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Meihao Medical Group Co., Ltd
美皓醫療集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1947)

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

Reference is made to the announcements of Meihao Medical Group Co., Ltd (the "**Company**") dated 18 July 2025 and 8 August 2025 (the "**Announcements**"), in relation to the subscription of 2,863,492 Class B ordinary shares of Deepcare Medical Holdings Limited. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements.

The Board would like to provide additional information in relation to the Valuation process by way of this supplemental announcement.

INCOME APPROACH AND DISCOUNTED CASH FLOW METHOD

As disclosed in the Announcements, the Valuation adopted the discounted cash flow method (the "**DCF Method**"). The discount rate selected for the DCF Method was the weighted average cost of capital ("**WACC**"). The formula and the numerical inputs are set out below:

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

Where: K_e refers to cost of equity capital, and the value is 12.8%. Calculated using the formula below, it falls within the range of 10%–15%. Such range is considered reasonable with reference to the publicly available analyst reports and valuation models on comparable listed companies as well as assisted reproductive/fertility service companies in Thailand.

K_d refers to cost of debt capital, and the value is 3.6%. According to the Loan Prime Rate (LPR) as at 20 December 2024: the LPR for terms over 5 years is 3.60%. The LPR is uniformly calculated and published by the National Interbank Funding Center under the authorization of the People's Bank of China.

T refers to income tax rate, and the value is set at 20%. The figure is based on the statutory corporate income tax rate of 20% as indicated in official information of Thailand.

D/E: Target debt-to-equity ratio of the enterprise being valued estimated based on market value, being 0. Upon inquiry, there was no external debt.

Where: K_e = $Rf + \beta \times ERP + Rc$.

Rf = Risk-free rate of return, and the value is 1.68% as extracted from the 10-year Ministry of Finance-China government bond yield of 1.68%.

β = Enterprise risk coefficient, and the value is 0.785 as extracted from the RoyalFlush iFinD Information Financial Terminal, the BETA-weighted excluding financial leverage yields an original Beta of 0.7853.

ERP = Equity market risk premium, and the value is 7.14%. The market risk premium represents the difference between the market investment return rate and the risk-free return rate. In which, the market investment return rate on the base date of evaluation is determined through comprehensive analysis based on the stock trading price index of Shanghai Stock Exchange and Shenzhen Stock Exchange, by selecting the weighted average of annualized weekly returns from 1992 to the base date of evaluation. Calculations indicate that the market risk premium is 7.14%.

Rc = Enterprise-specific risk adjustment coefficient, and the value is 5.5%. The figure ranges from 0% to 8%, and may be higher for extremely unusual and high-risk situations. The calculation formula is: industry-specific risk (3%-5%) + Thailand country risk (1%–2%) = ranging from 4%–7%. Industry-specific risks include R&D failure, clinical trial uncertainties, patent protection risks, etc., typically ranging from 3%–5%. For assisted reproductive service projects at a similar stage of development, an industry-specific risk adjustment coefficient of approximately 3%–5% is typically applied in independent valuations and deal analyses. This is to factor in such risks as R&D/clinical failures, new technology approval and reimbursement uncertainties, technological obsolescence, and reliance on medical professionals and facilities. Considering the established technologies and business model of the target company, a conservative lower-end rate of 3.0% within the range is adopted for this valuation. Thailand domestic risks include emerging market regulatory uncertainties, risk of exchange rate

volatility, and political stability, typically adding an additional 1%–2%. In valuation of emerging market projects and the healthcare and related service industries in Thailand, it is common to add a country-specific risk adjustment coefficient of approximately 1%-2% to the cost of equity to reflect such factors as regulatory and legal environment, foreign exchange fluctuations and macroeconomic stability. Such range is broadly consistent with those in the research studies on sovereign bond yield spreads and risk adjustment coefficients for emerging markets. Given that the medical tourism and related services market in Thailand is relatively mature, a lower-end of 1.0% within the 1%–2% range is taken for the purpose of this valuation. Analysts must conduct detailed analysis of the target company and compare it with listed companies in the same industry. Ultimately, a reasonable premium of 5.5% was determined, calculated as 3% + 1% + 1.5%. Apart from the above-mentioned industry-specific (3%-5%) and country-specific (1%-2%) risk adjustment coefficients, a company-specific risk adjustment coefficient of 1.5% (representing a mid-range level) is also added based on the specific circumstances of the Thailand Subsidiary, including its business scale, reliance on key physicians, concentration of client base and historical earnings volatility.

