



20 November 2025

*To the Independent Board Committee, the Offer Shareholders
and the Offer Optionholders*

Dear Sirs or Madams,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF ANSELME LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
HUA KANG BIOMEDICAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY ANSELME LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in respect of the terms of the Offers and the acceptance of which, particulars of which are set out in a composite offer and response document (the “**Composite Document**”) dated 20 November 2025, in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them in the Composite Document.

On 9 October 2025, Anselme Limited, as purchaser (the “**Offeror**”) and Mr. Li King Yeung, as seller (the “**Vendor**”) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to acquire, the full legal and beneficial title and interest in the Sale Shares, being 138,672,000 Shares, representing approximately 27.71% of the total issued share capital of the Company as at the date of the Joint Announcement, at a total consideration of HK\$17,472,672, which is equivalent to HK\$0.126 per Sale Share. Completion of the Sale and Purchase Agreement took place

immediately upon signing of the Sale and Purchase Agreement on 9 October 2025 pursuant to the terms and conditions of the Sale and Purchase Agreement after the conditions precedent under the Sale and Purchase Agreement being fulfilled or waived.

Immediately prior to Completion, the Offeror directly and beneficially owned 120,752,000 Shares, representing approximately 24.13% of the total issued share capital of the Company. Immediately following Completion and as at the date of the Joint Announcement and the Latest Practicable Date, the Offeror, Dr. Zhou and the parties acting in concert with any one of them are interested in a total of 259,424,000 Shares, representing approximately 51.84% of the total issued share capital of the Company. Save for the above, none of the Offeror, Dr. Zhou and the parties acting in concert with any one of them was interested in any other Shares and Share Options. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offers (i) to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it); and (ii) to cancel all the outstanding Share Options.

Kingston Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offers on the terms set out in the Composite Document on the following basis:

For each Offer Share HK\$0.126 in cash

For each Share Option HK\$0.001 in cash

Further details of the terms and conditions of the Offers, including the procedures for acceptance of the Offers, are set out in the Composite Document.

As set out in the Letter from the Board, the Company has (i) a total of 500,472,000 Shares in issue; and (ii) 19,504,000 outstanding Share Options conferring rights to subscribe for 19,504,000 new Shares with exercise price of HK\$0.125 per Share Option as at the Latest Practicable Date. Save for the Share Options, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the non-executive Directors, namely, Dr. Bu Su, Dr. Xu Ming, Dr. Chow Kwok Fai Joseph, Ms. Wang Yachun and Mr. Tsui Wing Tak, who have no direct or indirect interest in the Offers, has been established by the Company in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to make recommendation to the Offer Shareholders and the Offer Optionholders as to whether the Share Offer and the Option Offer are fair and reasonable and as to the acceptance of the Share Offer and the Option Offer. We, Sorrento Capital Limited, have been appointed, with approval of the Independent Board

Committee, as the independent financial adviser to the Independent Board Committee in respect of the Offers.

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by the management of the Group, the executive Directors, and/or the Offeror were true at the time they were made and continue to be true as at the date of the Composite Document. We have also relied on our discussion with the management of the Group and the executive Directors regarding the Group and the Offers, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the management of the Group, the executive Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document nor to doubt the truth, accuracy and completeness of the information and representations provided by the management of the Group, the executive Directors and the Offeror. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group, the Offeror and their respective associates nor have we carried out any independent verification of the information supplied. We have not considered the tax implications on the Offer Shareholders and the Offer Optionholders of their acceptances or non-acceptances of the Offers since these are particular to their own individual circumstances. In particular, the Offer Shareholders and the Offer Optionholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in any doubt, should consult their own professional adviser. Shareholders will be notified as soon as possible of any material change on the information or to our opinion contained in this letter after the Latest Practicable Date throughout the Offer Period.

We are independent from and not connected with the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the last two years, we have not been engaged as any financial adviser to the Company and the Offeror. Accordingly we considered suitable to give independent advice to the Independent Board Committee and the Offer Shareholders and the Offer Optionholders in respect of the Offers.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering the fairness and reasonableness of the terms of the Offers, we have taken into account the principal factors and reasons set out below:

(i) Review of financial performance/position of the Group

The Group is principally engaged in research and development, manufacturing, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment in the PRC. According to the annual reports of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and 2024 (the “**2024 Annual Report**”, collectively the “**Annual Reports**”) and the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”), the two business segments of the Group are (i) biological reagents (such as male fertility IVD reagents and parasite antibody detection reagents) and auxiliary reproductive supplies and equipment; and (ii) healthcare products and supplements (no revenue contribution was recorded in the year ended 31 December 2024 and the six months ended 30 June 2025).

(a) Financial performance of the Group

Set out below is a summary of the consolidated financial information on the Group for each of (i) the three years ended 31 December 2024 as extracted from the Annual Reports; and (ii) the six months ended 30 June 2024 and 2025 as extracted from the 2025 Interim Report.

	For the six months ended		For the year ended 31 December		
	30 June		2024	2023	2022
	2025	2024	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	12,329	11,918	25,359	24,629	25,330
Cost of sales	(3,913)	(3,929)	(8,287)	(8,536)	(8,416)
Gross profit	8,416	7,989	17,072	16,093	16,914
Other income & other gains and losses	84	499	939	985	1,744
Selling and distribution expenses	(3,520)	(3,901)	(8,526)	(8,617)	(8,951)
Administrative expenses	(5,174)	(4,258)	(10,766)	(9,874)	(9,803)
Research and development expenses	(1,839)	(1,998)	(2,825)	(2,553)	(2,483)
Provision and reversal relating to impairment losses	(268)	(600)	34	(1,763)	(373)
Finance costs	(68)	(50)	(86)	(53)	(55)
Income tax expenses	—	—	—	—	(68)
Loss for the year/period attributable to owners of the Company	(2,369)	(1,779)	(4,158)	(5,782)	(3,075)

Source: The Annual Reports and the 2025 Interim Report

Comparison for the six months ended 30 June 2025 versus the six months ended 30 June 2024

During the six months ended 30 June 2025, the Group recorded a revenue of approximately RMB12.3 million, representing an increase of approximately 3.5% as compared with that of approximately RMB11.9 million for the six months ended 30 June 2024 mainly due to an increase in the sales of male fertility IVD reagents and parasite antibody detection reagents. According to the 2025 Interim

Report, male fertility IVD reagents products remained to be the Group's major products which accounted for approximately 80.6% of total revenue of the Group during the six months ended 30 June 2025 whilst the healthcare products and supplements segment has been suspended since 2024 in light of the then prolonged market competition. The Group recorded a gross profit of approximately RMB8.4 million for the six months ended 30 June 2025, representing an increase of approximately 5.3%, from approximately RMB8.0 million for the six months ended 30 June 2024 mainly due to the increase in sales volume, particularly the male fertility IVD reagents with higher profit margin (as compared with other products of the Group) during the period. The gross profit margin of the Group remained stable as to around 67.0% to 68.3% in the aforesaid periods.

Selling and distribution expenses of the Group decreased by approximately 9.8% from approximately RMB3.9 million for the six months ended 30 June 2024 to approximately RMB3.5 million for the six months ended 30 June 2025 mainly due to strict cost control of marketing activities.

Administrative expenses of the Group increased by approximately 21.5% from approximately RMB4.3 million for the six months ended 30 June 2024 to approximately RMB5.2 million for the six months ended 30 June 2025 mainly due to professional fee payable to lawyers of approximately RMB0.2 million incurred for the acquisition of 湖南可悦生物科技有限公司 (transliterated as Hunan Keyue Biotechnology Company Limited for identification purposes, the "Target Company") (for details of the acquisition, please refer to the announcements of the Company dated 16 April 2025, 30 April 2025 and 26 June 2025), increase in staff cost of approximately RMB0.2 million and other costs like registration fee for renewing medical device certificates and enterprise resource planning system maintenance costs.

Research and development costs of the Group slightly decreased from approximately RMB2.0 million for the six months ended 30 June 2024 to approximately RMB1.8 million for the six months ended 30 June 2025.

