



28 April 2026

*To: The Independent Board Committee and the Shareholders*

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY  
MORTON SECURITIES LIMITED ON BEHALF OF  
TIAN AN MEDICARE LIMITED  
TO BUY-BACK UP TO 70,000,000 SHARES AT HK\$1.1 PER SHARE**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) and the letter from Morton Securities (the “**Morton Securities Letter**”) contained in the Offer Document dated 28 April 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

On 23 March 2026, the Board announced that the Offer would be made by Morton Securities on behalf of the Company to buy-back for cancellation, subject to the Condition, up to the Maximum Number, being 70,000,000 Shares, representing approximately 6.48% of the issued Shares as at the Latest Practicable Date, at the Offer Price of HK\$1.1 per Share.

The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Lee Seng Hui, Mr. Mark Wong Tai Chun, Mr. Zhou Haiying, Mr. Gao Zhaoyuan and Ms. Zhang Yuanyuan, and all the independent non-executive Directors, namely Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert, Ms. Yang Lai Sum, Lisa and Mr. Cao Dan, who have no interest in the Offer other than Mr. Lee Seng Hui as a Shareholder, has been formed to advise the Shareholders in respect of the Offer.

The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to whether the Offer is fair and reasonable so far as the Shareholders are concerned, whether they are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting.



### OUR INDEPENDENCE

During the two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date, we were not aware of any relationships or interests, whether direct or indirect, between ourselves and the Company, the Directors, the substantial shareholders of the Company or any party acting or presumed to be acting in concert with any of them, that could reasonably be regarded as relevant to the independence of Aurelius Corporate Finance Limited in our capacity as the Independent Financial Adviser.

Apart from normal professional fees payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company, the Directors, the substantial shareholders of the Company or any party acting or presumed to be acting in concert with any of them. Accordingly, we are independent to give our unbiased and independent opinion to the Independent Board Committee and the Shareholders in relation to the Offer.

### BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions, beliefs and representations contained or referred to in the Offer Document and the information and representations as provided to us by the Group, its advisers, its management team (the “**Management**”) and/or the Directors. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as at the Latest Practicable Date and the Shareholders will be notified of any material changes (if any) as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Group, its advisers, the Management and/or the Directors in the Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Offer Document, or the reasonableness of the opinions expressed by the Group, its advisers, the Management and/or the Directors, which have been provided to us. Our opinion is based on the Directors’ representation and confirmation that there are no undisclosed private agreements or arrangements or implied understanding with anyone concerning the Offer.

We have obtained and reviewed the property valuation report (the “**Valuation Report**”) prepared by Norton Appraisals Holdings Limited (the “**Independent Valuer**”). We have reviewed the terms of engagement of the Independent Valuer and note that the Valuation Report is prepared (i) in accordance with HKIS Valuation Standard 2024 published by the Hong Kong Institute of Surveyors; and (ii) in compliance with the Chapter 5 and Practice Note 12 of the Listing Rules and Rule 11 of the Takeovers Code. We have also assessed the qualification, experience and independence of the Independent Valuer in relation to the preparation of the



Valuation Report. We understand that Mr. Paul Wong, being the director of the Independent Valuer, and Mr. Oliver Pan, being the associate director of the Independent Valuer, are persons-in-charge of the Valuation Report. Mr. Paul Wong is a Registered Professional Surveyor and member of Hong Kong Institute of Surveyors and a member of Royal Institution of Chartered Surveyors, with over 35 years of experience in handling property valuations in Hong Kong and the PRC. Mr. Oliver Pan is a member of Royal Institution of Chartered Surveyors and a holder of Chartered Financial Analyst, with over 12 years of experience in handling property valuations in Hong Kong and the PRC. The Independent Valuer also confirmed its independence from the Group.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in the Offer Document, the omission of which would make any statement in the Offer Document misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

We have not considered the tax consequences on the Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

#### **1. Information of the Group**

The Company is an investment holding company. The Group's principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment in Hong Kong and the PRC.



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## CORPORATE FINANCE

As at the Latest Practicable Date, the Company is held as to approximately 51.47% by Fareast Global, which in turn is a direct wholly-owned subsidiary of TACI, a company listed on the Main Board of the Stock Exchange (Stock Code: 28), which in turn is held as to approximately 56.94% by AGL and is an indirect non wholly-owned subsidiary of AGL, a company listed on the Main Board of the Stock Exchange (Stock Code: 373). As at the Latest Practicable Date, AGL is beneficially owned as to approximately 74.99% by Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interests), being a discretionary trust.