The details of the Thailand Subsidiary's free cash flow over the forecast period are as follows:

	2025	**2026**	**2027**	**2028**	**2029**	**Perpetual**
Enterprise Free Cash Flow *(USD'000)*	3,408.2	6,010.4	9,927.7	12,843.4	16,132.1	14,553.8
Discount Rate *(%)*	12.80	12.80	12.80	12.80	12.80	12.80
Discount Factor	0.9416	0.8347	0.7400	0.6560	0.5816	4.5436
Enterprise Free Cash Flow Present Value *(USD'000)*	3,209.1	5,016.9	7,346.5	8,425.3	9,382.4	66,126.7
Usage Period Discount Rate	0.50	1.50	2.50	3.50	4.50	–

The enterprise free cash flow present value is calculated by multiplying the enterprise free cash flow by the discount factor.

The discount factor for the defined forecast period (i.e. 2025–2029) is calculated as follows:

$$\frac{1}{(1+\text{Discount Rate})^{\text{Discount Period}}}$$

The discount factor for the perpetual forecast period is calculated as follows:

$$\frac{1}{(1+\text{Discount Rate})^{4.5}} \times \frac{1}{\text{Discount Rate}}$$

The above data has been compiled and calculated by valuation professionals using publicly available market information. If the results from substituting values into the formulas differ from the above data, any discrepancies are due to rounding.

VALUATION MODEL AND ENTERPRISE FREE CASH FLOW CALCULATION

1. Valuation Model

The enterprise overall value of the Thailand Subsidiary is determined under the income approach using the discounted cash flow method, based on the following formula:

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

As at the valuation benchmark date, 31 December 2024, the components are as follows (amounts in USD million):

Operating asset value: USD99.51 million

This represents the present value of the forecast enterprise free cash flows generated by the core medical service business of the Thailand Subsidiary for the period from 2025 to 2029 and the terminal period, discounted to the valuation benchmark date using a weighted average cost of capital of 12.8%.This amount corresponds to the "present value of enterprise free cash flows" in the above formula.

Present value of non-operating cash flows: USD0.61 million

This represents the present value, as at the valuation benchmark date, of cash flows arising from non-operating items which are expected to be realised separately from the core operations (such as non-recurring income or cash inflows not related to the ordinary course of business), based on the assumptions set out in the valuation report.

Surplus asset value: USD3.45 million

Surplus assets refer to assets that are not required for the daily operations of the assisted reproductive services business (for example, certain idle properties or other non-core assets). The surplus asset value is determined using the asset-based approach with reference to the underlying asset valuation.

Interest-bearing debt: USD0.03 million

This represents the interest-bearing liabilities of the Thailand Subsidiary as at the valuation benchmark date, based on its balance sheet.

On the above basis, the equity value of the Thailand Subsidiary as at 31 December 2024 is approximately USD104.00 million, being the sum of the operating asset value, the present value of non-operating cash flows and the surplus asset value, less interest-bearing debt.

2. Enterprise Free Cash Flow

The enterprise free cash flow for each forecast year is derived from the following formula:

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

where

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

For illustrative purposes, the figures for the first forecast year (2025) are set out below (amounts in USD million). The figures for 2026–2029 are derived using the same basis.

Sales revenue (2025): USD23.08 million

Derived from the management's revenue forecast for 2025, adjusted by the valuer with reference to the historical performance of the Thailand Subsidiary and the revenue growth rates of comparable listed assisted-reproductive/medical service providers. The adjusted revenue growth rate for 2025 is 96.16% (compared with 112.20% in the original management forecast).

Cost of sales (2025): USD10.28 million

Calculated by applying an adjusted gross profit margin of 55.44% for 2025, determined with reference to the historical gross profit margins of the Thailand Subsidiary and those of comparable listed companies.

Period expenses (2025)*: *USD10.11 million

Determined based on the historical selling and administrative expenses of the Thailand Subsidiary.

