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TIAN YUAN HEALTHCARE

天 元 医 疗

CHINA TIAN YUAN HEALTHCARE GROUP LIMITED

中 國 天 元 醫 療 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

FURTHER ANNOUNCEMENT – DISCLOSEABLE TRANSACTION REGARDING THE ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY AND PROFIT FORECAST

Reference is made to the announcement of the Company dated 31 December 2025 in relation to the proposed acquisition of 70% equity interest in the Target Company by the Purchaser from the Vendors for a consideration of RMB2,100,000, the announcement dated 8 January 2026 in relation to the Supplemental Agreement and the announcement dated 22 January 2026 in relation to the application for waiver under rule 14.60A of the Listing Rules (the "**Announcements**"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

COMPLIANCE WITH THE LISTING RULES

As set out in the Announcements, the consideration for the Acquisition was determined after arm's length negotiations between the Vendors and the Group on normal commercial terms, with reference to, among others, the value of the entire equity interest in the Target Company as at 31 October 2025 (the "**Valuation Benchmark Date**"), which was determined to be RMB3,068,000 based on the discounted cash flow method under the income approach as set out in the Valuation Report prepared by the Independent Valuer.

Since the discounted cash flow method of the income approach was adopted by the Independent Valuer in the preparation of the Valuation Report, such valuations constitute profit forecasts under Rule 14.61 of the Listing Rules. This announcement is made in compliance with Rule 14.60A of the Listing Rules.

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has engaged its auditor, Crowe (HK) CPA Limited, to report on the arithmetical accuracy of the discounted cash flow calculations adopted in the Valuation Report prepared by the Independent Valuer. Crowe (HK) CPA Limited has reported that, so far as the arithmetical accuracy of the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the valuation. The full text of the letter issued by Crowe (HK) CPA Limited on the arithmetical accuracy of the discounted cash flow calculations is set out in Appendix I to this announcement in accordance with Rule 14.60A(2) of the Listing Rules.

The Board confirms that the profit forecasts in respect of the Target Company as contained in the Valuation Report prepared by the Independent Valuer has been made after due and careful enquiries. The letter from the Board is set out in Appendix II to this announcement in accordance with Rule 14.60A(3) of the Listing Rules.

VALUATION METHODOLOGY

The Independent Valuer has considered three generally accepted approaches in the valuation, namely (i) the income-based approach; (ii) the market-based approach; and (iii) the cost-based approach (asset-based approach).

In the process of valuing the Target Company, the Independent Valuer has taken into account the operation, financial information and nature of the Target Company and decided to adopt the income-based approach for the following reasons:

(a) As no comparable equity transactions or reference companies similar to the Target Company could be identified, the comparative data required for the market-based approach was unavailable. Accordingly, the objective conditions for applying the market-based approach were not met;

(b) The expected future revenue of the Target Company can be predicted and measured in monetary terms. The risks associated with obtaining the expected revenue by the asset owner can also be predicted and quantified. The expected profitability period of the appraised assets can be predicted. As such, the income-based approach is more appropriate for reflecting the future profit potential of the Target Company and its company-specific assumptions; and

(c) As the Target Company is a going concern with expected profitability and available historical data, the asset-based approach has been adopted alongside the income-based approach, after giving full consideration to physical deterioration, functional obsolescence and economic obsolescence of the assets.

According to the Valuation Report, compared to the asset-based approach, the income-based approach can more truly, comprehensively, and objectively reflect the enterprise value of the Target Company. Therefore, the Independent Valuer considers the results derived from the income-based approach to be more appropriate and has adopted such results as the final valuation conclusion in the Valuation Report, for the following reasons:

The asset-based approach indirectly assesses the fair value of assets from the asset replacement perspective. When valuing the overall assets of an enterprise, it cannot reasonably reflect the profitability of asset portfolios. In contrast, the income-based approach is based on the economic expected utility theory, which estimates the expected future income of the appraised assets from the perspective of overall operational income through making comprehensive analysis of the assets employed by the appraised enterprise, and estimates the market value of the enterprise as at the Valuation Benchmark Date according to certain discount factors.