Finance costs represent the interest on the unsecured borrowings and finance charges on lease liabilities of the Group which were stable at approximately RMB50,000 for the six months ended 30 June 2024 to approximately RMB68,000 for the six months ended 30 June 2025.

As a result of the substantial increase in administrative expenses as mentioned the above, the Group recorded a loss for the period attributable to owners of the Company of approximately RMB2.4 million for the six months ended 30 June 2025 representing an increase of approximately 33.2% as compared to the loss of approximately RMB1.8 million for the six months ended 30 June 2024.

Comparison for the year ended 31 December 2024 versus the year ended 31 December 2023

During the year ended 31 December 2024, the Group recorded a revenue of approximately RMB25.4 million, representing an increase of approximately 3.0% as compared with that of approximately RMB24.6 million for the year ended 31 December 2023 mainly due to an increase in the sales of male fertility IVD reagents and parasite antibody detection reagents. According to the 2024 Annual Report, (i) male fertility IVD reagents products remained to be the Group's major products which accounted for approximately 76.4% of total revenue of the Group for the year ended 31 December 2024; and (ii) healthcare products and supplements segment was temporarily suspended in 2024 in light of the then prolonged market competition. The Group recorded a gross profit of approximately RMB17.1 million for the year ended 31 December 2024, representing an increase of approximately 6.1%, from approximately RMB16.1 million for the year ended 31 December 2023 mainly due to increase in sales volume, particularly the parasite antibody detection reagents and improvement on gross profit margin. As advised by the Company, the gross profit margin of the Group slightly increased from approximately 65.3% for the year ended 31 December 2023 to approximately 67.3% for the year ended 31 December 2024 mainly due to economy of scale as overall sales volume increased and improvement on profit margin of parasite antibody detection reagents with highest growth in sale volume (as compared with other products of the Group) during the year.

Selling and distribution expenses of the Group slightly decreased by approximately 1.1% from approximately RMB8.6 million for the year ended 31 December 2023 to approximately RMB8.5 million for the year ended 31 December 2024.

Administrative expenses of the Group increased by approximately 9.0% from approximately RMB9.9 million for the year ended 31 December 2023 to approximately RMB10.8 million for the year ended 31 December 2024 mainly due to increase in staff cost particularly (i) the increase in bonus payable to staff in the PRC of approximately RMB190,000; and (ii) the remuneration of approximately HK\$120,000 payable to two additional non-executive Directors, namely Dr. Bu Su and Dr. Xu Ming, who were appointed in the second half of 2024 and provision of tuition fee for a Master of Science programme in Drug Regulatory Affairs and Policy to the executive Director, Mr. Poon Lai Yin Michael in the amount of HK\$300,000.

Research and development costs of the Group increased by approximately 10.7% from approximately RMB2.6 million for the year ended 31 December 2023 to approximately RMB2.8 million for the year ended 31 December 2024 mainly due to increase in cost of improving and developing the products.

In December 2022, the Group conditionally purchased 19% equity interests in a company established in the PRC, namely 海南金諾賽醫療科技有限公司 (transliterated as Hainan Jinnuosai Medical Technology Company Limited for identification purposes, the “**Subject Company**”) whereby the Group paid the consideration by direct capital contribution to the Subject Company and also provided a loan to the Subject Company. However, as certain conditions have not been fulfilled, the Group should return its interests in the Subject Company to the vendor and receive a refund of the aforesaid consideration and repayment of the loan. Provision for impairment losses on relevant loan and loan interest receivables and refundable consideration paid was recorded in 2023. In March 2024, the Group, the vendor and the Subject Company reached an agreement on refund and repayment by instalments up to 31 December 2025 and the Company reverse such impairment losses for the year ended 31 December 2024. For details of the transaction, please refer to announcements of the Company dated 6 January 2023, 7 February 2023, 9 February 2023, 30 June 2023 and 14 May 2024.

Finance costs represent the interest on lease liabilities of the Group which slightly increased from approximately RMB53,000 for the year ended 31 December 2023 to approximately RMB86,000 for the year ended 31 December 2024.

As a result of the above, particularly the reversal of impairment losses on loan and loan interest receivables and refundable consideration paid in relation to the Subject Company and less net impairment losses on trade receivables, the Group recorded a loss for the year attributable to owners of the Company of approximately RMB4.2 million for the year ended 31 December 2024 representing a decrease of approximately 28.1% as compared to the loss of approximately RMB5.8 million for the year ended 31 December 2023.

Comparison for the year ended 31 December 2023 versus the year ended 31 December 2022

During the year ended 31 December 2023, the Group recorded a revenue of approximately RMB24.6 million, representing a decrease of approximately 2.8% as compared with that of approximately RMB25.3 million for the year ended 31 December 2022 mainly due to substantial decrease in the sales of healthcare products and supplements for the year ended 31 December 2023 by approximately 85.4% as compared with the year ended 31 December 2022 as the healthcare products and supplements segment of the Group was impacted by novel coronavirus (COVID-19) epidemic and increased competition in the healthcare supplement market. According to the 2023 Annual Report, male fertility IVD reagents products remained to be the Group’s major products which accounted for approximately 77.3% of total revenue of the Group for the year ended 31 December 2023. The Group recorded a gross profit of approximately

RMB16.1 million for the year ended 31 December 2023, representing a decrease of approximately 4.9%, from approximately RMB16.9 million for the year ended 31 December 2022 mainly due to decrease of gross profit margin. As advised by the Company, the gross profit margin of the Group slightly decreased from approximately 66.8% for the year ended 31 December 2022 to approximately 65.3% for the year ended 31 December 2023 mainly due to increase in product costs such as labour costs which offset the increase in sales volume of male fertility IVD reagents during the year.

Selling and distribution expenses of the Group slightly decreased by approximately 3.7% from approximately RMB9.0 million for the year ended 31 December 2022 to approximately RMB8.6 million for the year ended 31 December 2023 mainly due to decrease in the cost of sales and marketing activities after the lifting of majority of the epidemic prevention and containment measures.

Administrative expenses of the Group were relatively stable as to approximately RMB9.9 million for the year ended 31 December 2023 and approximately RMB9.8 million for the year ended 31 December 2022.

Research and development costs of the Group were stable as to approximately RMB2.5 million for the year ended 31 December 2022 and approximately RMB2.6 million for the year ended 31 December 2023.

Provision for impairment losses on trade receivables, net of the Group significantly increased by approximately 279.1% from approximately RMB373,000 for the year ended 31 December 2022 to approximately RMB1.4 million for the ended 31 December 2023 mainly due to the deterioration of the repayability of the Group's distributors due to economic situation in the PRC.

Finance costs represent the interest on lease liabilities of the Group which slightly decreased from approximately RMB55,000 for the year ended 31 December 2022 to approximately RMB53,000 for the year ended 31 December 2023.

As a result of the above, the Group recorded a loss for the year attributable to owners of the Company of approximately RMB5.8 million for the year ended 31 December 2023 representing an increase of approximately 92.3% as compared to the loss of approximately RMB3.1 million for the year ended 31 December 2022.