The table below sets out the audited consolidated key financial information of the Group for the years ended 31 December 2024 and 2025 as extracted from the annual report of the Company for the year ended 31 December 2025 (the "Annual Report 2025"):

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue	1,638,180	1,627,199
– Healthcare	1,582,283	1,581,036
– Eldercare	51,463	41,827
– Property development	155	–
– Property investment	4,279	4,336
– Financial services	–	–
– Securities trading and investments	–	–
Gross profit	309,548	336,220
(Loss)/profit before taxation	(469)	57,004
– Healthcare	119,077	119,991
– Eldercare	(107,195)	(46,334)
– Property development	(3,928)	(4,000)
– Property investment	(19,480)	(8,363)
– Financial services	(48)	1,301
– Securities trading and investments	4,159	(1,762)
– Unallocated incomes/(expenses) (Note)	6,946	(3,829)
(Loss)/profit for the year	(20,806)	41,976
(Loss)/profit attributable to owners of the Company	(26,816)	28,773



	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Non-current assets	2,250,623	2,179,670
Current assets	1,297,911	1,359,207
Current liabilities	1,183,728	1,165,696
Non-current liabilities	506,066	478,352
Equity	1,858,740	1,894,829
Equity attributable to owners of the Company	1,773,356	1,818,974

*Note:* Unallocated incomes/(expenses) comprised of other gains and losses, and other income, net foreign exchange gain or loss, central corporate expenses and finance costs, which could not be allocated to individual segment.

As set out in the table above, we note that the revenue of the Group remained relatively stable at approximately HK\$1.6 billion for the years ended 31 December 2024 and 2025. According to the Annual Report 2024 and Annual Report 2025, operating in such regulated industry and subject to extensive regulatory requirements such as the medical policies of medical insurance payment and settlement and the implementation of Diagnosis Related Groups payment reform, etc., the revenue of healthcare segment (i.e., operations of hospitals in the PRC), which accounted for approximately 96.6% of the total revenue for the year ended 31 December 2025, remained broadly stable at approximately HK\$1,581.0 million and HK\$1,582.3 million for the years ended 31 December 2024 and 2025, respectively. According to the Annual Report 2025, although the revenue of eldercare segment of the Group increased from approximately HK\$41.8 million for the year ended 31 December 2024 to approximately HK\$51.5 million for the year ended 31 December 2025, the losses incurred from the eldercare segment further widened from approximately HK\$46.3 million for the year ended 31 December 2024 to approximately HK\$107.2 million for the year ended 31 December 2025. Such increase in losses was mainly due to a loss on fair value of its investment properties of approximately HK\$52.2 million (2024: approximately HK\$6.2 million), a provision for properties under development of sale of HK\$22.0 million (2024: approximately HK\$8.5 million) and a provision for properties held for sale of approximately HK\$9.3 million (2024: HK\$1.2 million). On the other hand, the profit from healthcare segment also remained stable at approximately HK\$120.0 million and HK\$119.1 million for the years ended 31 December 2024 and 2025, respectively. However, the Group's profit derived from healthcare segment for the year ended 31 December 2025 was largely offset by (i) loss on fair value of investment properties of approximately HK\$74.1 million (2024: approximately HK\$16.9 million); (ii) provision for properties under development for sale of approximately HK\$23.9 million (2024: approximately HK\$11.0 million); and (iii) provision for properties held for sale of approximately HK\$10.3 million (2024: approximately HK\$1.7 million). As a result, the Group recorded a loss attributable to



owners of the Company of approximately HK\$26.8 million for the year ended 31 December 2025, as compared to a profit attributable to owners of the Company of approximately HK\$28.8 million for the year ended 31 December 2024. Having considered the above, we are of the view that the loss for the year ended 31 December 2025 was mainly attributable to the fluctuations in the property market rather than any material deterioration in the underlying operating performance of the Group's core healthcare segment.

As illustrated in the above table, the total assets remained relatively stable at approximately HK\$3.5 billion as at 31 December 2024 and 2025 and the total assets as at 31 December 2025 mainly comprised of property, plant and equipment of approximately HK\$1,662.6 million (2024: approximately HK\$1,541.6 million), the aggregate of bank balances and cash, pledged bank deposits and restricted bank deposits of approximately HK\$820.3 million (2024: approximately HK\$892.9 million) and investment properties of approximately HK\$475.1 million (2024: approximately HK\$525.4 million), while the total liabilities as at 31 December 2025 slightly increased by approximately 2.8%, as compared to that as at 31 December 2024, and the total liabilities as at 31 December 2025 mainly comprised of current and non-current borrowings of approximately HK\$891.7 million in aggregate (2024: approximately HK\$833.4 million), deposits, receipt in advance and accrued charges of approximately HK\$403.2 million (2024: approximately HK\$450.1 million) and trade payables of approximately HK\$139.3 million (2024: approximately HK\$133.4 million). Such increase in total liabilities was primarily attributable to the increase in non-current liabilities by approximately 5.8%, in particular, the recognition of non-current other payables of approximately HK\$37.7 million as at 31 December 2025 (2024: HK\$nil). Equity attributable to owners of the Company decreased by approximately 2.5% as at 31 December 2025, reflecting the loss attributable to the owners of the Company recorded during the year.