KEY ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS

The valuation is mainly based on the projections of the future cash flows. The projected revenue of the Target Company is mainly determined based on the unit price for each medical service. The projected sales for 2026 to 2029 are RMB6,964,148, RMB10,446,222, RMB13,057,778 and RMB16,322,222 respectively.

From the sales forecast prepared by the Group, the revenue of the Target Company is mainly derived from the provision of medical check-up service business in the PRC. The business has historically demonstrated strong growth momentum, and the number of medical check-ups has continuously risen. Specifically, for the years ended 31 December 2023 and 2024, and for the ten-month period ended 31 October 2025, the Target Company conducted medical check-ups for approximately 9,000, 20,000, and 18,000 individuals, respectively, and the revenue of the Target Company for the corresponding periods amounted to RMB1,902,710, RMB4,495,617 and RMB2,516,261 respectively. Regarding the projected slowdown in annual revenue for 2025 (annualized based on the first ten months' data) compared to 2024, the Group believes this reflects that the Target Company's historical growth potential has not yet been fully realized. The original management team, constrained by age structure and business experience, adopted relatively conservative approaches and strategies in market expansion, brand positioning, and deepening customer value. Although the volume of medical check-ups increased from approximately 9,000 in 2023 to an annualized projection of around 21,600 based on the first ten months of 2025, the inability to effectively optimize customer mix and implement effective pricing strategies resulted in overall revenue growth lagging behind the expansion in customer scale.

The Group believes that upon completing the integration and introducing the Group's marketing and brand management resources, the Target Company will not only enhance its market influence and customer retention but also improve its customer mix and strengthen its service value proposition. This will elevate average customer unit price and overall revenue conversion efficiency.

The average price per check-up is forecasted with reference to general market prices, which are estimated based on the Company's market research and statistics, as well as the average per-customer price observed on mainstream sales platforms (e.g., Dianping). For the years ended 31 December 2023 and 2024, and for the ten-month period ended 31 October 2025, the historical average per-customer prices were RMB203, RMB229, and RMB140, respectively. The decline in the average per-customer price during the ten months ended 31 October 2025 is primarily due to the former management's market-expansion strategy, which relied on lower pricing to rapidly capture market share. During the forecast period, following the integration of the Group's resources and the implementation of a more systematic brand and operational management approach, management expects the average per-customer price to gradually recover and stabilise. It is projected to be RMB258, RMB284, RMB298, and RMB313 for 2026 to 2029, respectively. These projected figures represent growth of approximately 85%, 10%, 5%, and 5% compared to the average per-customer price recorded in the first ten months of 2025. This expected growth is driven by (i) enhanced brand value and service differentiation with the Group's support, reducing reliance on low-price competition; (ii) improved product mix and customer structure, strengthening service value-add and pricing power; and (iii) a strategic shift from scale expansion to value-focused operations, which is expected to restore pricing to a more rational market level.

Regarding the number of medical check-ups, the customer base is expected to continue expanding during the forecast period. The projected number of medical check-ups for 2026 to 2029 is approximately 26,970, 36,777, 43,782, and 52,122 individuals, respectively. Compared to the annualized 2025 base figure, this represents year-on-year growth rates of approximately 50%, 36%, 19%, and 19%, respectively. At the same time, driven by an ageing population in the PRC, leading to an expected rise in chronic disease patients, and the PRC government's "Healthy China 2030" initiative to promote rapid development in the medical, elderly care and healthcare industries, the substantial volume of medical check-ups required for the approximately 189 million students enrolled in general senior secondary schools, junior secondary schools and primary schools nationwide in 2024 has accelerated the expansion of the PRC medical check-up market. Accordingly, the number of medical check-ups and market demand are expected to grow on a year-on-year basis during the forecast period.

