custom power systems). These components are highly customized, have extended manufacturing lead times, and are produced by a limited pool of qualified global suppliers. As is customary in this industry, suppliers require substantial deposits or advance payments at the time of order placement in order to reserve production capacity and secure scarce raw materials.

After a set of discussion with supplier, Management determined that prepayments typically represent approximately 30%–40% of the total component cost. For the purpose of the calculation, Management has adopted a weighted-average prepayment ratio of 35%, which it considers reasonable and representative. This 35% prepayment amount is equivalent to approximately 145 days of cost of sales for the Portable AI X-Ray Device.

Turnover days of accrued expenses were determined based on the R&D expenses. Management advised that compared with the comparable companies' R&D expenses, the R&D expense to total operating expense of the Business Enterprise was relatively low, around 5% which is mainly the salary of the R&D Personnel.

The Management have also checked for the turnover days of the comparable companies, The median of turnover days of the companies with R&D was 88 days and the median of turnover days of companies without R&D was 174 days. Management have considered the further R&D plan of the Business Enterprise and the required cost.

These R&D expenditures typically exhibit longer payment cycles compared to ordinary selling, general and administrative expenses, primarily because:

Many R&D service providers adopt milestone-based or deliverable-based billing (e.g., 30% upon contract signing, 40% upon completion of a specific phase, and 30% upon final acceptance/report delivery);

Certain milestone acceptances and final invoices are only issued after rigorous internal review and regulatory submission, which can take 3–6 months;

Some high-value R&D contracts contain payment terms of net 90–180 days to align with the cash-flow needs of research institutions and technology partners.

Given the Group’s strongly R&D-driven profile and the significant capitalisation of development costs (which suppresses the expensed R&D ratio), Management believes that simply adopting the 88-day median for “R&D-intensive” peers would materially understate the actual payment cycle. Conversely, applying the 174-day median for “non-R&D” scenarios would be overly conservative.

After synthesising (i) contractual payment terms in current R&D agreements (predominantly 90–150 days), (ii) historical settlement data for the past 12 months (average actual payment cycle for accrued R&D expenses of approximately 115–130 days), and (iii) the distribution observed in the peer set, Management concluded that 120 days represents a prudent, reasonable, and well-supported estimate for the turnover days of other payables and accruals.

Details of the turnover days were shown as below:

	Operating Cost (RMB)	Operating Cost (Without R&D) (RMB)	Other payables and accruals (RMB)	Turnover days	Turnover days (Without R&D)
SHSE:600055	454,233,947	289,000,261	101,429,592	82	128
SZSE:300869	234,505,565	129,349,186	22,828,935	36	64
SHSE:688301	518,270,087	208,085,593	132,933,895	94	233
SHSE:688351	230,900,622	153,498,729	52,960,263	84	126
SHSE:688271	4,140,618,825	2,379,152,154	1,444,419,863	127	222
SZSE:300760	10,548,415,253	6,882,554,668	5,035,484,360	174	267
			Median	88	174

9. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to, the following:

- The consolidated financial statement of the Business Enterprise as at 30 June 2025;
- Historical financial information of the Business Enterprise;
- Financial forecasts of the Business Enterprise;
- Sale Agency Agreement between the Business Enterprise and 蘇魯海王;
- International Valuation Standards 2024 issued by International Valuation Standards Council;
- Group chart of the Business Enterprise;
- General descriptions in relation to the Business Enterprise;
- Economic outlook in China; and
- Industry outlook in China's portable X-ray devices market.

We have discussed the details with the Management regarding the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background, business nature and business projection of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise Unit and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except BVIA. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of BVIA through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of BVIA.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, and their associate companies, subsidiaries or the values reported herein.

12. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interest in the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as **RMB314,000,000 (RENMINBI THREE HUNDRED AND FOURTEEN MILLION ONLY)** .