Overall, we note that the Group's balance sheet remains solvent, with total equity attributable to owners of the Company of approximately HK\$1,773.4 million as at 31 December 2025. However, the reduction in equity attributable to owners of the Company by approximately 2.5%, from approximately HK\$1,819.0 million as at 31 December 2024 to approximately HK\$1,773.4 million as at 31 December 2025, together with the change from profit to loss in FY2025, reflect the adverse impact of the fluctuation in the PRC and HK property markets on the Group's financial performance. We are of the opinion that if the PRC and HK property markets continues to deteriorate, there is a risk that the profit from the Group's core healthcare segment may continue to be materially offset by property-related fair value losses and provision, which could further erode the equity base and financial position of the Group.

## 2. Industry overview

The Group is principally engaged in the operations of hospitals in the PRC. According to the Annual Report 2025, for the year ended 31 December 2025, the revenue generated from the operations of hospital in the PRC accounted for approximately 96.6% of the total



revenue. Given the foregoing, the Group's financial performance is closely tied to the operating environment of the PRC healthcare and hospital sector, an overview of which is set out below.

According to the Statistical Bulletin on the Development of Health and Wellness in the PRC in 2024 published by the National Health Commission (the "NHC") on 2 December 2025 (the "2024 NHC Bulletin"), the total healthcare expenditure in the PRC remained relatively stable at approximately RMB9,057.6 billion and RMB9,089.6 billion in 2023 and 2024, respectively, representing an increase of approximately 0.4%. As set out in the 2024 NHC Bulletin, the total healthcare expenditure in the PRC comprises of government health expenditure, social health expenditure (which includes medical insurance fund expenditure) and personal health expenditure.

According to the 2024 NHC Bulletin, the number of hospitals in the PRC increased by approximately 0.9% in 2024. The rate of growth in the number of hospitals therefore outpaced the rate of growth in total healthcare expenditure over the same period. In particular, the number of Class III hospitals (being the highest tier of hospitals in the PRC. The Group owns two hospitals, and both hospitals are Class III hospitals) increased from 3,855 in 2023 to 4,111 in 2024, representing an increase of approximately 6.6%. On the other hand, the NHC Bulletin further indicated that as compared to 2023, the average outpatient expense per visit at Class III hospitals decreased by approximately 1.0% and the average inpatient expense per visit at Class III hospitals decreased by approximately 6.2% in 2024. In addition, the bed occupancy rate at Class III hospital also slightly decreased from approximately 91.1% in 2023 to approximately 89.6% in 2024, and the average length of stay for discharged inpatients shortened from approximately 8.1 days in 2023 to approximately 7.8 days in 2024. We are of the opinion that the combination of the increase in the number of Class III hospital in 2024 and simultaneous declines in the average outpatient and inpatient expense per visit, bed occupancy rate and average length of stay at Class III hospital indicates that supply of Class III hospital service outpaced the demand, also reflecting a tightening of the revenue environment for Class III hospital operators in the PRC.

Despite the total health expenditure in the PRC remained relatively stable, the cost base of hospital operators has continued to expand. According to the 2024 NHC Bulletin, the number of staff in healthcare units in the PRC increased by approximately 3.6% in 2024. In addition, according to the news release about the Average Annual Wages of Persons Employed in Urban Units in 2024 published by the National Bureau of Statistics of China on 17 May 2025, the average annual wage of health and social services units in the urban private sector grew by approximately 1.1% in 2024, as compared to 2023. The growth rate in healthcare staffing of approximately 3.6% and average annual wage of approximately 1.1% exceeded the growth rate in total healthcare expenditure of approximately 0.4% over the same period, indicating an increase in the staff cost burden for hospital operators in the PRC. We also observed the same trend in some of the Comparables (which will be defined



and discussed below in paragraph 4.4 of this IFA Letter), including BenQ BM Holding Cayman Corp. (Stock Code: 2581), who reported an increase in revenue of approximately 2.2% and increase in employee benefit expenses of approximately 7.6% for the year ended 31 December 2025.

Having considered the above, we are of the view that the PRC hospital sector, and in particular the Class III hospital segment in which the Group operates in, faces a challenging operating environment characterised by: (i) moderating aggregate healthcare expenditure growth; (ii) accelerating capacity expansion, particularly at the Class III hospital level, which has resulted in declining per-patient expense, lower bed utilisation and shorter average length of stay; and (iii) a structural increase in the staff cost burden that has outpaced revenue growth. In our view, these industry dynamics are likely to exert continued pressure on the revenue and cost base of Class III hospital operators in the near term, and represent material headwinds to the Group's prospects for improving its financial performance. We consider it reasonable for Shareholders who wish to realise their investment with certainty at a premium to prevailing market levels to accept the Offer.