The gross profit margins for the years ended 31 December 2023 and 2024 and period ended 31 October 2025 were 8%, 58% and 49%, respectively. The fluctuation in gross profit margin was mainly attributable to:

(i) the Target Company commenced operations in 2023. As it was in the initial phase of market expansion, economies of scale had not yet been realized, and fixed costs were not sufficiently diluted, resulting in a relatively low gross profit margin for that year;and

(ii) as a new market entrant, the Target Company is still in the process of adjusting its supply chain management, procurement negotiation and service process optimization. The structure of relevant cost of sales (such as consumable procurement and outsourced inspection fees, etc.) has not yet reached a stable state. Coupled with fluctuations in costs resulting from its rapid business expansion, these factors jointly affect the stability of short-term gross profit margin.

Given the gradual expansion of business scale, improved operational efficiency and optimized cost structure, the gross profit margin is expected to gradually stabilize. The gross profit margin is estimated as set out below:

	2026 *RMB*	**2027** *RMB*	**2028** *RMB*	**2029** *RMB*	**Terminal** *RMB* *(Note 3)*
Revenue *(Note 1)*	6,957,184	10,435,776	13,044,720	16,305,900	16,305,900
Cost of Sales *(Note 2)*	2,994,149	4,592,683	5,707,034	7,099,972	7,099,972
Gross Profit	3,963,035	5,843,093	7,337,686	9,205,928	9,205,928
Gross Profit Margin	57%	56%	56%	56%	56%

Note 1: Revenue = Sales – Stamp duty and hydraulic engineering fund (a fee levied by the tax authorities of the Ningxia Hui Autonomous Region on enterprises, institutions and individual operators that have sales or operating income within the region, typically at 0.7‰ of the previous year's sales revenue or operating revenue)

Note 2: Cost of sales mainly includes rental, testing, reagents and consumables costs

Note 3: Terminal value was determined based on the estimated value in 2029. Taking into account the uncertainty of the development trend of the industry and the changes in the macro environment, the period that can be reasonably and prudently forecasted is around five years. The management will endeavor to maintain the stability of the gross profit beyond 2029.

The major expenses of the Target Company were forecasted based on general market data and the historical data. The major expenses include wages and relevant expenses, reagent costs, housing rentals and off-site vehicle inspection fees. Market data was primarily sourced from publicly available information of comparable listed companies (See note (c) under "Key parameters"), whereas historical data was the actual expenses of the Target Company from prior years. Based on management's expectations and judgments regarding business scale, market strategy, and operational efficiency, sales and marketing expenses are projected to represent 34.72% of total revenue from 2026 to 2029. Over the same period, administrative expenses as a percentage of total revenue are expected to show a declining trend, projected at 32.86%, 22.28%, 18.15% and 14.83% for the years 2026 to 2029, respectively. This decreasing proportion is driven by the combined effect of the following two factors:

(i) Revenue Scale Effect: As business scale continues to expand, the proportion of fixed and semi-fixed administrative expenses (such as management salaries, rent, and information system amortization) within total revenue will be gradually diluted; and

(ii) Proactive Cost Control: Management will actively control variable administrative costs through measures such as optimizing organizational structure, improving process efficiency, and implementing digital management, thereby achieving continuous improvement in operating leverage and management effectiveness.

In relation to the income tax, the Target Company is subject to the PRC corporate tax rate of 25.00%.

VALUATION ASSUMPTIONS

According to the Valuation Report prepared by the Independent Valuer, details of the key assumptions (including business assumptions) underlying the profit forecasts adopted in the valuation are set out below:

General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are in the process of being traded, and the valuer conducts valuation based on a simulated market including trading conditions of the assets to be appraised.