Yours faithfully,
For and on behalf of
BonVision International Appraisals Limited
Angela N.C. Kwan, CFA
Chief Executive Officer

Ms. Kwan is a charterholder of Chartered Financial Analyst (CFA) and a holder of Master Degree of Finance (Investment Management). She is also a holder of the Certificate in ESG Investing under CFA Institute, a regular member of the Hong Kong Society of Financial Analysts, a member of The Hong Kong Institute of Directors (MHKIoD), and an associate member of The Hong Kong Independent Non-Executive Director Association Limited (HKiNEDA). She has over 15 years of experience in providing professional valuation and consultancy services for listed and private companies in Hong Kong, the PRC, and worldwide, for accounting, financing, investment, merger and acquisition, initial public offering and spin-off purposes.

APPENDIX VI **REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION
TO THE PROFIT FORECAST AND LETTER FROM BOARD
IN RELATION TO THE PROFIT FORECAST**

The following is the text of a report received from Moore CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, for the purpose of incorporation in this circular.



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大華馬施雲
會計師事務所有限公司

**REPORT ON THE DISCOUNTED CASH FLOWS IN CONNECTION WITH THE
BUSINESS VALUATION OF ZHEJIANG KANGYUAN MEDICAL DEVICE CO, LTD.* (浙江康源醫療器械有限公司) (THE “PRC OPERATING COMPANY”) FOR PURCHASE
PRICE ALLOCATION PURPOSE**

**TO THE DIRECTORS OF CHINA NT PHARMA GROUP COMPANY LIMITED (THE
“COMPANY”)**

Referred to the engagement letter dated 9 June 2025, we have been engaged to report on the accounting policies and arithmetical accuracy of the calculation of the discounted cash flows forecast (the “**Discounted Cash Flows**”) on which the valuation report prepared by Bon Vision International Appraisals Limited in respect of the business value of the PRC Operating Company as at 30 June 2025 (the “**Valuation Report**”) is based. The valuation of the PRC Operating Company for purchase price allocation purpose is set out in the Section 1 of the Valuation Report included in the Appendix V of the circular of the Company dated 24 December 2025 (the “**Circular**”) in relation to the proposed acquisition of the PRC Operating Company. The valuation based on the Discounted Cash Flows is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility

The directors of the Target Company are solely responsible for the Discounted Cash Flows. The Discounted Cash Flows has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the directors of the Target Company. The Assumptions are set out in the Valuation Report included in the Appendix V to the Circular.

* English name is for identification purpose only.

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* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the accounting policies and arithmetical accuracy of calculations of the Discounted Cash Flows based on our work.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether Discounted Cash Flows, so far as the accounting policies and arithmetical accuracy of the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the directors of the PRC Operating Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the PRC Operating Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Discounted Cash Flows are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the PRC Operating Company. The Assumptions used in the preparation of the Discounted Cash Flows include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Discounted Cash Flows and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(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.

APPENDIX VI	REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE PROFIT FORECAST AND LETTER FROM BOARD IN RELATION TO THE PROFIT FORECAST
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Opinion

Based on the foregoing, in our opinion, so far as the accounting policies and arithmetical accuracy of calculations are concerned, the Discounted Cash Flows has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the directors of the PRC Operating Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the PRC Operating Company which are the same as those of the Group as set out in the published annual report of the Company for the year ended 31 December 2024 dated 31 March 2025.

Yours faithfully,

Moore CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 24 December 2025

**APPENDIX VI REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION
TO THE PROFIT FORECAST AND LETTER FROM BOARD
IN RELATION TO THE PROFIT FORECAST**

LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

24 December 2025

To: The Listing Division

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

Dear Sirs,

Major Transaction in relation to Acquisition of 100% of the Issued Shares in the Target Companies

Reference is made to the announcement of China NT Pharma Group Company Limited (the “**Company**”) dated 28 April 2025 and the clarification announcement dated 29 April 2025 (the “**Announcements**”) in relation to the acquisition of 100% of the issued shares in the Target Companies involving the issue of consideration Shares under specific mandate. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, in determining the Consideration, the Company made references to, among other things, the valuation assessment of 100% of the PRC Operating Company by BonVision International Appraisals Limited, a professional independent valuer, which adopted the income approach through the use of the discounted cash flow method. Thus, the income approach valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has (i) reviewed the basis and the assumptions in the Valuation Report; (ii) reviewed the Valuation Report from the Valuer regarding the calculations of the income approach valuation; (iii) reviewed the relevant work conducted by the Valuer in relation to the income approach valuation; and (iv) considered the letter from the Company’s reporting accountants, Moore CPA Limited, regarding whether the profit forecast, so far as the accounting policies and calculations are concerned, has been properly complied in all material respects with the basis and assumptions set out in the Valuation Report.