Income taxes (2025): USD0.54 million

Calculated using the applicable corporate income tax rate of 20% in Thailand on the forecast taxable profit.

Depreciation and amortisation (2025): USD0.59 million

Based on the existing fixed assets and intangible assets and the planned capital expenditure, using the same useful lives and residual values as those adopted in the audited financial statements.

Capital expenditure (2025): USD1.38 million

Based on the capital expenditure plan for 2025 to 2029 provided by management, mainly relating to clinic expansion and replacement of medical equipment.

Additional working capital (2025): USD-2.06 million

Determined based on the expected increase in revenue and the assumed turnover days of trade receivables, inventories and trade payables, with reference to the historical working capital levels of the Thailand Subsidiary. The negative amount represents a net release of working capital in 2025, mainly driven by the improvement in working capital turnover, which increases the enterprise free cash flow for the year.

On the above basis, the enterprise free cash flow for 2025 is approximately USD3.41 million. The enterprise free cash flows for 2026 to 2029 are derived using the same methodology, having regard to the adjusted revenue growth rates, gross profit margins and other key assumptions as set out in the valuation report.

REVIEW AND ADJUSTMENT OF FUTURE ANNUAL EARNINGS

As disclosed in the Announcements, the Valuer obtained future annual earnings forecast drafts provided by the Thailand Subsidiary. The Valuer then adjusted the forecast after comparison with peer companies and industry growth trends, taking into account factors such as development cycle, market size and industry conditions.

Selection of Peer Companies

Based on market research, the Valuer compared four peer companies, all operating within the assisted reproductive technology (IVF/ART) segment of the healthcare services industry. Their basic profiles are summarized in the table below:

Company Profile of Peer Companies

Name	Stock Exchange	Primary Market	Scope of Business
Company A	SET/Thailand	Thailand	IVF/ICSI, PGT, Cryopreservation
Company B	SET/Thailand	Thailand	IVF/ICSI, NGS, Embryology Laboratory
Company C	ASX/Australia	Australia/Malaysia	Comprehensive Reproductive Healthcare Services
Company D	HKEX/Hong Kong	Mainland China/ North America	IVF Hospital and Laboratory Network

The selected peer companies include: Company A and Company B, which are both major local assisted reproductive hospital groups at a mature operational stage; Company C, which operates in the Asia-Pacific region and shares cultural similarities with Thailand; and Company D, a global operator in assisted reproductive services.

These selections are based on three main factors: regional consistency, as they all reflect similar pricing and profit structures; business consistency, as they focus on IVF and related services; and data availability, as all are publicly listed or provide reliable audited financial data. Overall, these companies demonstrate a high degree of comparability across key factors.

Adjustments relating to Peer Companies

Based on market research, the Valuer concluded that the Thai domestic market exhibits distinct characteristics and significant differences from the regional and international market. While the overall market size in Thailand is relatively small, it is notably driven by medical tourism, with foreign patients accounting for approximately 50% of the total number of patients. This creates a higher price range and pronounced seasonal fluctuations. Concurrently, the regulatory environment is relatively lenient, with high adoption rates for advanced projects like preimplantation genetic testing (PGT) in assisted reproduction. Therefore, future profitability projections for the Thailand Subsidiary referenced Company A and B while incorporating analysis and reasonable adjustments based on Company C and D.

Comparison of Development Stages

Based on market research, the industry's stage is generally determined using the "Five-Stage Framework": I. Launch, II. Ramp-up, III. Scaling, IV. Steady-State Expansion, V. Mature Steady-State. To reflect how different development stages and cycles impact valuation reasonableness, the Valuer analyzed the development stages and cycles of the four peer companies, as detailed in the table below:

Peer Development Stages

Name	Stage	CAGR over the past 3 years	Note
Company A	III → IV	2.00%	Relatively stable development while simultaneously expanding value-added businesses
Company B	II → III	9.40%	Development has been relatively stable
Company C	IV → V	8.20%	The growth rate of international customer cycle numbers exceeded the domestic rate by 7%
Company D	IV → V	4.40%	Steady growth, international business expansion
Thailand Subsidiary	II → III	106%	In the initial stage, growth rates are relatively high. The establishment of additional medical centers is being considered at the same time.