### 3. The Offer

#### 3.1 The Offer

The number of Shares to be bought-back for cancellation by Morton Securities on behalf of the Company at the price of HK\$1.1 per Share will not exceed the Maximum Number, being 70,000,000 Shares, representing approximately 6.48% of the issued Shares as at the Latest Practicable Date.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

For further details of terms of the Offer, please refer to Appendix I to the Offer Document.

#### 3.2 The Condition

The Offer is conditional upon the approval by more than 50% of the votes cast by the Shareholders by way of a poll having been obtained at the SGM in respect of the Offer.

The Condition cannot be waived.

**The Offer is subject to the Condition being fulfilled in full. If the resolution to approve the Offer is not passed by the Shareholders, the Offer will not proceed and will immediately lapse.**



### **3.3 Rationale of the Offer from the perspectives of the Company and the Shareholders**

We have considered the rationale of the Offer from the perspectives of the Company as well as the Shareholders as follows.

#### *From the perspective of the Company*

As disclosed in the Board Letter, the Board is of the view that for more than five years, the price of the Shares has been traded at a discount to the Group's net asset value per Share. We note that, during the 12-month period immediately prior to the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$1.14 on 2 July 2025 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.70 on 19 May 2025. The closing price of the Shares of HK\$0.95 per Share on the Last Trading Day represents a discount of approximately 42.07% to the Group's audited net asset value attributable to the Shareholders of approximately HK\$1.64 per Share as at 31 December 2025.

Although the Company has bought back, by way of on-market share buy-back, of 2,130,000 Shares in the six-month period prior to the date of the Announcement, the Company considers that effecting the intended repurchase size through continued on-market buy-backs would likely take an extended period and be subject to execution uncertainty, having regard to prevailing market conditions and trading liquidity. Accordingly, the Company considers that the Offer is a more structured approach which provides all Shareholders a fair and equal chance to participate in the buy-back of Shares by the Company, offering an alternative exit opportunity for the Shareholders to dispose of their Shares at a premium to the prevailing market price of the Shares should they wish to do so, and allowing the Company to buy back its Shares up to the Maximum Number under a timeframe with certainty.

The Offer demonstrates the Company's confidence in its long-term prospects and intrinsic value, thereby sending positive signals to the market as well as the Company's stakeholders including employees and customers.

#### *From the perspective of the Shareholders*

The Offer represents an opportunity for the Accepting Shareholders to realise part or all of their investment at a premium to prevailing market price.



For Shareholders who retain all or part of their holdings of the Shares, the buy-back of Shares by the Company will increase their proportionate interests in the Company and allow these Shareholders to participate in the future prospects of the Company. In addition, the buy-back of Shares by the Company has the effect of increasing the Group's consolidated net asset value per Share, thus benefiting all Shareholders.

In this regard, we are of the view that the Offer is in the interests of the Shareholders as a whole.

#### 4. Analysis on Offer Price

##### 4.1 The Offer Price

The Offer Price of HK\$1.1 per Share represents:

- a premium of 4.76% over the closing price of the Shares of HK\$1.05 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 15.79% over the closing price of the Shares of HK\$0.95 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 15.79% over the average closing price of the Shares of HK\$0.95 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- a premium of approximately 18.28% over the average closing price of the Shares of HK\$0.93 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- a premium of approximately 18.28% over the average closing price of the Shares of HK\$0.93 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a discount of approximately 32.93% to the Group's audited net asset value attributable to the Shareholders of approximately HK\$1.64 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2025, calculated based on the audited consolidated net asset value attributable to the Shareholders of HK\$1,773,356,000 and the 1,080,975,457 Shares in issue as at 31 December 2025; and

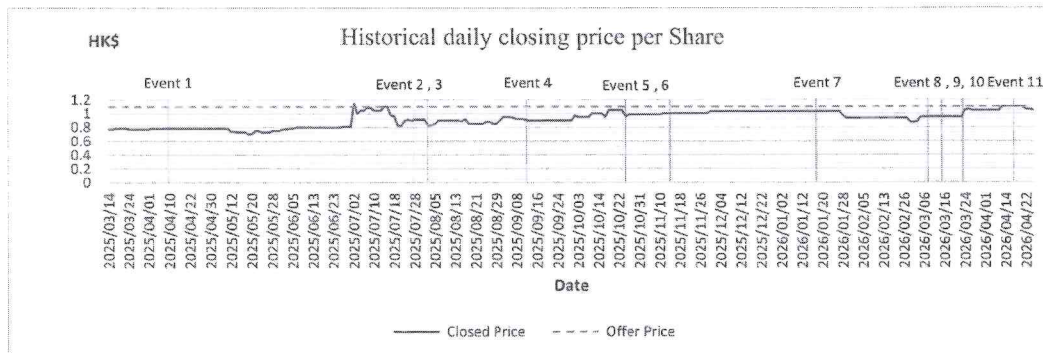


- a discount of approximately 33.33% to the Group's unaudited adjusted consolidated net asset value attributable to the Shareholders of approximately HK\$1.65 per Share, calculated based on the audited consolidated net asset value attributable to the Shareholders as at 31 December 2025, which was adjusted for the property valuation as at 28 February 2026 pursuant to the property valuation report as set out in Appendix IV to this Offer Document, of HK\$1,779,142,000 and the 1,080,975,457 Shares in issue as at 31 December 2025.