(b) Financial position of the Group

We have further summarised below the audited consolidated statements of financial positions of the Company as at 31 December 2022, 31 December 2023 and 31 December 2024 and the unaudited consolidated statements of financial positions of the Company as at 30 June 2025 respectively:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited)	2022 RMB'000 (audited)
Non-current assets				
Property, plant and equipment	7,509	7,908	7,478	7,572
Right-of-use assets	1,315	1,134	2,267	696
Intangible assets	1,119	1,457	2,134	2,811
Consideration paid for acquisition of equity investment	—	—	—	1,900
	<u>9,943</u>	<u>10,499</u>	<u>11,879</u>	<u>12,979</u>
Current assets				
Inventories	3,450	2,717	3,395	3,116
Trade and bills receivables	12,019	9,949	9,683	9,470
Other receivables, deposits and prepayments	4,446	5,549	7,423	7,345
Tax recoverable	169	13	—	189
Bank balances and cash (including bank deposit)	<u>36,725</u>	<u>36,495</u>	<u>32,935</u>	<u>33,303</u>
	<u>56,809</u>	<u>54,723</u>	<u>53,436</u>	<u>53,423</u>
Total assets	<u>66,752</u>	<u>65,222</u>	<u>65,315</u>	<u>66,402</u>

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited)	2022 RMB'000 (audited)
Non-current liabilities				
Lease liabilities	485	–	1,177	59
Deferred income – government grants	–	8	23	38
	<u>485</u>	<u>8</u>	<u>1,200</u>	<u>97</u>
Current liabilities				
Trade payables	800	664	638	829
Other payables and accrued charges	6,416	5,709	7,932	5,852
Contract liabilities	1,040	695	552	1,267
Lease liabilities	862	1,177	1,111	410
Unsecured borrowings	2,273	–	–	–
Deferred income – government grants	15	15	15	15
Amount due to an associate	<u>2,800</u>	<u>2,906</u>	<u>2,848</u>	<u>1,408</u>
	<u>14,206</u>	<u>11,166</u>	<u>13,096</u>	<u>9,781</u>
Total liabilities	<u>14,691</u>	<u>11,174</u>	<u>14,296</u>	<u>9,878</u>
Net assets	<u>52,061</u>	<u>54,048</u>	<u>51,019</u>	<u>56,524</u>
Net assets attributable owners of the Company	<u>52,029</u>	<u>54,048</u>	<u>51,019</u>	<u>56,524</u>

Source: The Annual Reports and the 2025 Interim Report

The non-current assets of the Group comprised mainly its property, plant and equipment and the current assets of the Group comprised mainly its trade and bills receivables and bank balances and cash (including bank deposit). The net assets of the Group decreased from approximately RMB56.5 million as at 31 December 2022 to approximately RMB51.0 million as at 31 December 2023 mainly due to increase in other payables and accrued charges, amount due to an associate and lease liabilities. The net assets of the Group increased from approximately RMB51.0 million as at 31 December 2023 to approximately RMB54.0 million as at 31 December 2024 mainly due to decrease in other payables and accrued charges and lease liabilities.

Trade and bills receivables of the Group were stable between approximately RMB9.5 million and RMB9.9 million as at the end of past three financial years. However, it increased from approximately RMB9.9 million as at 31 December 2024 to approximately RMB12.0 million as at 30 June 2025 mainly due to the increase in trade receivables from third parties by approximately RMB2.2 million and the Group allows credit period from 30 to 180 days for certain customers. Other receivables, deposits and prepayments of the Group was stable at approximately RMB7.3 million as at 31 December 2022 and RMB7.4 million as at 31 December 2023. However, it decreased to approximately RMB5.5 million as at 31 December 2024 mainly due to decrease of loan receivables from the Subject Company and further decreased to approximately RMB4.4 million as at 30 June 2025 due to full repayment of such loan receivables.

Other payables and accrued charges of the Group increased from approximately RMB5.9 million as at 31 December 2022 to approximately RMB7.9 million as at 31 December 2023 mainly due to increase in other accrual and payables such as audit fees and salaries payables and then decreased to approximately RMB5.7 million as at 31 December 2024 mainly due to settlement of other accrual and payables such as audit fees and salaries payables during the year. Other payables and accrued charges of the Group increased to approximately RMB6.4 million as at 30 June 2025 mainly due to consolidated the other payables and accrued charges of the Target Company into the Group's financial statement after completion of relevant acquisition on 26 June 2025.

Total lease liabilities of the Group increased from approximately RMB0.5 million as at 31 December 2022 to approximately RMB2.3 million as at 31 December 2023 mainly due to new lease entered during the year as the Group leased certain of its factories and office premises for its operation with fixed term of around two years. Along with the amortisation during the lease term, only current portion of lease liabilities of the Group as to approximately RMB1.2 million was remained as at 31 December 2024. Given acquisition of the Target Company, its lease liabilities were consolidated to the Group and thus the total lease liabilities of the Group increased to approximately RMB1.3 million as at 30 June 2025.

The net assets of the Group decreased from approximately RMB54.0 million as at 31 December 2024 to approximately RMB52.0 million as at 30 June 2025 mainly due to draw-down of unsecured interest bearing loans in the amount of approximately RMB2.3 million from a licensed money lender. These loans bear an interest rate of 9% per annum and repayable within 12 months after the withdrawal dates. As advised by the Company, the Group relied on equity fundraising to replenish its working capital during the past three financial years ended 31 December 2024 and the Company completed placing of new Shares under general mandates for general working capital of the Group to (i) raise a net proceeds of approximately HK\$2.6 million on 6 September 2022; (ii) raise a net proceeds of approximately HK\$2.0 million on 31 January 2024; and (iii) raise a net proceeds of approximately HK\$3.2 million on 21 March 2024. For details, please refer to the announcements of the Company dated 6 September 2022, 31 January 2024 and 21 March 2024. As disclosed on the announcement of the Company dated 31 December 2024, the Company proposed to raise a net proceeds of approximately HK\$12.4 million by placing of new Shares under general mandate. However, the Company announced on 21 January 2025 that as the conditions under the relevant placing agreement were not fulfilled on or before the long stop date, the placing agreement have lapsed. Hence, the Company had to find alternative method for fundraising and then entered into four term loan agreements with the aforesaid licensed money lender on 25 March 2025.

Given the above, particularly (i) the Company has been operating at similar scale (in terms of revenue) and making loss for the past three financial years and the latest interim period; (ii) the total liabilities, particular due to the recent term loans, have increased by approximately 31.5% as at 30 June 2025 as compared with 31 December 2024 which resulted in recurring interest burden; and (iii) the recently acquired Target Company started to record revenue of approximately RMB2.1 million for the year ended 31 December 2024 and was still loss-making, we considered that the financial performance and position of the Group in near future is unlikely to be promising and the lack of growth driver to the Share price relating to the Group's financials has already been reflected in the historical Share prices. Hence, we have to review additional information such as other public information, outlook and prospect of the Group, trading data of the Shares in open market and comparison of valuation with industry peers to complete our assessment to the fairness and reasonableness of the terms of the Offers.

(ii) Business outlook and prospects of the Group

The Group is principally engaged in research and development, manufacturing, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment in the PRC. According to the Annual reports and the 2025 Interim Report, the product portfolio of the Group increased to 31 biological reagents, including 28 male fertility IVD reagents, two parasite antibody detection reagents, and one Epstein-Barr virus antibody detection reagent whilst male fertility IVD reagents products represented the major product of the Group and contributed approximately 66.4%, 77.3%, 76.4% and 80.6%

of total revenue of the Group during each of the financial year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 respectively. According to the latest annual report on the development of medical device industry in China (中國醫療器械行業發展報告) published by China Society for Drug Regulation (a society managed by National Medical Products Administration (國家藥品監督管理局), (i) the number of companies in the PRC manufacturing medical devices increased from 26,465 at the end of 2020 to 32,752 at the end of 2024, representing a compound annual growth rate (CAGR) of approximately 5.5%; and (ii) the total revenue of medical device manufacturers in the PRC increased from approximately RMB872.5 billion in 2020 to approximately RMB1,200 billion, representing a CAGR of approximately 8.3%. According to the annual statistics published by the Information Centre of National Medical Products Administration (國家藥品監督管理局資訊中心), the number of companies in the PRC operating IVD business increased from 196,132 at the end of 2020 to 380,968 at the end of 2024, representing a CAGR of approximately 18.1%. We also noted from the register of medical devices on the website of by National Medical Products Administration that there are over 150 products similar to the Group's male fertility IVD reagents products supplied by over 50 companies in the PRC. Notwithstanding the significant growth of medical device industry (particularly the IVD business) in the PRC over the past five years, the revenue of the Company only increased at a CAGR of approximately 3.7% and yet the Company was still loss-making from the year ended 31 December 2020 to the year ended 31 December 2024. As advised by the Company, the Group has been facing intense competition in the PRC IVD market due to the participation of more local medical device manufacturers and foreign imported IVD products.