2. Open market assumption: The open market refers to well-developed and comprehensive market conditions and a competitive market with voluntary buyers and sellers where each of the buyer and the seller is offered with equal status, enough opportunity and time to have access to sufficient market information. Transactions between the buyer and the sellers are all conducted voluntarily and rationally, free from coercion or undue constraints.

3. Continued use assumption: Firstly, it is assumed that the appraised assets are in use (including assets in use and reserved assets); secondly, based on relevant information and data, it is assumed that the assets in use will continue to be used. Under the continued use assumption, changes in the purposes and the best utilization conditions of the assets were not taken into consideration.

4. Going concern assumption: It is assumed that the appraised entity will legally continue as a going concern, with its operators being responsible and capable of assuming responsibilities, based on its existing assets and resources, and such operations will not be suspended for any reason in the foreseeable future.

Special Assumptions

1. The accounting policies adopted by the appraised entity after the Valuation Benchmark Date are consistent in all material respects with the accounting policies adopted for the preparation of the Valuation Report;

2. The external economic environment of the appraised entity remains unchanged after the Valuation Benchmark Date, and there are no significant changes in national macroeconomic policies, industrial policies and regional development policies;

3. The development trend of the industry environment, where the appraised company is operating in, remains the same after the Valuation Benchmark Date;

4. The enterprise will continue to lease its operating premises in future years;

5. The company cash flows for each year during the forecast period are considered as mid-year inflows. Based on the Board's understanding from the Independent Valuer, the implication of this assumption is that: within the forecast period, cash flows are not assumed to occur as a one-time event at each year-end. Instead, the mid-year point (i.e. around 1 July) is used as the average timing of cash inflow for each year. This method more appropriately reflects the operating nature of the Target Company's business, in which cash flow is generated continuously throughout the year, and provides a consistent and sound basis for discounting within the valuation. Specifically, the cash flows used in the valuation represent the full-year forecasted amounts, with the discounting point set at mid-year to approximate their even distribution over time. This treatment primarily affects the calculation of the discount period and is already incorporated into the discount factors applied in the valuation model.

6. There are no other force majeure and unforeseeable factors which have material adverse impact on the enterprise;

7. The appraised entity is in full compliance with all relevant laws and regulations, and its management is responsible, stable, and competent in performing its duties;

8. The underlying information and financial information provided by the principal and the appraised entity are true, accurate and complete.

The Income Approach and Key Inputs

The cash flow discount method under the income approach is adopted for the valuation. The overall value of the enterprise consists of the value of operating assets arising from normal operating activities and the value of non-operating assets unrelated to normal operating activities. The enterprise free cash flow (FCF) discount model is adopted to determine the value of operating assets, thus, the value is calculated based on the FCF for several years in the future, discounting at appropriate discounting rate and adding the sum.

(i) The calculation model is as follows:

Value of total equity interests of shareholders = overall value of the enterprise – value of the interest-bearing debts

Overall value of the enterprise = value of operating assets + value of non-operating assets and surplus assets

P'=P−C+D

Where:

P': value of total equity interests of shareholders

P: value of operating assets

C: value of the interest-bearing operating debts *Note 1*

D: value of non-operating assets and surplus assets and debts

Where: the formula of calculation of the value of operating assets is:

$$p = \sum_{t=1}^{n} \frac{F_t}{(1+i)^t} + \frac{F_n}{i(1+i)^n}$$

Where:

P: value of operating assets

F_t: free cash flows of the enterprise in the t^{th} income period in the future

F_n: free cash flows of the enterprise in the n^{th} year in the future

n: the n^{th} year

t: the t^{th} year in the future

i: discount rate (weighted average cost of capital)

Note 1: Interest-bearing operating debts are determined based on the enterprise's interest-bearing debt as at the Valuation Benchmark Date, i.e. according to the short-term borrowings recorded on such date.