According to the Board Letter, the Offer Price was determined after taking into account, among other things, the historical trading prices of the Shares traded on the Stock Exchange, historical financial performance of the Group, and the prevailing market conditions and sentiments.

#### 4.2 Historical price performance of the Shares

We have reviewed the closing prices of the Shares over the 12-month period immediately prior to the Last Trading Day dated 13 March 2026. We have reviewed the period commencing on 14 March 2025 and ending on the Latest Practicable Date (“Review Period”). The diagram below depicts the historical Share price over the Review Period:



Source: Information from the website of the Stock Exchange

Event 1: Publication of the annual report for the year ended 31 December 2024

Event 2: Publication of the profit warning announcement for the six months ended 30 June 2025

Event 3: Publication of the interim results announcement for the six months ended 30 June 2025



*Event 4:* Publication of the interim report for the six months ended 30 June 2025

*Event 5:* Publication of the announcement in relation to the change of auditor of the Company

*Event 6:* Publication of the announcement in relation to the discloseable transaction for renovation work agreement

*Event 7:* Publication of the announcement in relation to the re-designation of Mr. Zhou Haiying from executive Director to non-executive director

*Event 8:* Publication of the profit warning announcement for the year ended 31 December 2025

*Event 9:* Publication of the annual results announcement for the year ended 31 December 2025 and the Last Trading Day

*Event 10:* Publication of the Announcement

*Event 11:* Publication of the Annual Report 2025

We note that the Share price has recorded an overall increasing trend throughout the Review Period, where the closing price of the Share increased from HK\$0.77 per Share on 14 March 2025 to HK\$0.95 per Share on 13 March 2026. We have also discussed with the Management of the Company regarding the aforesaid upward trend and were advised that, save for the events stated above, they are not aware of any particular reason that led to the increasing trend of the closing prices of the Shares.

The lowest and highest closing price of the Shares during the Review Period were HK\$0.70 per Share recorded on 19 May 2025 and HK\$1.14 per Share recorded on 2 July 2025, as quoted on the Stock Exchange. The Offer Price of HK\$1.1 represents (i) a premium of approximately 57.1% over the lowest closing price per Share during the Review Period; and (ii) a discount of approximately 3.5% to the highest closing price per Share during the Review Period. In addition, among 273 trading days during the Review Period, 263 trading days were trading below the Offer Price, 9 trading days were trading at the Offer Price and only 1 trading day was trading above the Offer Price.

**Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.**



### 4.3 Historical liquidity of the Shares

Apart from the daily closing price of the Shares, we have also performed a review on the average daily trading volume per month, as well as the percentage of average daily trading volume of the Shares as compared to (i) the total number of the issued Shares at the relevant time; and (ii) total number of Shares held by the public for the Review Period:

Month	Total monthly trading volume of the Shares Number of Shares	No. of trading days Days	Average daily trading volume of the Shares Number of Shares	Percentage of	Percentage of
				average daily trading volume to the total number of issued Shares (Note 1) %	average daily trading volume to the total number of Shares held by the public (Note 2) %
<b>2025</b>					
March (from 14 March 2025)	32,400	12	2,700	0.0002	0.0008
April	1,488,600	19	78,347	0.0073	0.0241
May	521,995	20	26,100	0.0024	0.0080
June	352,000	21	16,762	0.0016	0.0052
July	763,400	22	34,700	0.0032	0.0107
August	1,462,440	21	69,640	0.0064	0.0215
September	231,500	22	10,523	0.0010	0.0032
October	525,700	20	26,285	0.0024	0.0081
November	1,282,267	20	64,113	0.0059	0.0198
December	272,009	21	12,953	0.0012	0.0040
<b>2026</b>					
January	357,440	21	17,021	0.0016	0.0052
February	25,400	17	1,494	0.0001	0.0005
March – 2 March to 13 March (i.e., the Last Trading Day)	3,159,500	22	143,614	0.0133	0.0443
– 14 March to 31 March	114,500	10	11,450	0.0011	0.0035
April (up to the Latest Practicable Date)	3,045,000	12	253,750	0.0235	0.0782
	518,015	15	34,534	0.0032	0.0106

Source: Information from the website of the Stock Exchange

Notes:

- (1) The total number of issued Shares is 1,080,530,457 as at the Latest Practicable Date.
- (2) The total number of Shares held by the public (including Mr. Lee MT) is 324,433,447 as at the Latest Practicable Date.