In October 2024, the central government of the PRC published 《關於加快完善生育支持政策體系推動建設生育友好型社會的若干措施》 (Certain Measures for Accelerating Improvement of Fertility Supportive Policy Systems and Promoting the Establishment of a Fertility-friendly Society, the “Measures”). The objectives of the Measures are for improving the support and service system for population development and promotion of high-quality population development. One of the Measures is to strengthen fertility health services such as research and development and application of fertility health technology and improvement to prenatal examinations. The large human population in the PRC and the supportive Measures by the PRC government would provide more business opportunity to the Group. Furthermore, as disposal income per capita in the PRC has been increasing over past few years making the Group's IVD products more affordable, the Group will continue to focus on its male fertility IVD reagents products. However, as the Company anticipates the increasing public awareness on fertility assessment and more competition by players in the PRC market would drive the quality requirement of customers, the Company intends to position itself as an integrated fertility diagnostics solutions provider by enhancing portfolio and quality of its IVD reagents products such as the development of its “Sperm Morphology Analysis Test Kit” and registration of Class II medical device of semen biochemical immunoassay equipment to the National Medical Products Administration.

Although the Group did not recognise any revenue from its healthcare products and supplements segment in the year ended 31 December 2024 and the six months ended 30 June 2025 due to the Group's strategic decision on temporary suspension in 2024 in light of the then prolonged market competition, the Group intends to develop the women's health market by acquisition of the 91% equity interest in the Target Company at a consideration of RMB317,697.23 from vendors, namely 南京和臻控股集團有限公司 (transliterated as Nanjing Hezhen Holding Group Co., Ltd. for identification purposes), 北京巴普國際醫學研究院 (transliterated as Beijing Bapu International Medical Research Institute for identification purposes) and 長沙可容健康科技股份有限公司 (transliterated as Changsha Kerong Health Technology Co., Ltd. for identification purposes) in June 2025. According to the announcement of the Company dated 16 April 2025, (i) the owners of vendors included Dr. Zhou, Dr. Xu Ming (a non-executive Director), Dai Chao and Tao Wei; and (ii) the Target Company is principally engaged in the research and development and sales of women's health products, which cover female reproductive system solutions, health foods, antibacterial products and other fields. The Company believes that the acquisition enables it to gain extensive research and development experience, product lines and domestic market channels in the female health sector. According to the aforesaid announcement, the revenue and loss after taxation of such acquired company was approximately RMB2.1 million and approximately RMB0.9 million respectively for the year ended 31 December 2024. The completion of the acquisition of the Target Company took place on 26 June 2025 and the assets, liabilities and financial results of the Target Company have been consolidated to the Group. Therefore, it is uncertain as to whether this newly acquired company will bring immediate and material financial contribution to the Group in near future.

As disclosed paragraph headed "10. MISCELLANEOUS" in the Appendix III to the Composite Document, the Group has been liaising with 深圳市君軒生物技術有限公司 (transliterated as Shenzhen Junxuan Biological Technology Co., Ltd. for identification purposes, "**Shenzhen Junxuan**") (as landlord) for the renewal of the tenancy agreement for its existing production plant which will expire on 31 December 2025. Shenzhen Junxuan is a related company controlled by Mr. Zhang Shugang, a former executive Director and an Offer Optionholder. As at the Latest Practicable Date, no agreement was entered for the extension of the tenancy. Therefore, the continuation of the Group's operation at its existing production plant may be subject to uncertainty if the aforesaid tenancy is not extended. As advised by the Company, the Company is optimistic to enter into relevant agreement to extend the tenancy in early December 2025 subject to compliance with relevant GEM Listing Rules and the Takeovers Code. Given the extension of tenancy is not guaranteed and terms of which have not yet been fixed as at the Latest Practicable Date, the Company will start to identify suitable premises in the same or nearby districts for relocation as contingency plan in order to minimise the potential disruption to the business operation of the Group. The Company will inform the investors the latest development of the tenancy by means of announcement(s). Since there has been no material change in financial or trading position or outlook of the Group (except certain facts disclosed in the paragraph headed "4. MATERIAL CHANGE" in Appendix II to the Composite Document) and our opinion on the Offers is based on various assessment disclosed in this letter, the potential non-renewal of the existing tenancy, as a risk factor to the Group as at the Latest

Practicable Date, does not alter our overall viewpoint of the reasonableness and fairness of the Offers so far. Nevertheless, the consequence of this risk factor to the Group, if materialized, such as time elapsed and costs to be incurred for relocation of production plant, fulfilment of relevant regulatory requirements, operation disruption, financial impact etc. as well as the investors' reaction in the market cannot be quantified at this moment. Therefore, we remain cautious on any possible impact to the business, operation, financials and outlook of the Group. Therefore, the Offer Shareholders and the Offer Optionholders are reminded to closely monitor the status of the tenancy, the subsequent development of the Group and the Share price during the Offer Period when determining whether or not to accept the Offers.

(iii) Information and principal business of the Offeror

According to the Letter from Kingston Securities, the Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 15 May 2025 for the purpose of holding the Shares. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Dr. Zhou Xunyong who is also the sole director of the Offeror. Dr. Zhou Xunyong is principally engaged in the development in biological enzyme solutions and cell therapy technologies through several companies. For more details of the biography of Dr. Zhou Xunyong, please refer to the paragraph headed "INFORMATION ON THE OFFEROR" in the Letter from Kingston Securities.

As disclosed in the announcement of the Company dated 14 January 2025 and the relevant disclosure of interest forms, Mr. Zhang Shuguang, the former executive Director, had sold the entire issued share capital in Crystal Grant Limited to the Vendor on 10 January 2025 (the "**First Transfer**"). At the time of transaction, Crystal Grant Limited held 138,672,000 Shares, representing approximately 27.71% of the total issued Shares and the consideration was HK\$0.1175 per Share. All such Shares were then transferred to the Vendor. As disclosed in the disclosure of interests forms for relevant event on 4 February 2025, Mr. Yu Chi Mau enforced a security interest in the Shares, or rights to such Shares held as security and became the beneficial owner of 120,752,000 Shares, representing approximately 24.13% of the total issued Shares at that time and the consideration was HK\$0.1242 per Share (the "**Second Transfer**").

As disclosed in the disclosure of interests forms for relevant event on 1 September 2025, the Offeror acquired 120,752,000 Shares from Mr. Yu Chi Mau at the consideration of HK\$0.126 per Share (the "**First Acquisition**"). As advised by the Company, substantial portion of the total consideration of the First Acquisition was settled by way of a promissory note and the relevant amount must be paid by the Offeror within 12 months from 1 September 2025. Thus, Mr. Yu Chi Mau is deemed to be a party acting in concert with the Offeror and Dr. Zhou by virtue of class (9) of the definition of acting in concert under the Takeovers Code. As set out in the Letter from Kingston Securities, the Offeror completed a purchase of the Sale Shares, being 138,672,000 Shares, from the Vendor on 9 October 2025 at the total consideration of HK\$17,472,672 (i.e. HK\$0.126 per Share) (the "**Second Acquisition**"). Following the First Acquisition and the Second Acquisition, the

Offeror, Dr. Zhou and the parties acting in concert with any one of them are interested in a total of 259,424,000 Shares, representing approximately 51.84% of the total issued share capital of the Company.