Based on the above, the Board confirms that the profit forecast in the aforesaid income approach valuation has been made after due and careful enquiry.

Ng Tit
For or on behalf of
The Board of Directors
China NT Pharma Group Company Limited

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

Interests of Directors and chief executives of the Company and its associated corporations

As of the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Position in the Shares of the Company

Name of Director/Chief Executive	Number of shares of the Company			Approximate percentage of the issued Shares ⁽³⁾
	Personal Interests	Family Interests	Corporate Interests	
Ng Tit	–	273,333 ⁽¹⁾	303,925,563 ⁽²⁾	45.12%
Chin Yu	273,333 ⁽¹⁾	–	303,925,563 ⁽²⁾	45.12%
Yu Tze Shan Hailson	15,000	–	–	0.002%

Notes:

- (1) Ms. Chin personally owns 273,333 Shares. Mr. Ng Tit is the spouse of Ms. Chin Yu and thus he is deemed to be interested in all the Shares held by Ms. Chin Yu.
- (2) An aggregate of 303,925,563 shares of the Company are beneficially owned by Golden Base Investment Limited (“**Golden Base**”). Mr. Ng Tit and Ms. Chin Yu are the controlling shareholders of Golden Base and are thus deemed to be interested in all the Shares held by Golden Base.

(3) The percentage is calculated on the basis of 674,246,015 Shares in issue as at the Latest Practicable Date.

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

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as of the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Enlarged Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Enlarged Group, other than service contracts expiring or determinable by the relevant member of the Enlarged Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL LITIGATION

As of the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (a) the subscription agreement entered into by the Company, Golden Base Investment Limited and Mr. Jeong Iat dated 28 November 2024 in relation to the subscription of 410,156,509 new Shares at a subscription price of HK\$0.33 per Subscription Share (i.e. an aggregate subscription price of HK\$135,351,647.97 (the "**Subscription Price**")) (the "**Subscription Agreement**"). Under the Subscription Agreement, (i) HK\$86,999,999.79 of the Subscription Price shall be satisfied by way of offsetting the outstanding loan amount of HK\$87.00 million under the loan agreement with Golden Base Investment Limited; and (ii) HK\$48,351,648.18 of the Subscription Price shall be satisfied by way of offsetting the outstanding loan amount of HK\$48,351,648.35 under the loan agreement with Mr. Jeong Iat;
- (b) the loan agreement dated 1 January 2023 entered into between the Company, as borrower, and Golden Base Investment Limited, as lender. Golden Base Investment Limited agreed to grant an unsecured HK\$100 million facility line to the Company at a 12% annual interest rate without any fixed repayment date; and
- (c) the Sale and Purchase Agreement and the Supplemental Agreement.

10. EXPERTS AND CONSENTS

The following is the qualification of each of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Moore CPA Limited	Certified Public Accountants
BonVision International Appraisals Limited	Independent professional valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or opinions and the references to its names (including its qualifications) included herein in the form and context in which it is included.

As at the Latest Practicable Date, each of the experts mentioned above (a) did not have any shareholding in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.