In the table above, the CAGR figures refer to the CAGR of the "IVF Cycle" count in the assisted reproduction industry. This is an industry indicator used to track business development trends, and the data come from the public disclosures of the four peer companies. In comparison to the peer companies, the Thailand Subsidiary demonstrated a high CAGR, mainly due to its low base and early-stage expansion. In the past three years, patient volume, average revenue per visit, and capacity use rose sharply. Despite strong historical growth, the valuation model applied conservative assumptions, tapering growth over the next five years to reflect a shift toward steady state (Stages IV and V). Overall, the high short-term growth reflects the Thailand Subsidiary's development stage, which is balanced by the valuation model's discount rate and cautious growth parameters.

The 3-year CAGR figures for IVF cycles serve as an industry indicator of business volume trends in assisted reproductive services. The primary reason for the differing growth rates between the Thailand Subsidiary and Company B is their client mix, with the Thailand Subsidiary having around 50% of its patients from overseas, particularly China. This made it more vulnerable to the impacts of COVID-19 and China's travel restrictions, resulting in a notably low number of IVF cycles in 2022. However, as outbound travel policies began to relax in 2023, cross-border demand surged, leading to a rebound in IVF cycles for the Thailand Subsidiary. This base effect inflates the CAGR figures from 2022 to 2024, making the growth rates appear significantly higher. Consequently, the divergence in growth rates between the two entities during this period is both reasonable and explainable given the differences in their patient demographics and the extent of pandemic impact.

VALUER'S JUDGMENT AND ADJUSTMENTS TO PROFIT FORECASTS

The Valuer adjusted the future annual earnings forecast as follows:

1. **Operating Revenue**: After comparison with data from companies in the same industry and industry growth conditions, adjustments were made based on market size and industry development trends. The operating revenue growth rate was adjusted downward, resulting in a more reasonable adjusted operating revenue growth rate.

Project/Year	**2025**	**2026**	**2027**	**2028**	**2029**
Forecast amount provided by Thailand Subsidiary *(USD'0,000)*	2,496.18	5,132.95	8,445.38	9,975.15	10,746.37
Forecast amount adopted in final valuation *(USD'0,000)*	2,307.53	3,691.95	5,168.66	6,460.80	7,429.90
Difference rate	-7.56%	-28.07%	-38.80%	-35.23%	-30.86%
Revenue growth rate before adjustment	112.20%	105.63%	64.53%	18.11%	7.73%
Revenue growth rate after adjustment	96.16%	60.00%	40.00%	25.00%	15.00%

The Valuer referenced development stage indicators of the Thailand Subsidiary and four peer companies and, after comprehensive assessment, adjusted the reasonable revenue growth rate for the Thailand Subsidiary from 2025 to 2029. Details are presented in the table below:

Revenue Growth Ratio Adjustment Table[6]

		Thailand Subsidiary					
			Two Thailand peer companies		Two regional peer companies		
Time	Stage	Adjusted revenue growth rate	Company A	Company B	Company C	Company D	Note
2025[1]	II	96.16%	–	–	–	91.2% (2016 to 2017)	Growth has slowed slightly but remains at a high level
2026[2]	III	60.00%	–	–	–	39.2% (2017 to 2018)	Trending toward stability
2027[3]	III	40.00%	–	28.6% (2022 to 2023)	–	39.2% (2017 to 2018)	Demand and supply are moving toward equilibrium
2028[4]	IV	25.00%	17.9% (2020 to 2022)	4.85% (2023 to 2024)	15.0% (2020 to 2022)	28.7% (2021 to 2022)	Industry maturity stage growth
2029[5]	IV	15.00%	16.8% (2022 to 2023)	–	11.1% (2022 to 2023)	17.9% (2022 to 2023)	Steady-state growth level

Notes:

1. Considering their high similarity in market distribution (Mainland China and international markets), the Thailand Subsidiary's business structure is consistent with Company D, both focusing on specialist hospitals and assisted reproduction services. The Valuer primarily referenced Company D for revenue forecasting. Given that since 2023, the Thailand Subsidiary has achieved rapid growth on the back of Mainland China's market recovery, 2025 is expected to be a transition from high growth to steady growth.