(ii) Free Cash Flows

the free cash flows before interest and after tax was adopted for the calculation of free cash flows, the formula of calculation of the estimated free cash flows is as follows:

free cash flows of the enterprise = profit before interest and after tax + depreciation and amortization – capital expenditures – increase in working capital

profit before interest and after tax = net profit + interest expense after tax

(iii) Discount Rate Determined by the Weighted Average Cost of Capital (WACC)

Formula: $WACC = Ke \times [E/(E+D)] + Kd \times (1-T) \times [D/(E+D)]$

Where:

E: market value of the equity

D: market value of the debts

Ke: cost of equity capital

Kd: cost of debt capital

T: income tax rate of the enterprise being valued

The cost of equity capital is determined using the internationally accepted CAPM model:

Formula: $Ke = Rf + [E(Rm) - Rf] \times \beta + a$

$= Rf + Rpm \times \beta + a$

Where:

Rf: risk-free return rate on the Valuation Benchmark Date

E(Rm): expected return rate from the market

Rpm: market risk premium

β: equity systematic risk coefficient

a: enterprise specific risk adjustment coefficient

Discount rate of 11.87% as at 31 October 2025 has been adopted by the Independent Valuer in the valuation, which was determined by using the weighted average cost of capital (WACC). The WACC of the Target Company is the minimum required return that the Target Company must earn to satisfy its various capital providers including shareholders and debt holders. The WACC calculation takes into account the relative weights of debt and equity.

A summary of the key parameters of the WACC of the Target Company adopted is set out below:

Key parameters

a)	Risk-free Rate	1.80%
b)	Market Risk Premium	7.02%
c)	Beta Coefficient	1.43
d)	Company-Specific Risk Premium	2.50%
e)	Cost of Equity	14.34%
f)	Cost of Debt	3.50%
g)	Weight of Equity	78.86%
h)	Weight of Debt	21.14%
i)	Corporate Tax Rate	25.00%
	WACC	11.87%

Notes:

a) The risk-free rate adopted was derived from the yield for 10-year government bonds in the PRC as at the Valuation Benchmark Date as published by ChinaBond.

b) The market risk premium represents the difference between the market investment return and the risk-free rate of return. The market investment return on the Valuation Benchmark Date was determined through comprehensive analysis based on the Shanghai and Shenzhen Stock Exchange stock price indices, using the average of annualized weekly returns from 1992 to 2024. Calculations indicate the market investment return was 8.82%.The risk-free rate is taken as the yield to maturity of 10-year government bonds on the Valuation Benchmark Date, which is 1.8%. The difference between the market risk premium and the risk-free rate of return is 7.02%.

c) The enterprise beta coefficient was adopted. The following table summarizes the details of the selected publicly traded guideline comparable companies and the relevant calculations.

Stock code	Company name	Principal business	Beta
600327.SH	Grand Orient	Commodity retail and healthcare services	0.7019
600763.SH	Top Choice Medical	A comprehensive modern dental healthcare group integrating clinical diagnosis, scientific research and innovation, and medical education	1.5897
000509.SZ	Huasu Holdings	Manufacture of computers, communications, medical (*remark*) and other electronic equipment	1.5177
000516.SZ	International Medical	Comprehensive healthcare services and the translation and application of modern medical technologies as the core business	1.3896
002044.SZ	Meinian Onehealth	Specialized medical check-ups, molecular diagnostics and health management	1.5245
002219.SZ	New Journey	Healthcare services and pharmaceutical manufacturing	1.3395
300143.SZ	INKON Life	Healthcare platform	1.4308
300244.SZ	Dian Diagnostics	Medical diagnostic services	1.8881
		Average	1.4227

Remark: The list of comparable companies selected by the Independent Valuer was drawn from the public health and hygiene category within Hithink. Huasu Holdings has been involved in healthcare and has a holding hospital, Yinghua Hospital*（櫻華醫院）in Shanghai, so it has not been excluded.