As illustrated in the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 1,494 Shares to approximately 143,614 Shares, representing approximately 0.0001% to approximately 0.0133% of the total number of the Shares in issue, or approximately 0.0005% to approximately 0.0443% of the total number of Shares held by the public.



The historical trading volume of the Shares is thin relative to the total issued share capital of the Company, as evidenced by the fact that the percentage of average daily trading volume to the total number of issued Shares has been below 0.1% during the Review Period. Given the Shares are illiquid, the disposal of a significant number of Shares held by the Shareholders in the open market would likely trigger price slump of the Shares.

Given the thin historical average daily trading volume of the Shares, it is uncertain whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. We, therefore, consider that the Offer provides the Shareholders with an assured exit if they wish to realise part of their investments in the Shares or all of their investments in the Shares to the extent the Offer is not fully accepted (i.e., fewer than 70,000,000 Shares are tendered for buy-back).

#### **4.4 Comparable analysis**

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the “**P/E ratio**”) analysis. We note that one Comparable and the Company itself are both loss-making, and hence, we consider that the P/E ratio, as a standalone valuation metric, may not be a meaningful analysis in these circumstances. Accordingly, we have compared the price-to-book ratio (the “**P/B ratio**”) analysis and the price-to-sales ratio (the “**P/S ratio**”) analysis to compare the Offer Price against the market valuation of other comparable companies.

As stated in the Annual Report 2025, approximately 96.6% of the Group’s revenue for the year ended 31 December 2025 was derived from the healthcare segment, i.e., operations of hospitals in the PRC. Therefore, we have selected comparable companies based on the following criteria: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) more than 80% of the revenue is derived from operations of hospitals; (iii) more than 80% of the revenue is derived from the PRC; and (iv) the comparable companies’ segment revenue derived from the operations of hospitals and the PRC could be identified in their latest published financial report. We have conducted an exhaustive search of companies listed on the Main Board of the Stock Exchange that satisfy all of our criteria set out above. Based on the aforesaid selection criteria and to the best of our effort in conducting the search, we identified 7 comparable companies (the “**Comparables**”) and we believe the Comparables selected based on the above selection criteria are exhaustive. We set out our findings in the table below:



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## CORPORATE FINANCE

Company name (Stock Code)	Principal business	Share price (Note 1) (HK\$)	Market capitalisation (Note 2) (HK\$ million)	P/B ratio (Note 3) (times)	P/S ratio (Note 4) (times)
China Resources Medical Holdings Company Ltd (Stock Code: 1515)	Principally engaged in (i) provision of general healthcare services; (ii) provision of hospital management services, sale of pharmaceuticals, medical devices and medical consumables and provision of other services	2.85	3,695.5	0.50	0.35
Wenzhou Kangning Hospital Co Ltd (Stock Code: 2120)	Principally engaged in operating its owned hospitals and other healthcare related business	9.08	657.0	0.49	0.36
BenQ BM Holding Cayman Corp. (Stock Code: 2581)	Principally engaged in the provision of healthcare services through the multi-disciplinary private for-profit general hospitals in the PRC	3.58	1,116.8	0.44	0.36
Bayzed Health Group Inc (Stock Code: 2609)	Primarily focused on hospital business, hospital management business and supply of pharmaceuticals, medical equipment and consumables in the PRC	3.49	4,601.3	2.66	3.62
Guangdong Kanghua Healthcare Group Co Ltd (Stock Code: 3689)	Principally engaged in the provision of hospital services, provision of rehabilitation and other healthcare services, provision of haemodialysis service and provision of elderly healthcare services in the PRC	2.00	666.8	0.39	0.29
Hospital Corporation of China Ltd (Stock Code: 3869)	Principally engaged in the (i) operation and management of hospitals; (ii) provision of management services, supply chain services and other ancillary services to hospitals; and (iii) sale of pharmaceutical products in the PRC	3.98	550.0	0.96	0.33
Hygeia Healthcare Holdings Co Ltd (Stock Code: 6078)	Principally engaged in providing healthcare services through wholly owned, private, for-profit hospitals in the PRC	11.81	7,276.3	0.94	1.60
			<b>Minimum</b>	0.39	0.29
			<b>Maximum</b>	2.66	3.62
			<b>Average</b>	0.91	0.99
			<b>Median</b>	0.50	0.36
<b>The Company</b> (Stock Code: 383)	Principally engaged in operations of hospitals in the PRC	1.1 (Note 5)	1,188.6 (Note 6)	0.67 (Note 7)	0.73 (Note 8)