   Under prudent assessment, the growth rate is set slightly below the recent three-year CAGR, adopting the Thailand Subsidiary's same-period (2016–2017) actual business growth rate of 96.16% as the full-year growth assumption, which is within a reasonable range compared to Company D's industry growth rate of about 91.2% in the same stage (2016–2017).

2. The Valuer continued to to reference Company D (2017–2018 growth rate of 39.2%) for 2026. This phase is the late growth stage, with a focus on technology roll-out and mix optimization. Building on the Thailand Subsidiary's continued promotion of new technologies, such as PPOS stimulation and combined OMM blastocyst culture, it is predicted that the Thailand Subsidiary will further deepen integrated China – Thailand operations and launch cost-effective new service packages, which have been well received in the Mainland China market.

   It is expected that these new business lines will grow rapidly in 2026, accounting for about 40% of the Thailand Subsidiary's total business. The Valuer, recognizing differing growth profiles between new and existing business lines, referenced Company D's growth rates in both rapid growth (91.2%) and near-stable (39.2%) phases, and, after comprehensive calculation, set the overall 2026 revenue growth at 60.0%, reflecting a transition from high growth to steady growth.

3. Considering the development stage of the Thailand Subsidiary, the Valuer used Company D as the primary benchmark for the valuation curve and calibrated for reasonableness with data from local peer Company B. Company D's development background aligns more closely with the Thailand Subsidiary's characteristics during the "ramp-up to steady-state" transition period for the following reasons: (i) both operate a network of in vitro fertilisation (IVF) hospitals and laboratories targeting the international market, instead of an individual local clinic; (ii) both primarily target mid-to-high-end and cross-border patients, offering premium assisted reproductive services; and (iii) both have undergone rapid expansion and have subsequently transitioned into a more "steady-state" growth phase. The Thailand Subsidiary has stronger brand extensibility, new technology adoption, and premium service promotion advantages in the Mainland China market, so its revenue growth is expected to be slightly higher than that of Company D. In contrast, Company B, which focuses deeply on the Thai domestic market, is growing at a relatively moderate pace. Taking into account the model outputs and market factors, the Valuer prudently assumed a revenue growth rate of 40.0% for this stage.

4. For growth rate, Company D's performance in the same stage remains an important reference. However, given the Thailand Subsidiary's main hospital is in Thailand (Southeast Asia market), it is assumed that its performance in mature and stable operation should be closer to Thai local hospitals. Therefore, in this stage, alongside Company D (2021–2022 growth of 28.7%), Thai local Company A (Stage III to IV, 2020–2022 growth of 17.9%) and regional Company C (2020–2022 growth of 15.0%) were introduced as steady-state samples. After synthesizing the data, the Valuer prudently set the growth rate at 25.0%, which is a mid-range level for steady expansion.

5. References include Company A (2022–2023 growth of 16.8%), Company C (2022–2023 growth of 11.1%), and Company D (2022–2023 growth of 17.9%). This phase represents a stable growth range in industry maturity. The Valuer set the growth rate at 15.0%, consistent with steady regional industry growth levels.

6. The current valuation mainly adopts the DCF Method. Historical data of comparable companies A, B, C and D are used only to validate whether the assumptions adopted (such as future revenue growth rates) fall within a reasonable range.

   These data do not directly determine the valuation result. The valuation result is driven by projecting and discounting the Thailand Subsidiary's own future cash flows; the comparable companies' data serve as horizontal cross-checks, rather than as direct pricing inputs (e.g. historical multiples or single-year metrics). The core technologies in the assisted reproduction industry have been relatively stable over the past decade. For example, third-generation IVF has been widely adopted in international markets since around 2010. Therefore, using industry data from 2016 onwards can adequately reflect growth trends under the same technological and business stage. The valuation focus is on growth rates and development trajectories rather than absolute figures at a specific point in time. Within the same industry, these trajectories follow similar patterns and thus provide meaningful reference.