As set out in the Letter from Kingston Securities, as the Group has been engaged in the business of healthcare products in the PRC for years, Dr. Zhou, who is in biotechnology and health innovation industry, was actively looking for business opportunities to grow his business. The Offeror is of the view that the Company has built up an extensive network and reputation in the biotechnology industry, which upon becoming the controlling Shareholder through the acquisition of the Sale Shares, the Offeror will be able to grow the Company's business under its direction. The Offeror and Dr. Zhou intend to leverage on his expertise in enzyme solutions and cell therapy technologies to improve on the Group's product research and development, especially in relation to IVD reagents and women's health products, as well as to collaborate with Dr. Zhou's other companies to expand the Group's sales network for these products. For further details, please refer to the paragraph headed "REASONS FOR THE ACQUISITION OF THE SALE SHARES AND THE INTENTION OF THE OFFEROR ON THE GROUP" in the Letter from Kingston Securities. Although Dr. Zhou's academic background in various universities is not relevant to medical or biotechnology, he has participated in the field of biotechnology and healthcare for years through running several companies in the PRC owned by him. Dr. Zhou was one of the owners of the Target Company which is engaged in business of healthcare products. Given the relevancy of the business to the suspended healthcare products and supplements segment of the Group, we believe that the Group may benefit from Dr. Zhou's experience in healthcare industry with the newly acquired Target Company. As for the operation of principal business segment of the Group relating to biological reagents and auxiliary reproductive supplies and equipment, we believe that the Dr. Zhou can participate in the management with his knowledge in business administration and work experience while leverage the expertise and experience of the existing senior management and technical staff of the Group in research and development.

(iv) Intention of the Offeror in relation to the Group

As set out in the Letter from Kingston Securities, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror does not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group.

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the

Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules. According to the intention of the Offeror mentioned above, the Offeror does not intend to introduce any major changes to the existing operations and business of the Group which cover areas of (i) biological reagents (such as male fertility IVD reagents and parasite antibody detection reagents) and auxiliary reproductive supplies and equipment; and (ii) healthcare products and supplements (including the business of newly acquired Target Company).

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Board comprises Ms. Zhang Yujing (Chairman), Mr. Zhang Chunguang and Mr. Poon Lai Yin Michael (Compliance Officer) as executive Directors; Dr. Bu Su and Dr. Xu Ming as non-executive Directors; and Dr. Chow Kwok Fai Joseph, Ms. Wang Yachun, and Mr. Tsui Wing Tak as independent non-executive Directors. The Offeror intends to nominate Dr. Zhou to be an executive Director and the new chairman of the Board with effect from after the despatch of the Composite Document or such other date as permitted under the applicable laws, rules and regulations, the GEM Listing Rules and the Takeovers Code. Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and the GEM Listing Rules as and when appropriate.

Save for the abovementioned proposed change(s) to the composition of the Board, as at the Latest Practicable Date, the Offeror has no intention to make material changes to the employment of the employees of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

As set out in the Letter from Kingston Securities, the Offeror intends to the Company to remain listed on GEM of the Stock Exchange after the close of the Offers. The sole director of the Offeror and the new director to be appointed to the Board (namely Dr. Zhou) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

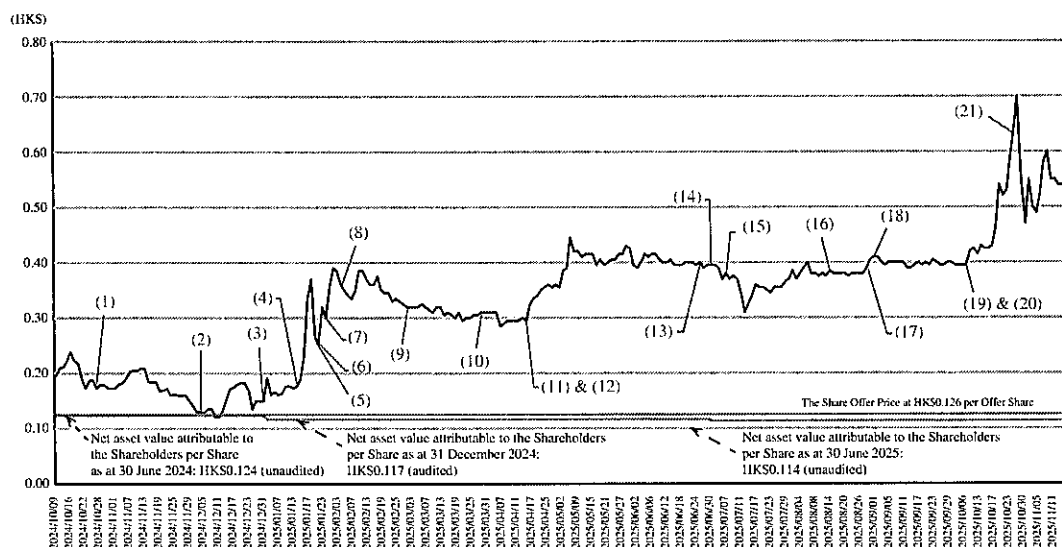
(v) The Share Offer Price and historical Share price performance

The Share Offer Price of HK\$0.126 per Offer Share represents:

- i. a discount of approximately 76.67% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- ii. a discount of approximately 68.10% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on the date of the Joint Announcement;
- iii. a discount of approximately 68.18% to the average closing price of HK\$0.396 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the date of the Joint Announcement;
- iv. a discount of approximately 68.34% to the average closing price of approximately HK\$0.398 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the date of the Joint Announcement;
- v. a discount of approximately 68.26% to the average closing price of HK\$0.397 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the date of the Joint Announcement;
- vi. a premium of approximately 7.69% over the audited consolidated net assets per Share of approximately HK\$0.117 as at 31 December 2024, which was calculated based on the Group's audited consolidated net assets of approximately RMB54,048,000 (equivalent to approximately HK\$58,364,649) as at 31 December 2024 and 500,472,000 Shares in issue as at the Latest Practicable Date; and
- vii. a premium of approximately 10.53% over the unaudited consolidated net assets per Share of approximately HK\$0.114 as at 30 June 2025, which was calculated based on the Group's unaudited consolidated net assets of approximately RMB52,061,000 (equivalent to approximately HK\$57,087,560) as at 30 June 2025 and 500,472,000 Shares in issue as at the Latest Practicable Date.

As the lowest closing price of the Shares was HK\$0.121 during the Review Period (as defined below), the Shares were traded at premium up to approximately 93.23%, approximately 281.58% and approximately 514.05% to the values of net assets attributable to the Shareholders per Share of approximately HK\$0.124 as at 30 June 2024, approximately HK\$0.117 as at 31 December 2024 and approximately HK\$0.114 as at 30 June 2025 respectively (calculated based on the then latest published financial statements contained in the interim report of the Company for the six months ended 30 June 2024, the 2024 Annual Report and the 2025 Interim Report) throughout almost the entire Review Period. As we are of the view that the price performance of the Shares during the past full year can sufficiently and fairly reflect the market perception on the Company's performance, outlook and effects of certain specific events without the possible effect from the announcements of the Offers, which may be relevant to our analysis, we have plotted the closing price level of the Shares traded on the Stock Exchange for a 12-month period ("Pre-Announcement Period") from 9 October 2024 to 9 October 2025, being the date on which the trading of the Shares was halted in the afternoon trading session, and further up to the Latest Practicable Date (the "Post-Announcement Period", collectively the "Review Period") for the purpose of further comparing the Share Offer Price of HK\$0.126 per Share with the market price of the Shares as follows:

Closing price of the Shares during the Review Period



The numbers (1) to (21) in the chart above represent the announcements/events below:

1. Announcement of the appointment of Dr. Xu Ming as a non-executive Director dated 25 October 2024;
2. Announcement of the appointment of Ms. Shih Mei Ling as an independent non-executive Director dated 3 December 2024;
3. Announcement of the placing of new Shares at HK\$0.126 under general mandate dated 31 December 2024;
4. Announcement of the First Transfer dated 14 January 2025;
5. Announcement of the lapse of the placing of new Shares dated 21 January 2025;
6. Announcement of the change of independent non-executive Director from Ms. Chow Ching Man to Mr. Tsui Wing Tak dated 22 January 2025;
7. Announcement of the proposed acquisition of the Target Company by entering into of a memorandum of understanding dated 24 January 2025;
8. Disclosure of interests forms in relation to the Second Transfer on 2 February 2025;
9. Announcement of the resignation of Ms. Shih Mei Ling as independent non-executive Director dated 28 February 2025;
10. Annual results announcement of the Company for the year ended 31 December 2024 dated 28 March 2025;
11. Announcement of the discloseable transaction in relation to the acquisition of the Target Company dated 16 April 2025;
12. Announcement of the change of executive Director from Mr. He Jiaming to Ms. Zhang Yujing dated 16 April 2025;
13. Announcement of the completion of acquisition of the Target Company dated 26 June 2025;
14. Announcement of the appointment of Ms. Wang Yachun as independent non-executive Director dated 30 June 2025;
15. Announcement of the resignation of Dr. Cheng Faat Ting Gary as independent non-executive Director dated 8 July 2025;
16. Interim results announcement of the Company for the six months ended 30 June 2025 dated 15 August 2025;
17. Announcement of the resignation of Mr. Zhang Shuguang as executive Director dated 29 August 2025;
18. Disclosure of interests forms in relation to the First Acquisition on 1 September 2025;
19. Announcement of the trading halt dated 9 October 2025;
20. Joint Announcement in relation to, among others, the Second Acquisition and the Offers dated 9 October 2025; and
21. Announcement of the delay in despatch of the Composite Document dated 28 October 2025 (the “**Delay Announcement**”).