d) The company-specific risk premium adopted was based on the range of 0%-5% generally used in equity valuations in the PRC. With reference to market practice, 2.5% is generally adopted for enterprises (including some unlisted companies) with characteristics such as "relatively limited size and access to finance, and relatively homogeneous business".

e) The cost of equity adopted was determined based on Capital Asset Pricing Model (CAPM), the formula is: cost of equity = risk-free return rate + company β * market risk premium + company risk adjustment factor.

f) The cost of debt adopted was determined based on the latest loan prime rate for loans with a maturity of above 5 years published by the National Interbank Funding Center as of the Valuation Benchmark Date.

g) The weight of equity adopted was determined based on the average of the selected comparable listed companies (please refer to the table in Note (c) above).

h) The weight of debt adopted was determined based on the average of the selected comparable listed companies (please refer to the table in Note (c) above).

i) The corporate tax rate adopted was the corporate tax rate in the PRC (being 25%).

Hence, the WACC of 11.87% was adopted as the discount rate of the Target Company as at the Valuation Benchmark Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Relationship Between the Target Company's Business and the Existing Healthcare Business

The Group has been proactively seeking investment opportunities in the healthcare services field that are promising, sustainable and capable of generating synergies, in order to expand its business. The Target Company is a medical clinic established with the approval of the Health Commission of Jinfeng District, Yinchuan. It has set up departments such as imaging and laboratory testing, and it is currently mainly engaged in medical check-up related business. From an overall industry perspective, while the current market remains predominantly driven by group medical check-ups ("**Group Check-ups**"), individual medical check-ups ("**Individual Check-ups**") have become the core driver of industry growth, with significant room for improvement in both market penetration and consumption frequency. Specifically, the expansion of Group Check-ups business relies on the in-depth development and relationship maintenance of offline corporate clients, focusing on customer stability and economies of scale. In contrast, the expansion of Individual Check-ups business carries stronger consumer healthcare attributes, with its growth heavily dependent on precise online marketing and brand experience, aimed at attracting and converting individual and family customers.

The Group has been deeply engaged in the healthcare industry for many years, accumulating extensive resources in marketing expertise, professional talent and operational management. These resources enable the Group to provide effective support and strong momentum for the Target Company's medical check-up business. This synergy is specifically reflected in the following two dimensions, each exhibiting a high degree of overlap and transferability with the Group's experience and service portfolio in the medical aesthetics business:

(i) By leveraging the experience of the Shanghai Yuyue Meilianchen Healthcare Beauty Hospital Limited*(上海愉悦薇莱醫療美容醫院有限公司)(the "**Shanghai Hospital**"), an indirect non-wholly owned subsidiary of the Company, the Target Company may introduce combined and modular medical check-up packages to provide more diversified and tailored healthcare solutions to corporate clients, thereby strengthening client loyalty and enhancing per-customer revenue.

(ii) The Group's proven digital marketing expertise in consumer healthcare industry can be directly applied. For instance, the Target Company can rapidly improve its brand visibility and customer acquisition efficiency in the local consumer market by adopting precision-targeting strategies on lifestyle service platforms such as Dianping and Douyin, along with social media marketing tactics including "influencer check-in" and "word-of-mouth seeding campaigns", thereby enabling swift integration of experience and resources.

Based on the above reasons, the Group believes that the medical check-up business of the Target Company not only demonstrate strong alignment with the Group's existing operations in terms of its "consumer healthcare" business nature, but its specific expansion model for medical check-up business can also establish direct and effective synergies with the Group's proven product portfolio strategies and marketing expertise in areas such as medical aesthetic. This synergy is expected to accelerate the realisation of the Target Company's market potential and further strengthen the Group's comprehensive competitiveness in the healthcare services sector.