Earlier periods such as 2016–2018 and 2020–2022 was referred to because, for some mature comparable companies, these years capture the critical transition from high-growth expansion to a more mature stage. They therefore illustrate the entire process of growth deceleration from Stage II to III (and even III to IV). The valuation focuses on reasonable growth and margin ranges across stages, instead of only the most recent single year. It is thus necessary to look at a longer historical window at comparable development stages to assess whether the DCF assumptions deviate from industry norms. At the same time, post-pandemic recent data and the current market environment were also taken into account. After combining long-cycle and recent data, the growth rate assumptions adopted are within, or slightly more conservative than, the reasonable range indicated by the historical performance of comparable companies, thereby supporting that the valuation range is based on prudent assumptions.

Accordingly, even though part of the comparable companies' data comes from earlier years, their primary function is to provide a reasonable reference range for the DCF forecasts, which in turn supports the overall reasonableness of the valuation range.

For the above table, the Valuer selected applicable peer companies based on a "development-stage matching" principle. The Thailand Subsidiary is currently transitioning from Stage II to Stage III (from ramp-up to scaling stage). Its operating model combines medical tourism with premium assisted reproduction services, with about 50% of its patients being foreign nationals, which differs significantly from the purely Thailand domestic market structure. In selecting the applicable peer companies, the Valuer first prioritized companies with similar market distribution and business model (i.e. focus on both Mainland China and international markets, and operating specialist hospitals). The Valuer took Company D as the primary reference for revenue forecasting and Company C as a secondary reference. As the Thailand Subsidiary's main hospital is in Thailand, its performance in the mature and stable phase should be closer to Thai domestic hospitals. Thus, data from Company A and Company B (Thai local hospitals) were introduced for calibration in the later steady-state phase assumptions.

The adjusted revenue growth rates are fine-tuned based on the annual revenue growth rates of the selected peer companies for 2025–2029, determined comprehensively with reference to the Thailand Subsidiary's development stage, market structure, and the latest peer data. Following the "development-stage matching" principle, the Valuer selected comparable companies similar to the Thailand Subsidiary in terms of business model, market distribution, and growth cycle, and adjusted the assumptions in line with the Thailand Subsidiary's current phase. The adjustment comprehensively considers changes in business growth, organizational maturity, technology rollout pace, and market environment differences, and optimizes the peer sample periods to ensure consistency and comparability. The final revenue growth assumptions for 2025–2029 are 96.16%, 60.0%, 40.0%, 25.0%, and 15.0%, reflecting a reasonable transition from high growth to steady development.

2. **Operating Costs**: Referring to the historical annual operating costs of the valuation subject and the gross profit margins of companies in the same industry, adjustments were made based on market size and industry development trends. The gross profit margin was adjusted downward, gradually decreasing to a more reasonable level.

Project/Year	**2025**	**2026**	**2027**	**2028**	**2029**
Forecast amount provided by Thailand Subsidiary *(USD'0,000)*	1,111.94	2,179.40	3,581.37	4,229.21	4,556.78
Forecast amount adopted in final valuation *(USD'0,000)*	1,028.23	1,637.75	2,326.93	2,946.12	3,426.67
Difference rate	-7.53%	-24.85%	-35.03%	-30.34%	-24.80%
Cost growth rate before adjustment	110.42%	96.00%	64.33%	18.09%	7.75%
Cost growth rate after adjustment	94.58%	59.28%	42.08%	26.61%	16.31%
Gross profit margin before adjustment	55.45%	57.54%	57.59%	57.60%	57.60%
Gross profit margin after adjustment	55.44%	55.64%	54.98%	54.40%	53.88%

In this Valuation, the operating costs was derived by back-solving from the forecast revenue and gross profit margin. Anchoring a reasonable gross margin band and back-calculating the cost amount avoids overly granular assumptions for each cost item, keeping the valuation model straightforward, and ensures logical consistency. This approach is widely used in medical services and life sciences valuation practice, and aligns with prudent, verifiable modeling principles.