Source: The Stock Exchange

(a) Pre-Announcement Period

As shown in the chart above, closing prices of the Shares were above the Share Offer Price during almost the entire Pre-Announcement Period. From the beginning of the Pre-Announcement Period to 11 December 2024, the closing prices of the Shares were generally on a downtrend. During this period, the Company announced the appointment of (i) Dr. Xu Ming as a non-executive Director on 25 October 2024; and (ii) Ms. Shih Mei Ling as an independent non-executive Director on 3 December 2024.

Since 12 December 2024, the closing prices of the Shares have started to rise and have been generally on an uptrend until reaching HK\$0.39 per Share on 28 January 2025. During the period, the Company announced (i) a placing of new Shares at HK\$0.126 under general mandate on 31 December 2024; (ii) the First Transfer on 14 January 2025; (iii) the lapse of the aforesaid placing of new Shares on 21 January 2025; (iv) the change of independent non-executive Director from Ms. Chow Ching Man to Mr. Tsui Wing Tak on 22 January 2025; and (v) the entering into of a memorandum of understanding in relation to a proposed acquisition of the Target Company on 24 January 2025.

In early February 2025, the closing prices of the Shares fluctuated between HK\$0.335 per Share and HK\$0.385 per Share. During the period, the Second Transfer took place on 2 February 2025. From 12 February 2025, the closing prices of the Shares have started to decrease until reaching HK\$0.285 per Share on 7 April 2025. During the period, the Company announced (i) the resignation of Ms. Shih Mei Ling as independent non-executive Director on 28 February 2025; and (ii) its annual results for the year ended 31 December 2024 on 28 March 2025.

Afterward, the closing prices of the Shares have started to rise again until reaching HK\$0.445 per Share on 8 May 2025. During the period, the Company announced (i) the discloseable transaction in relation to the acquisition of the Target Company on 16 April 2025; and (ii) the change of executive Director from Mr. He Jiaming to Ms. Zhang Yujing on 16 April 2025.

Then, the closing prices of the Shares fluctuated between HK\$0.31 per Share and HK\$0.43 per Share during the rest of the Pre-Announcement Period. During this period, the Company announced (i) the completion of acquisition of the Target Company on 26 June 2025; (ii) the appointment of Ms. Wang Yachun as independent non-executive Director on 30 June 2025; (iii) the resignation of Dr. Cheng Faat Ting Gary as independent non-executive Director on 8 July 2025; (iv) its unaudited interim results for the six months ended 30 June 2025 on 15 August 2025; and (v) resignation of Mr. Zhang Shuguang as executive Director on 29 August 2025. On 1 September 2025, the First Acquisition took place.

Given the announcements of the Company published on the Stock Exchange are official and reliable source of information for the public to assess the development of the Group including but not limited to the business performance, financial position, fund-raising, acquisition and change in substantial shareholder and key management, we are of the view that investors normally took into consideration the abovementioned announcements (or events referred in such announcements) when making their investment decisions in respect of the Shares and the price trend of the Shares during the Pre-Announcement Period.

Since 1:00 p.m. on 9 October 2025, trading of the Shares was halted pending the release of an announcement by the Company in relation to inside information of the Company and pursuant to Takeovers Code. Before the time of trading halt, the closing price of the Shares was HK\$0.395 per Share.

Having considered the public information of the Company and Share prices during the Pre-Announcement Period, we consider that the general upward price trend of the Shares during the Pre-Announcement Period was mainly due to market reaction to the financial performance and corporate actions of the Company (such as fundraising and acquisition) as well as the change in substantial Shareholders.

(b) Post-Announcement Period

At 9:00 a.m. on 10 October 2025, trading of the Shares was resumed after the publication of the Joint Announcement in relation to, among others, the Second Acquisition and the Offers on 9 October 2025 and the highest and closing price of the Share reached HK\$0.65 per Share and HK\$0.42 per Share respectively. Since then, the closing prices of the Shares have been generally on similar level. Until 21 October 2025, the closing price of the Share increased to HK\$0.465 per Share and reached HK\$0.70 per Share as at 30 October 2025. Afterward, the closing price of the Shares decreased to HK\$0.54 per Share as at the Latest Practicable Date. The Share Offer Price represents a discount of approximately 76.67% to the closing price per Share as at the Latest Practicable Date. As confirmed by the Directors, save for the release of the Joint Announcement and the Delay Announcement, the Directors were not aware of any specific event that caused the recent substantial increases in prices of the Shares.

Having considered the public information of the Company and Share prices during the Post-Announcement Period, we consider that the recent surge of the Share prices in the Post-Announcement Period may additionally reflect the market reaction to the change in controlling Shareholders of the Company as a result of the Second Acquisition and the Offers. Therefore, the recent Share prices are more relevant for assessing the fairness and reasonableness of the Share Offer Price.

(vi) Historical trading volume of the Shares

The following table sets out the historical monthly trading volume of the Shares and the percentage of the number of Shares traded compared to the total number of the Shares in issue during the Review Period:

Months/period	Number of trading days	Total trading volume (Number of Shares)	Average daily trading volume (Number of Shares) (Note 1)	% of average daily trading volume to the total number of Shares in issue (Note 2)	% of average daily trading volume to the total number of Shares held by the public Shareholders (%) (Note 3)
2024					
October	16	21,816,000	1,363,500	0.2724	0.5752
November	21	34,704,000	1,652,571	0.3302	0.6971
December	20	28,712,000	1,435,600	0.2868	0.6056
2025					
January	19	80,412,000	4,232,211	0.8456	1.7854
February	20	12,440,000	622,000	0.1243	0.2624
March	21	11,120,000	529,524	0.1058	0.2234
April	19	9,280,000	488,421	0.0976	0.2060
May	20	13,520,000	676,000	0.1351	0.2852
June	21	5,876,000	279,810	0.0559	0.1180
July	22	8,328,000	378,545	0.0756	0.1597
August	21	8,008,000	381,333	0.0762	0.1609
September	22	25,488,000	1,158,545	0.2315	0.4887
October (Note 4)	20	61,992,000	3,099,600	0.6193	1.3076
– Prior to trading halt	5	2,088,000	417,600	0.0834	0.1762
– After resumption in trading	15	59,904,000	3,993,600	0.7980	1.6847
November (up to the Latest Practicable Date)	12	19,352,000	1,612,667	0.3222	0.6803

Source: The Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole day, if any.
2. The calculation is based on the average daily trading volume of the Shares divided by the balance of total number of issued Share at the end of the respective month/period.
3. The calculation is based on the average daily trading volume of the Shares divided by the total number of Shares held by the public Shareholders (i.e. excluding those Shares held by core connected persons of the Company) at the end of the respective month/period based on the public information on the Stock Exchange.
4. Trading in the Shares was halted from 1:00 p.m. on 9 October 2025 pending the publication of the Joint Announcement and resumed from 9:00 a.m. on 10 October 2025.