11. GENERAL

- (a) The company secretary of the Company is Ms. Li Yifang, who is a member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (b) The address of the principal share registrar, Conyers Trust Company (Cayman) Limited, and transfer office of the Company in Cayman Islands is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Bermuda.
- (c) The address of the Hong Kong branch share registrar, Tricor Investor Services Limited, and transfer office of the Company in Hong Kong is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

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

- (1) the Sale and Purchase Agreement dated 28 April 2025 and the Supplemental Agreement dated 18 December 2025;
- (2) the accountants' report of the PRC Operating Company issued by Moore CPA Limited as set out in Appendix II to this circular;
- (3) the report on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;
- (4) the Valuation Report, which is set out in Appendix V to this circular;
- (5) the letter from Moore CPA Limited in relation to the Valuation Report, the text of which is set out in Appendix VI of this circular;
- (6) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix VI of this circular; and
- (7) the consent letters referred to in the paragraph headed "Experts and Consents" in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



中国泰凌医药集团
CHINA NT PHARMA GROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1011)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China NT Pharma Group Company Limited (the “**Company**”) will be held on Thursday, 15 January 2026, 11:00 a.m. at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company (unless otherwise specified or the context requires otherwise, terms and expressions as defined in the circular of the Company dated 24 December 2025 (the “**Circular**”) shall carry the same meanings when used herein:

ORDINARY RESOLUTION

“THAT

- (a) the sale and purchase agreement (the “**Agreement**”) dated 28 April 2025 entered into by the Company as the purchaser, and Mr. Lou YongBin, Mr. Lou YongJun, Ms. Chen HongLi, Mr. Zhang GenHuo, Mr. Zhang LiLiang, Ms. He XianHua, Ms. Hu BaoZhen and Ms. Zheng Min (collectively, the “**Sellers**”), in relation to the acquisition of 100% of the issued shares of the Company (the “**Shares**”) in Junbinxiongdi Limited, Yuehua Limited and Zhong He Qun Lian Limited (collectively, the “**Target Companies**”) (a copy of which is produced to the Meeting and signed by the Chairman for the purpose of identification), the transaction contemplated thereunder and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any director(s) of the Company (the “**Director(s)**”) may consider necessary, desirable or appropriate;
- (b) the issue and allotment of up to 274,751,679 Shares (“**Consideration Shares**”) at the issue price of HK\$0.45 per Consideration Share to the Sellers or its designated third party pursuant to the terms of the Agreement be and are hereby approved (“**Specific Mandate**”);
- (c) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited having granted the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby granted the specific mandate and any one or more of the Directors be and is/are hereby specifically authorised to exercise all the powers of the Company to allot, issue and credit as fully paid the Consideration Shares, on and subject to the terms and conditions of the Agreement,

NOTICE OF EXTRAORDINARY GENERAL MEETING

provided that such authority granted to the Directors shall be in addition to, and shall not prejudice or revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior or subsequent to the passing of this resolution; and

- (d) any one or more of the Directors be and is/are hereby authorized to do all such acts and things and execute all such documents which he/she/they consider necessary, appropriate, desirable and/or expedient for the purpose of, or in connection with the implementation of and giving effect to the Agreement and/or any transactions contemplated thereunder, and be and is/are further authorised to agree to all such variations and amendments to any document and to give all such waivers of the obligations under any document as are, in his/her opinion, in the interests of the Company and its shareholders.”

By Order of the Board
China NT Pharma Group Company Limited
Ng Tit
Chairman of the Board

Hong Kong, 24 December 2025

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Principal Place of Business and Headquarters
in Hong Kong:*
Unit 2102, 21/F
West Tower Shun Tak Centre
168–200 Connaught Road
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her/its behalf. For the avoidance of doubt and for the purposes of the Listing Rules, holders of treasury shares of the Company (if any) are not entitled to vote at the Company’s general meetings.
- (2) A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (3) A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.
- (4) In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (5) In the case of joint holders of shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
- (6) The register of members of the Company will be closed from Monday, 12 January 2026 to Thursday, 15 January 2026 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 9 January 2026 for registration.
- (7) If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an circular on the website of the Company at www.ntpharma.com and on the Stock Exchange website at www.hkexnews.com notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the executive Directors are Mr. Ng Tit and Ms. Ng Anna Ching Mei; the non-executive Director is Dr. Qian Wei and Ms. Chin Yu; and the independent non-executive Directors are Mr. Yu Tze Shan Hailson, Mr. Ng Ming Kwan and Dr. Zhao Yubiao.