Synergies to be Brought by the Acquisition

Through the Acquisition, the Group will effectively broaden its customer reach and strengthen operational synergies. The Target Company currently serves approximately 18,000 to 20,000 customers annually, with further growth expected in the future. Leveraging medical check-ups as a high-frequency, essential entry point into the broader health ecosystem, the Group can unlock synergistic value through the following two approaches:

(i) Customer Value Enhancement: Subject to regulatory compliance and with customer consent, the Group can provide targeted and compliant recommendations for follow-up healthcare services based on the health profiles of medical check-up customers. For example, customers with relevant needs and interest may be introduced to consumer healthcare services such as medical aesthetics offered by Shanghai Hospital, enabling synergistic conversion and extended value capture of customer resources.

(ii) Business Chain Extension: The medical check-up business can serve as a strategic entry point to gradually expand into higher-growth segments such as health management, disease prevention, and chronic disease intervention. This will allow the Group to build an integrated service chain — from detection to management, and from treatment to rehabilitation — thereby increasing customer retention and long-term value.

In addition, the Target Company is located in the city center of Yinchuan and possesses off-site examination service capabilities. With operational capabilities extending province-wide across Ningxia, this layout positions the Group to leverage Yinchuan as a pivot point for further developing the mid-to-high-end healthcare services market in Northwest region, thereby enhancing geographic coverage and brand influence. Based on the Group's local market research, the medical check-up market in Yinchuan region exhibits distinct structural characteristics: the business is highly concentrated in occupational medical check-ups (i.e., Group Check-ups services for factories and enterprises), which account for over 85% of revenue among leading local check-up providers. In contrast, market penetration for medical check-ups targeting individuals and families remains relatively low. The Group observes that the current local supply primarily addresses basic, compliance-driven occupational screening needs, and has yet to adequately respond to the growing consumer demand from individuals and families for higher-quality health management and preventive medical services. Therefore, considering that high-end consumption demand in the Northwest region is currently under-served, this structural imbalance presents the Group with a strategic opportunity to avoid homogeneous competition, directly expand its health check-up offerings, and capture untapped value in the market.

Opinion of the Board

The Board is of the view that although the Target Company is currently operating at a loss, its business has established a solid foundation and stable operational structure, as reflected in the following specific areas:

(i) A relatively mature operational system: The Target Company has implemented a standardised process for medical check-up service and a quality control system, supported by a complete departmental structure (including essential units such as imaging and laboratory testing). Its equipment configurations meet the requirements of routine check-up operations, enabling the consistent delivery of fundamental medical check-up services that comply with healthcare regulations.

(ii) A stable core team: The Target Company maintains a relatively high retention rate among key medical technicians and operational staff, particularly in professional positions such as laboratory testing and imaging. This stability ensures business continuity and service reliability, establishing a solid human-resource foundation for future business expansion and service quality enhancement.

The Board believes that the current losses of the Target Company are mainly attributable to the relatively limited experience and resources of the former management team in marketing, brand building and customer development, which has resulted in its service capability not being fully translated into market share and revenue. Leveraging on the Group's marketing system, online and offline channel resources and brand operation experience accumulated in the consumer healthcare sector, the Group will be able to effectively assist the Target Company in addressing its shortcomings at the market end, optimising its customer structure and enhancing the value of its services, thereby enhancing its overall profitability and driving performance improvement, to achieve a turnaround from loss to profit.

Furthermore, amid intensifying competition in the medical aesthetics industry and weakened consumer spending power due to the economic downturn, the Group has been actively seeking opportunities in medical healthcare segments with greater market potential, while at the same time applying its hospital management, service design and marketing experience from the medical aesthetics field to new fields, thereby creating strategic synergies. Compared with medical aesthetics sector, the health management sector covers healthy, sub-healthy and at-risk populations, resulting in a larger customer base and stronger consumption necessity, which position it with greater resilience to economic cycles and stronger potential for sustained growth.