As illustrated in the table above, the daily trading volume of the Shares for the respective month/period was generally thin during the Pre-Announcement Period and such thin trading volumes may indicate a low trading liquidity in the Shares and the Shareholders with sizeable shareholdings may not find immediate and sufficient demand on the Shares in the open market. The average daily trading volume of the Shares ranged from approximately 279,810 Shares in June 2025 to approximately 4,232,211 Shares recorded in January 2025, representing approximately 0.0559% to approximately 0.8456% of the total number of the Shares in issue as at the end of the relevant month/period. The percentage of average daily trading volume to the total number of Shares held by the public Shareholders as at the end of the relevant month/period during the Pre-Announcement Period ranged from approximately 0.1180% to approximately 1.7854%. We have reviewed the daily trading volume of the Shares in January 2025 and noted that approximately 86.5% of the Shares traded in January 2025 was contributed by the trading from 15 January 2025 to 31 January 2025. The Company made announcement after trading hours on (i) 14 January 2025 in relation to the First Transfer; (ii) 21 January 2025 in relation to the lapse of placing of new Shares under general mandate; and (iii) 24 January 2024 in relation to the proposed acquisition of the Target Company by entering into a memorandum of understanding. As confirmed by the Directors, save for the release of the abovementioned announcements, the Directors were not aware of any specific event that caused the recent substantial increases in trading volume of the Shares.

In the morning trading session on 9 October 2025, there was no trading of the Shares recorded and trading of the Shares was halted from 1:00 p.m. on 9 October 2025. The Joint Announcement was published on 10 October 2025 and trading in the Shares was resumed from 9:00 a.m. on 10 October 2025. The trading volume of the Shares was 15,512,000 Shares on 10 October 2025 and the average daily trading volume of the Shares was 3,993,600 Shares from 10 October 2025 to 31 October 2025. The average daily trading volume of the Shares was 1,612,667 Shares from 1 November 2025 to the Latest Practicable Date.

Due to the low percentage of average trading volume to the total number of the Shares held by the public Shareholders except in January and October 2025, we are of the opinion that the trading liquidity in the Shares is low and the Shareholders with sizeable shareholdings, may not immediately find sufficient demand on the Shares in the open market. Therefore, Offer Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for those who wish to realise part or all of their investment in the Company at the prevailing market price of the Shares and whether their disposal of their Shares will exert a downward pressure on the market prices of the Shares if they decide not to accept the Share Offer or the Option Offer (after exercising their subscription rights attached to the Share Options). In spite of that the Share Offer provide a mean to the Offer Shareholders for realising their investment in the Company without being affected by low trading liquidity in the Shares, the discount of the Share Offer Price to the closing prices of the Shares throughout almost the entire Review Period is not justifiable given it might be possible for the Offer Shareholders to dispose of their Shares at prices higher than the Share Offer Price in open market during the Offer Period.

(vii) Market comparable analysis

The Group is principally engaged in research and development, manufacturing, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment in the PRC. According to the 2024 Annual Report and the 2025 Interim Report, the two business segments of the Group are (i) biological reagents (such as male fertility IVD reagents and parasite antibody detection reagents) and auxiliary reproductive supplies and equipment; and (ii) healthcare products and supplements, but no revenue contribution was recorded from healthcare products and supplements. As such we have conducted research on the companies listed on the Stock Exchange with similar business model, product nature, geographic markets and size and exhaustively identified two companies listed on the Stock Exchange which are principally engaged in sale of diagnostic products like IVD reagents and genetic testing kits. In selecting these two companies (the “**Market Comparables**”), we take into account those (i) with not less than 90% of revenue generated from industries similar to those of the Group (i.e. manufacture and sale of diagnostic products like IVD reagents and genetic testing kits) in the latest financial year as the Company solely recorded revenue from its biological reagents and auxiliary reproductive supplies and equipment segment in 2024 and we considered a 90% benchmark already represents a high degree of similarity without casting out comparable companies that also recorded immaterial revenue from other sources; (ii) with not less than two-third of revenue generated from the PRC market as all the revenue of the Group were located in the PRC; (iii) with trading of ordinary shares not being suspended on the Stock Exchange for the whole trading day as at the Latest Practicable Date as such companies normally possess inside information yet to be announced and the resumption of trading is not guaranteed; and (iv) with market capitalisation of not more than HK\$1 billion as at the Latest Practicable Date which we consider a reasonable benchmark for size comparison as the companies within such range of market capitalisation (including the Company which had market capitalisation of approximately HK\$270.3 million based on the closing price of the

Shares and the total number of the Shares in issue as at the Latest Practicable Date) are commonly regarded as small-cap companies in Hong Kong.

In view of that the Market Comparables are exhaustively identified and principally engaged in sales of medical diagnostic products which are applied for human testing like those IVD reagents of the Company and their major geographic market are located in the PRC which is same as the Company, we consider that although only two companies are available, the Market Comparables are sufficient, fair and representative sample for comparison to the Company. Shareholders should note that the principal activities, profitability and financial positions of each of the Market Comparables are different which may affect how they are actually valued and their respective market multiple valuations in the market. Therefore, the comparison with the Market Comparables set out in this letter is solely for general reference to the market trend when assessing the fairness and reasonableness of the Share Offer Price.

In assessing the fairness and reasonableness of the Cancellation Price, we have considered the use of price-to-earnings ratio (the “**P/E Ratio**”) analysis, which is one of the most widely used and accepted methods for valuing a business with recurrent income. However, the Company and the Market Comparables were all loss making in the last financial year and we were unable to apply P/E Ratio analysis. Moreover, the earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Company and the Market Comparables were all negative that we were also unable to apply another common valuation method, enterprise value (EV) to EBITDA ratio. Hence, we considered another common valuation approach of non-profitable companies by reference their market capitalisation to the revenue, i.e. price-to-sales ratio (the “**P/S Ratio**”) analysis. However, the P/S Ratio is suitable to early-stage companies and high-growth companies that have been gaining market share but yet to record profit and it ignores all cost elements. Given the Company and the Market Comparables have been operating for over ten years with established scale of revenue and costs, we consider that the P/S Ratio analysis is not applicable to our assessment.

Since the Company and the Market Comparables are principally engaged in sales of medical products for human testing with their own production facilities and majority assets of them (i.e. over 60% of total assets) as at 30 June 2025, being the end date of the latest interim period, comprised by their property, plant and equipment, inventories, cash, deposits and trade receivables, we consider that the price-to-book ratio (the “**P/B Ratio**”) analysis with reference to the latest published net asset value of the Group attributable to the Shareholders per Share is an alternative and appropriate approach to compare the Company with the Market Comparables.

As illustrated in the table below, the P/B Ratios of the Market Comparables are approximately 0.53 time (Suzhou Basecare Medical Corporation Limited, 2170.HK) and approximately 1.59 times (Biosino Bio-Technology and Science Incorporation, 8247.HK) respectively as at the Latest Practicable Date. The P/B Ratio implied by the Share Offer Price of approximately 1.08 times (based on the audited net asset value attributable to

Shareholders per Share as at 31 December 2024) and approximately 1.11 times (based on the unaudited net asset value attributable to Shareholders per Share as at 30 June 2025) are higher than those of the Market Comparables.