The Valuer, after comprehensive analysis of the gross profit margins of four peer companies, adjusted the reasonable gross profit margin ratio for the valuation subject from 2025 to 2029. The specific adjustments are detailed in the table below:

Adjusted Gross Profit Margin Change Table

	Thailand Subsidiary					
		Two Thailand peer companies		Two regional peer companies		
Indicator	Adjusted gross profit margin[2]	Company A[1]	Company B[1]	Company C[1]	Company D[1]	Note
2025	55.44%	54.9%	48.40%	42.1%	42%	Peer companies at different development stages maintain gross margins of 40–55%, with Thai peer companies in particular remaining stable.
2026	55.64%	(Median from 2021 to 2024)[1]	(Median from 2021 to 2024)[1]	(Median from 2016 to 2024)[1]	(Median from 2016 to 2023)[1]	
2027	54.98%					
2028	54.40%					
2029	53.88%					

Notes:

1. The Valuer used the median as the primary reference to reduce the impact of sample volatility, making the gross margin levels more representative of a typical comparable company's reasonable range. This method effectively balances differences in operating scale, regional structure, and business model among hospitals, enhancing the robustness and reasonableness of the valuation assumptions. The comparison period differs for each peer company, as comparable periods were chosen by aligning development stage, which was done as follows:

   (i) Thai local comparable companies A and B: These two companies have business models similar to the Thailand Subsidiary and were significantly affected by the pandemic. To reflect profitability in the post-pandemic normalization phase, the 2021–2024 gross margin data was selected.

   (ii) Regional international hospital companies C and D: These hospitals have longer operating cycles and are in mature phases. To reflect the profitability evolution from expansion to steady state, the 2016–2024 gross margin data was selected.

2. The Valuer set the gross profit margin for 2025 at 55.45%, based on the Thailand Subsidiary's actual performance. Recognizing that the gross profit margin for channel revenue (revenue from third-party channels) is lower than that of direct patient revenue, for roughly every 2% increase in channel revenue, the overall gross profit margin will decrease by about 0.5 percentage points. Furthermore, Mainland China channel revenue is expected to form and stabilize in 2026. From 2026 onwards, the channel revenue share is expected to increase by approximately 2% annually, remaining stable after 2029.

   Therefore, the gross profit margin in 2026 will be roughly the same as in 2025, and from 2027 to 2029, the gross profit margin will decrease by approximately 0.5 percentage points annually, gradually returning to the industry's steady-state level.

3. **Period Expenses**: Period expenses are compiled in accordance with the Thailand Subsidiary's accounting practices. The main components include salaries and benefits for sales and customer-service staff, travel and business entertainment expenses, marketing and promotion expenses (including commissions paid to agents), salaries and benefits for management and functional staff, rental, utilities and other daily administrative expenses for offices and facilities. Compared with the operating margin of companies in the same industry, adjustments were made based on market size and industry development trends. Period expenses was adjusted upwards. The growth in adjusted period expenses and proportion relative to operating revenue have become more reasonable.

Project/Year	**2025**	**2026**	**2027**	**2028**	**2029**
Forecast amount provided by Thailand Subsidiary *(USD'0,000)*	794.20	1,172.42	1,546.72	1,801.24	1,910.79
Forecast amount adopted in final valuation *(USD'0,000)*	1,011.08	1,422.31	1,841.67	2,130.82	2,182.74
Difference rate	27.31%	21.31%	19.07%	18.30%	14.23%
Period expenses growth rate before adjustment	69.48%	47.62%	31.93%	16.46%	6.08%
Period expenses growth rate after adjustment	115.76%	40.67%	29.48%	15.70%	2.44%
Percentage of period expenses to revenue before adjustment	31.82%	22.84%	18.31%	18.06%	17.78%
Percentage of period expenses to revenue after adjustment	43.82%	38.52%	35.63%	32.98%	29.38%

The Valuer, after comprehensive analysis of the expense-to-revenue ratios of four peer companies, adjusted the reasonable period expense-to-revenue ratios for the valuation subject from 2025 to 2029. The specific adjustments are detailed in the table below:

Adjusted Period Expense-to-Revenue Ratios

	Thailand Subsidiary	Two Thailand peer companies		Two regional peer companies		
Indicator	**Adjusted period expenses to revenue ratio[2]**	**Company A[1]**	**Company B[1]**	**Company C[1]**	**Company D[1]**	**Note**
2025	43.82%	29.06%	20.35%	15.75%	20.15%	For peer companies at different development stages, operating expenses as a percentage of revenue fall within the 15–30% range. As the Thailand Subsidiary's organization and management mature, the ratio is expected to decrease from 43.82% toward the market level.
2026	38.52%	(Median	(Median	(Median	(Median	
2027	35.63%	from 2021	from 2021	from 2016	from 2016	
2028	32.98%	to 2024)	to 2024)	to 2024)	to 2024)	
2029	29.38%					

Notes:

1. Median expense-to-revenue ratios were selected to effectively exclude outliers and objectively reflect the overall industry.