Source: Information from the website of the Stock Exchange



*Notes:*

- (1) The share price is based on the closing share price as at the Last Trading Day.
- (2) The market capitalisation is based on the number of issued shares (including domestic shares, if applicable) and the closing share price as at the Last Trading Day.
- (3) The P/B ratio is calculated based on the market capitalisation as at the Last Trading Day divided by the net asset value attributable to equity holders as extracted from the latest published annual report/interim report or results announcement.
- (4) The P/S ratio is calculated based on the market capitalisation as at the Last Trading Day divided by the revenue as extracted from the latest published annual report or annual results announcement.
- (5) The Offer Price is HK\$1.1 per Share.
- (6) The implied market capitalisation of the Group is estimated using the Offer Price and the issued share capital of the Group of 1,080,530,457 Shares as at the Latest Practicable Date.
- (7) The implied P/B ratio is calculated using the implied market capitalisation divided by the unaudited adjusted consolidated net asset value (adjusted for the property valuation as at 28 February 2026) of approximately HK\$1.8 billion as at 31 December 2025.
- (8) The implied P/S ratio is calculated using the implied market capitalisation divided by the revenue of approximately HK\$1.6 billion as at 31 December 2025 as extracted from the Annual Report 2025.

We have compared the P/B ratio of the Company as implied by the Offer Price against those of the Comparables. As shown in the above table, the P/B ratio of the Comparables ranged from 0.39 times to 2.66 times, with an average of approximately 0.91 times and median of approximately 0.50 times. The implied P/B ratio of the Company under the Offer is approximately 0.67 times, which is (i) within the range of the Comparables; and (ii) lower than the average of the Comparables but higher than the median of the Comparables.

We have also compared the P/S ratio of the Company as implied by the Offer Price against those of the Comparables. As shown in the above table, the P/S ratio of the Comparables ranged from 0.29 times to 3.62 times, with an average of approximately 0.99 times and median of approximately 0.36 times. The implied P/S ratio of the Company under the Offer is approximately 0.73 times, which is (i) within the range of the Comparables; and (ii) higher than the median of the Comparables but lower than the average of the Comparables.

Having taken into account that (i) the implied P/B ratio is within the industry range and is above the median of the Comparables; and (ii) the implied P/S ratio is within the industry range and is above the median of the Comparables, we consider that the Offer Price represents a relatively favourable price when compared to most of the Comparables in this respect, and therefore is fair and reasonable so far as the Shareholders are concerned.



#### 4.5 Comparison with other share buy-back cases

We have also performed an analysis of comparable buy-back transactions made by way of a general offer, excluding buy-back transactions in connection with privatisation, announced on the website of the Stock Exchange during the two-year period immediately prior to the Last Trading Day dated 13 March 2026 and up to the Latest Practicable Date. We consider that a review period covering around two years is appropriate as the comparable transactions are considered relevant for the purpose of assessing recent market practices in relation to share buy-back. We have conducted an exhaustive search on the website of the Stock Exchange and search for companies which announced during the two-year period immediately prior to the Last Trading Date and up to the Latest Practicable Date. Based on the above criteria and to the best of our effort in conducting the search, five comparable transactions are identified (“Comparable Transactions”) and we believe the Comparables selected based on the above selection criteria are exhaustive.

For each of the Comparable Transactions identified, we compared the offer price with (a) the closing price on the last trading day prior to the issue of the respective offer announcement; and (b) the average closing price for the last 5, 10, and 30 trading days up to and including the last trading day prior to the issue of the respective announcement. Set out below is a summary of the Comparable Transactions:

Date of announcement	Company name (Stock Code)	Principal business	Percentage of shares to be purchased	Offer size HK\$ (million)	Premium of	Premium of	Premium of		
					offer price over the closing price on last trading day	offer price over the average closing price for last 5 trading days up to and including the last trading day	offer price over the average closing price for last 10 trading days up to and including the last trading day	offer price over the average closing price for last 30 trading days up to and including the last trading day	
27 March 2025	Skyworth Group Limited (Stock Code: 751)	Principally engaged in manufacture and sales of smart TV, home access systems, other products and trading of other products	15.7%	1,089	15.2%	15.8%	14.9%	16.0%	
6 December 2024	China National Building Material Company Limited (Stock Code: 3323)	Principally engaged in production and sale of building materials	18.5%	3,392	15.1%	16.7%	19.8%	19.5%	
23 October 2024	China Boqi Environmental (Holding) Co., Ltd. (Stock Code: 2377)	Principally engaged in providing independent flue gas treatment service and environmental protection solution Service	15.0%	181	16.5%	37.3%	52.7%	66.8%	
19 July 2024	Zhihu Inc. (Stock Code: 2390)	Principally engaged in the operation of online question-and-answer communities	15.9%	427	7.2% (Note)	10.0% (Note)	9.6% (Note)	14.9% (Note)	
22 May 2024	Hong Kong Technology Venture Company Limited (Stock Code: 1137)	Principally engaged in e-commerce business	11.3%	215	20.8%	23.0%	23.1%	33.2%	
					Minimum	7.2%	10.0%	9.6%	14.9%
					Maximum	20.8%	37.3%	52.7%	66.8%
					Average	15.0%	20.6%	24.0%	30.1%
					Median	15.2%	16.7%	19.8%	19.5%
The Offer Price			6.5%	77	15.8%	15.8%	18.3%	18.3%	