Company/Stock Code	Principal business activities	Percentage of revenue generated from the sale of diagnostic and testing products during the latest full financial year	Percentage of revenue generated from the PRC market during the latest full financial year	Market capitalisation (HK\$' million) (Note 1)	Profit (Loss) attributable to shareholders during the latest full financial year (HK\$' million) (Note 2)	Net asset value attributable to shareholders as according to the latest published financial report (HK\$' million) (Note 2)	P/E Ratios or EV/EBITDA Ratios	P/B Ratios
		%	%	(a)	(b)	(c)	(a)/(b)	(a)/(c)
Suzhou Basecare Medical Corporation Limited (2170)	Sales of genetic testing kits and sales of genetic testing devices, instruments and consumables.	94.0	67.5	604.5	(256.0)	1,132.7	N/A	0.53
Biosino Bio-Technology and Science Incorporation (8247)	Research and development, manufacturing, sale and distribution of IVD reagents products.	99.7	91.0	260.5	(45.9)	164.3	N/A	1.59
					Statistics:	Min	N/A	0.53
						Max	N/A	1.59
						Mean/Median	N/A	1.06
The Company		100.0	100.0	270.3	(4.8)	57.1	N/A	1.08
								(based on the latest audited net asset value per Share, see Note 3)
								1.11
								(based on the latest unaudited net asset value per Share, see Note 4)

Source: The Stock Exchange

Notes:

1. Unless otherwise specified, market capitalisation is calculated based on the closing price of shares on the Stock Exchange and the number of ordinary shares in issue of the Market Comparables as at the Latest Practicable Date.
2. The net asset value attributable to shareholders refers to the latest published accounts set out in the latest interim reports of the Market Comparables.
3. Based on the Share Offer Price of HK\$0.126 per Offer Share and the audited net asset value attributable to the Shareholders per Share of approximately HK\$0.117 calculated with reference to the consolidated audited net asset value of the Company attributable to the Shareholders of approximately RMB54,048,000 as at 31 December 2024 per the 2024 Annual Report and 500,472,000 Shares issued as at 31 December 2024.
4. Based on the Share Offer Price of HK\$0.126 per Offer Share and the unaudited net asset value attributable to the Shareholders per Share of approximately HK\$0.114 calculated with reference to the consolidated unaudited net asset value of the Company attributable to the Shareholders of approximately RMB52,029,000 as at 30 June 2025 per the 2025 Interim Report and 500,472,000 Shares issued as at 30 June 2025.
5. In the calculation above, figures denominated in RMB as stated in the relevant annual reports or interim reports of the Market Comparables are translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.92604 (as at the end of December 2024) and RMB0.91195 (as at the end of June 2025) according to the rates cited from People's Bank of China.

We have further analysed the market prices of the Market Comparables and noted that they were traded at discount to their respective net asset value attributable to shareholders per share for almost all the time in the Review Period up to approximately 65.1% (Suzhou Basecare Medical Corporation Limited) and approximately 79.6% (Biosino Bio-Technology and Science Incorporation) and rarely at premium which were only up to approximately 5.3% (Suzhou Basecare Medical Corporation Limited) and approximately 58.5% (Biosino Bio-Technology and Science Incorporation). Unlike the Market Comparables, the Shares have been traded at premium to net asset value attributable to the Shareholders per Share for almost all the time in the Review Period up to approximately 470.2%. From this perspective, the 4.3% higher P/B Ratio implied by the Share Offer Price of approximately 1.11 times (by reference to the higher one) to average P/B Ratio of approximately 1.06 times of the Market Comparables is not sufficient to indicate that the Share Offer Price is favourable. Especially when comparing with the higher P/B Ratio of approximately 4.74 times represented by the closing price of the Shares as at the Latest Practicable Date and the latest unaudited net asset value attributable to the Shareholders per Share.

(viii) The Option Offer Price

With reference to the paragraph headed “2. SHARE CAPITAL” in Appendix III to the Composite Document, as at the Latest Practicable Date, save for the 19,504,000 outstanding Share Options granted pursuant to the 2020 Share Option Scheme conferring rights to subscribe for 19,504,000 new Shares, the Company had no outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the Shares. Other than the outstanding Share Options, there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares. As

advised by the Company, it had no intention to grant any new share options under the 2020 Share Option Scheme during the Offer Period.

The Option Offer is unconditional in all respects and is not conditional upon any minimum level of acceptances being received or any other conditions. Given that the exercise price of the outstanding Share Options (being HK\$0.125 per Share Option) is lower than the Share Offer Price, the Share Options are in-the-money and the Option Offer Prices are set at the see-through price of HK\$0.001. As the see-through price under the Option Offer Price are based on the Share Offer Price of HK\$0.126, which is offered to all Offer Shareholders, our view on the Option Offer Price is same as that on the Share Offer Price. Given that we consider the Share Offer Price is not fair and reasonable, the see-through price, the determination of which is based on the Share Offer Price, are also considered by us to be not fair and reasonable.

In view of the fact that the recent Share market price had been, and was as at the Latest Practicable Date, above the Share Offer Price, Offer Optionholders may, to the extent their respective circumstances permit, exercise their rights under the Share Options and dispose of their Offer Shares on the market if there is sufficient trading liquidity in the market and the market price is above the Share Offer Price (to the extent such excess in market price would be adequate to cover additional charges such as brokerage, transaction levies etc., which would not be applicable if the Offer Shares are tendered in acceptance of the Share Offer) during the Offer Period. However, if the market price of the Shares becomes below the Share Offer Price, Offer Optionholders may consider accepting the Option Offer instead. The Offer Optionholders are also reminded that in accordance with the 2020 Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers as detailed in the paragraph headed “9. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS” set out in the Appendix I to the Composite Document.

RECOMMENDATION

Having considered the principal factors set out above, in particular, the following:

- (i) the Share Offer Price represents a deep discount of over 68% to (a) the closing price of the Shares as quoted on the Stock Exchange on the date of the Joint Announcement; and (b) the average closing prices of the Shares during the 5, 10 and 30 trading days up and including the date of the Joint Announcement;
- (ii) trading liquidity of the Shares had been thin during the Review Period (except in January and October 2025) and therefore prevailing market price of the Share may not necessarily reflect the proceeds which the Offer Shareholders can receive by disposal of the Shares, especially those with relatively sizeable shareholdings, in the open market given significant disposal of the Shares may result in downward pressure in the price of the Shares. However, the Share Offer Price has been substantially below the closing prices of the Shares during most of the time in the Review Period and the

Share Offer Price still represented a deep discount of approximately 76.67% to the closing price of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date;

- (iii) the closing prices of the Shares have been generally on an uptrend during the Review Period due to the market reaction to (a) the financial performance and corporate actions of the Company in the Pre-Announcement Period; and (b) the change in controlling Shareholders of the Company and the Offers in the Post-Announcement Period as discussed in the paragraph headed “(v) The Share Offer Price and historical Share price performance” above; and
- (iv) the Offeror intends to continue the Group’s existing principal business and does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Nevertheless, we believe that the Group’s healthcare products and supplements segment may be benefited given the work experiences in business of healthcare products of Dr. Zhou (being the indirect controlling Shareholder of the Company via his holding in the Offeror) particularly in the newly acquired Target Company. Therefore, the most recent Share prices, particularly during the Post-Announcement Period, may have already reflected the investors’ expectation to the Company’s business performance and future prospects,

we consider that the Offers (including the Offer Prices) are not fair and reasonable so far as the Offer Shareholders and the Offer Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders and the Offer Optionholders not to accept the Offers.

We would like to remind the Offer Shareholders and the Offer Optionholders (for the Offer Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) that if they consider retaining their Shares or tendering less than all their Shares under the Share Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Share Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Offer Optionholders are also reminded that in accordance with the 2020 Share Option Scheme, the Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers as detailed in the paragraph headed “9. VALIDITY OF THE SHARE OPTIONS UPON CLOSE OF THE OFFERS” set out in the Appendix I to the Composite Document.

Those Offer Shareholders and Offer Optionholders (for the Offer Optionholders, if they opt to exercise their rights under the Share Options to subscribe for the new Shares) who intend to accept the Share Offers are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offers remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Share Offer after having regard to the market price and the liquidity of the Shares.

The Offer Shareholders and the Offer Optionholders are strongly advised that the decision to accept the Offers or to hold their investment in the Shares and/or the Share Option is subject to individual circumstances and investment objectives. The Offer Shareholders and the Offer Optionholders are also reminded to read carefully the procedures for accepting the Offers as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance and transfer, if they wish to accept the Offers and to closely monitor to the business development of the Group according to the publications to be made by the Company, if any.

Yours faithfully,
For and on behalf of
Sorrento Capital Limited



Wesker Poon
Managing Director

Note: Mr. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than ten years of experience in corporate finance and investment banking. Mr. Wesker Poon has participated in and completed various advisory transactions in respect of the Takeovers Code.