2. The adjustment to the period expense ratio is determined based on the Thailand Subsidiary's actual operating characteristics, business development stage, and comparison with peers. In the calculation process, the Valuer mainly considered factors such as the period expense settlement cycle, organizational structure stability, business expansion pace, and market investment strategies.

   First, considering that some of the Thailand Subsidiary's period expenses are concentrated in the second half of the year, out of prudence, the 2025 period expense ratio forecast adopts the Thailand Subsidiary's estimated annual average level, i.e., 43.82%.

   As the Thailand Subsidiary's business enters a phase of rapid development in 2026, although the business scale expands, the overall organizational structure remains stable, with no major management level adjustments. Therefore, the period expense ratio is expected to decrease by approximately 5% compared to 2025.

   From 2027 to 2029, as the Thailand Subsidiary's organizational management gradually matures, internal collaboration efficiency improves, and management marginal costs decrease, the period expense ratio is expected to decrease by approximately 3 percentage points annually compared to the previous year, reflecting the economies of scale and improved management efficiency.

At the same time, the Thailand Subsidiary's period expense ratio remains relatively high compared to its peers. The primary reason is that the Thailand Subsidiary is currently in the brand building and market expansion phase, coinciding with a period of deepening China-Thailand exchanges and accelerated cooperation in reproductive medicine. The Thailand Subsidiary intends to increase investment in publicity and marketing, actively conducting promotional activities and China-Thailand academic exchanges in reproductive medicine within China to rapidly enhance the Thailand Subsidiary's visibility and strengthen its brand influence. Therefore, the proportion of publicity and marketing expenditures is relatively high, resulting in an overall expense ratio temporarily higher than the average level of mature industries.

4. Reasons for the Reference and Forecast Period

In line with industry practice, with regards to the Thailand Subsidiary, the Valuer took the past three years (2022–2024) as the reference period, and the next five years (2025–2029) as the forecast period.

- **Reference period**: Obtaining three years of historical data allows for the analysis of past operating performance and its development trends.

- **Forecast period**: Five years is generally considered sufficient for a company to enter a state of stable earnings. Project execution, market expansion, and other measures are expected to achieve stable revenue growth and return gross margins to normal levels within five years. The five-year forecast period accommodates most companies' adjustments and trends, consistent with general economic laws. It also facilitates the acquisition of continuous financial data (such as revenue and cost discount rates), ensuring the accuracy and stability of calculations while reducing errors caused by short-term fluctuations.

- **Perpetual period**: After the clear five-year forecast period, the company's operations are expected to reach a stable state, and ongoing growth variations are no longer considered. The performance during the perpetual period aligns with the last year of the forecast period.

FUTURE ANNUAL EARNINGS FORECAST

The future annual earnings forecast provided by the Thailand Subsidiary indicates significant growth over the next five years. The Board believes the forecast to be fair and reasonable due to the increasing demand for assisted reproductive services, particularly in China. The rising prevalence of infertility, along with improved education about these services, is leading more families to seek options such as IVF. Additionally, the growing affluence in China enables couples to afford these treatments, increasing their willingness seek out reproductive treatments abroad. Thailand has emerged as a major destination for medical tourism, offering advanced assisted reproductive technologies at competitive prices. By providing services comparable to those in Western countries but at a lower cost and in closer proximity to China, the Thailand Subsidiary is well-positioned to benefit from this expanding market, attracting both local and international clients seeking effective fertility treatments.

Furthermore, the Board believes that the acquisition of the Thailand Subsidiary will create a high degree of synergy with the Group's existing business, allowing for the integration of advantages in market channels, customer resources, and brand influence, which will further enhance the overall competitiveness of the Group and the Thailand Subsidiary.

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

Hong Kong, 22 January 2026

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