Source: the Stock Exchange's website

Note: Calculated based on the share price as quoted on the Stock Exchange



As set out in the table above, the Offer Price presents (a) premium of 15.8% over the closing Share price on the Last Trading Day; and (b) premiums of 15.8%, 18.3% and 18.3% over the average closing Share prices for the last 5, 10 and 30 trading days up to and including the Last Trading Day, respectively. The premiums over the closing Share price on the Last Trading Day and for the last 5, 10 and 30 trading days are within the range of the Comparable Transactions. The premium over the closing Share price on the Last Trading Day of the Company is above the average and median of the Comparable Transactions, while the premiums over the closing Share prices for the last 5, 10 and 30 trading days are below the average and median of the Comparable Transactions.

#### **4.6 Section summary**

Although the premiums over the closing Share prices for the last 5, 10 and 30 trading days are below the average and median of the Comparable Transactions, taking into account that:

- (i) the Offer Price of HK\$1.1 represents (a) a premium of approximately 57.1% over the lowest closing price of the Share during the Review Period; (b) a premium of approximately 19.3% over the average closing price of the Share during the Review Period; and (c) a premium of approximately 18.3% over the median closing price of the Share during the Review Period;
- (ii) among 273 trading days during the Review Period, 263 trading days were trading below the Offer Price, 9 trading days were trading at the Offer Price and only 1 trading day was trading above the Offer Price;
- (iii) the historical trading volume of the Shares during the Review Period is thin relative to the total issued share capital of the Company, while the Offer provides the Shareholders with an assured exit if they wish to realise their investments in the Shares; and
- (iv) the P/B and P/S ratio of the Company as implied by the Offer Price is within the range and higher than the median of the Comparables,

we consider the Offer Price to be fair and reasonable and we are of the view that the Offer provides an exit alternative for the Shareholders who would like to realise their investments.



### RECOMMENDATIONS

Having considered the aforementioned principal factors and reasons, including in particular:

- (i) in view of the tightening revenue environment and increase in the staff cost burden for hospital operators in the PRC as discussed in the “Industry overview” above;
- (ii) the Offer Price of HK\$1.1 represents (a) a premium of approximately 57.1% over the lowest closing price of the Share during the Review Period; (b) a premium of approximately 19.3% over the average closing price of the Share during the Review Period; and (c) a premium of approximately 18.3% over the median closing price of the Share during the Review Period;
- (iii) among 273 trading days during the Review Period, 263 trading days were trading below the Offer Price, 9 trading days were trading at the Offer Price and only 1 trading day was trading above the Offer Price;
- (iv) the Offer represents an opportunity for the Accepting Shareholders to realise part or all of their investment at a premium to prevailing market price;
- (v) for Shareholders who retain all or part of their holdings of the Shares, the buy-back of Shares by the Company will increase their proportionate interests in the Company and allow these Shareholders to participate in the future prospects of the Company. In addition, the buy-back of Shares by the Company has the effect of increasing the Group’s consolidated net asset value per Share, thus benefiting all Shareholders;
- (vi) the historical trading volume of the Shares during the Review Period is thin relative to the total issued share capital of the Company, while the Offer provides the Shareholders with an assured exit if they wish to realise part of their investments in the Shares or all of their investments in the Shares to the extent the Offer is not fully accepted (i.e., fewer than 70,000,000 Shares are tendered for buy-back); and
- (vii) the P/B ratio and P/S ratio of the Company as implied by the Offer Price is within the range and higher than the median of the Comparables.

we consider that the terms of the Offer are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour of the resolution to approve the Offer at the SGM and to accept the Offer.

**As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Shareholders who may require advice in relation to any aspect of the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or**



# AURELIUS

## CORPORATE FINANCE

other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Offer Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,  
For and on behalf of  
**Aurelius Corporate Finance Limited**

  
**Matthew Leung**  
Managing Director

  
**Sumwing Shum**  
Managing Director

*Mr. Matthew Leung is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer and sponsor principal of Aurelius Corporate Finance Limited. Mr. Leung has over 15 years of experience in the corporate finance industry.*

*Mr. Sumwing Shum is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer of Aurelius Corporate Finance Limited. Mr. Shum has over 11 years of experience in the corporate finance industry.*