As the foremost and highest-frequency touchpoint in the comprehensive health management value chain, medical check-up centers can channel precisely targeted customer flow into downstream health management, disease prevention, and value-added services. Through the Acquisition, the Group will be able to not only empower the medical check-up business with the marketing and service expertise accumulated in the medical aesthetics field, but also establish a seamless customer conversion pathway from health screening to consumer healthcare services. This will enable the Group to break through the existing business ceiling and build a more scalable and synergistic integrated healthcare service ecosystem.

Based on the above reasons, the Directors consider that the Acquisition is in the interests of the Company and its shareholders as a whole.

EXPERTS AND CONSENTS

The following are the qualifications of each expert who has given an opinion or advice contained in this announcement:

Name	Qualification
Crowe (HK) CPA Limited	Certified Public Accountants
China Assets Appraisal Co., Ltd.	Independent professional valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its report/letter and the references to its name (including its qualification) included herein in the form and context in which it appears.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Independent Valuer and Crowe (HK) CPA Limited is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Independent Valuer nor Crowe (HK) CPA Limited has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, neither the Independent Valuer nor Crowe (HK) CPA Limited had any direct or indirect interests in any assets which have been, since 31 December 2024 (the date to which the latest published annual results of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed above, the contents of the Announcements shall remain unchanged and shall continue to be valid for all purposes. This Announcement is supplemental to the Announcements and shall be read in conjunction with the Announcements.

By order of the Board
China Tian Yuan Healthcare Group Limited
Dong Wei
Executive Director

Hong Kong, 23 January 2026

As at the date of this announcement, the Board is composed of five directors of which Ms. Dong Wei is the executive Director, Ms. He Mei is the non-executive Director, and Mr. Yuen Kwok Kuen, Ms. Zhou Siqi and Mr. Li Jun are the independent non-executive Directors.

* *For identification purpose only*

The following is the text of the report from Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 70% EQUITY INTEREST IN NINGXIA DESHANG CLINIC CO., LTD.(寧夏德尚門診部有限責任公司) (THE "TARGET COMPANY")

TO THE BOARD OF DIRECTORS OF CHINA TIAN YUAN HEALTHCARE GROUP LIMITED

We refer to the discounted future estimated cash flows on the business valuation in connection with the fair value of 70% equity interests in Ningxia Deshang Clinic Co., Ltd.(寧夏德尚門診部有限責任公司)(the "**Target Company**") as of 31 October 2025 (the "**Valuation**") prepared by China Assets Appraisal Co., Ltd., the independent valuer of the Company (the "**Independent Valuer**").

According to the Valuation, the Valuation has been arrived at using the income approach based on the discounted cash flow method, which constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of China Tian Yuan Healthcare Group Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

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

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

Reporting Accountants' Responsibilities

It is our responsibility to report, as required by paragraph 14.60A(2) of the Listing Rules, on the arithmetical accuracy of the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

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 Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Those standards requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions. 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.

Opinion

In our opinion, so far as the arithmetical accuracy of the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 23 January 2026

Yeung Sik Hung, Alvin
Practising Certificate Number P05206

23 January 2026

Dear Sirs,

DISCLOSEABLE TRANSACTION – ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the Valuation Report dated 30 December 2025 prepared by China Assets Appraisal Co., Ltd. (the **"Independent Valuer**") using the income approach in respect of the valuation of the entire shareholders' equity of the Target Company as at 31 October 2025, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the announcement of the Company dated 31 December 2025 in relation to the captioned transaction (the "**Announcement**").

We have reviewed the basis and assumptions based upon which the Profit Forecast in the valuation of the Target Company prepared by the Independent Valuer for which the Independent Valuer is responsible. We have also considered the letter from the Company's auditor, Crowe (HK) CPA Limited, regarding whether the Profit Forecast, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with their respective basis and assumptions.

Based on the above, we are of the opinion that the Profit Forecast has been made after due and careful enquiries.

Yours faithfully,
For and on behalf of the Board
China Tian Yuan Healthcare Group Limited
Dong Wei
Executive Director