

13 March 2026

*To the Independent Board Committee
and the Independent Shareholders of
Modern Healthcare Technology Holdings Limited*

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to Modern Healthcare Technology Holdings Limited (the “**Company**”) in respect of the leasing arrangements under the master lease agreement dated 13 February 2026 as supplemented by a supplemental agreement dated 27 February 2026 (the “**2026 Master Lease Agreement**”), details of which are set out under the section headed “Letter from the Board” (the “**Letter from the Board**”) in the circular of the Company dated 13 March 2026 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the circular of the Company dated 14 March 2023 in respect of the major and continuing connected transactions in relation to the 2023 Master Lease Agreement, pursuant to which members of the Group entered into various individual lease agreements with the Owners for leasing certain premises from the Owners during the term of the 2023 Master Lease Agreement.

As stated in the Letter from the Board, given that all such individual leases and the 2023 Master Lease Agreement will expire on 31 March 2026, and the Group expects to continue to lease the relevant Existing Premises from the Owners thereafter, on 13 February 2026, the Company entered into the 2026 Master Lease Agreement with Asia Power (which was supplemented by a supplemental agreement dated 27 February 2026) to enable the continuance of the Leasing Arrangements between the Group and the Owners for the two years ending 31 March 2028.

Asia Power is the holding company of various companies (being the Owners) holding various properties in Hong Kong and other places in the world.

As at the Latest Practicable Date, Dr. Tsang, being an executive Director, chairperson of the Board and a controlling Shareholder, was interested in 677,247,942 issued Shares (representing approximately 74.88% of the issued share capital of the Company), and the spouse of Dr. Tsang was interested in 650,000 issued Shares (representing approximately 0.072% of the issued share capital of the Company). By virtue of Asia Power being wholly owned by a family trust set up by Dr. Tsang, Asia Power is a connected person of the Company and the Leasing Arrangements under the 2026 Master Lease Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of the Annual Caps is more than 25%, the Leasing Arrangements under the 2026 Master Lease Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Since Dr. Tsang is materially interested in the 2026 Master Lease Agreement, she and her associates will be required to abstain from voting on the resolution to be proposed at the EGM to approve the 2026 Master Lease Agreement and the Annual Caps.

In addition, as the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Annual Caps exceeds 25% but is lower than 100%, the Leasing Arrangements under the 2026 Master Lease Agreement also constitutes a major transaction of the Company and is therefore subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Leasing Arrangements under the 2026 Master Lease Agreement and the Annual Caps. We, Ballas Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

We are not associated or connected with the Company, Asia Power or their respective core connected persons or associates. In the two years immediately preceding our engagement as the Independent Financial Adviser in relation to the 2026 Master Lease Agreement and the Annual Caps, we have not acted as financial advisor or independent financial advisor to the Company and its associates and we are not aware of any relationships or interests in the Company or any other parties that could be reasonably regarded as hindrance to our independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Master Lease Agreement and the Annual Caps. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the statements, information, opinions and representations contained in the Circular and the information, representations and opinions provided to us by the Directors and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Group for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate up to the date of the EGM.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statements contained in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for entering into the 2026 Master Lease Agreement

As stated in the Letter from the Board, the Group is a beauty salon group in Hong Kong offering comprehensive beauty and wellness services and sales of skincare and wellness products at its network of service centres in Hong Kong, and Singapore.

Asia Power is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. It is wholly owned by a family trust set up by Dr. Tsang and thus a connected person of the Company.

The Group has entered into master lease agreement with Asia Power since 2011 on successive terms for the leasing of premises used in the ordinary and usual course of the business of the Group as its operating facilities (including but not limited to offices, retail shops, service centres and warehouses). The location of the Existing Premises, which are expected to continue to be leased by the Group under the 2026 Master Lease Agreement, are set out in the Letter from the Board.

Given that the 2023 Master Lease Agreement and the individual lease agreements entered into pursuant thereto will expire on 31 March 2026 and the Group expects that it will continue to lease the Existing Premises thereafter, on 13 February 2026, the Company entered into the 2026 Master Lease Agreement with Asia Power as supplemented by the Supplemental Agreement to enable the continuance of the Leasing Arrangements between the Group and the Owners for the two years ending 31 March 2028.

As stated in the Letter from the Board, based on the previous experience, the Board recognizes the necessity for the Group to adjust the number of the individual leases with the Owners from time to time according to the Group's operational needs. Therefore, the Board considers, and we agree, that the 2026 Master Lease Agreement should be in the form of a framework agreement rather than an agreement with fixed term to give greater flexibility to management of the Group to vary the lease arrangements (including relocation of its existing beauty and wellness centres in the event that the relevant Existing Lease Agreements are not renewed upon their expiry and/or leasing Additional Premises) with the relevant Owners in response to the evolving business environment. The Board also believes that entering into the 2026 Master Lease Agreement will allow the Group to avoid treating each lease as a separate connected transaction under Chapter 14A of the Listing Rules, thereby reducing compliance costs and enhancing operational efficiency.

According to the Company's interim report for the six months ended 30 September 2025 (the "**2026 Interim Report**"), the Group has two reportable segments, namely provision of beauty and wellness services and sales of skincare and wellness products. As at 30 September 2025, according to the 2026 Interim Report, the Group had a total of 29 beauty and wellness service centers in Hong Kong, 8 stores in Hong Kong for selling skincare and wellness products, and 8 beauty and wellness service centres in Singapore. Considering the nature of the Group's business, we believe a stable network of service centres and stores is essential for retaining customers and sustaining long-term loyalty. Therefore, we are of the view that the entering into of the 2026 Master Lease Agreement, under which the Group leases premises for its operations, is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. The 2026 Master Lease Agreement also offers flexibility to the Group to lease Additional Premises from the Owner(s) from time to time at market prices during its term, while mitigating potential business disruptions that could arise from the relocation of existing beauty and wellness centres if the relevant Existing Lease Agreements are not renewed upon their expiry.

2. Principal terms of the 2026 Master Lease Agreement

The principal terms of the 2026 Master Lease Agreement are set out in the Letter from the Board and are summarized below. We have reviewed and compared the terms of the 2026 Master Lease Agreement and the 2023 Master Lease Agreement and note that, save for the annual caps and the duration, there is no material difference between the terms of the two agreements.

Date	:	13 February 2026 (as supplemented by the Supplemental Agreement dated 27 February 2026)
Parties	:	(i) the Company as the lessee (ii) Asia Power as the owner
Subject matter	:	The Group will enter into separate lease agreements to lease certain premises from the relevant Owners from time to time during the term of the 2026 Master Lease Agreement.

Conditions	: The 2026 Master Lease Agreement and the Leasing Arrangements under the 2026 Master Lease Agreement are conditional upon: 1. the passing of an ordinary resolution by the Independent Shareholders at the EGM approving the Leasing Arrangements and the Annual Caps; and 2. (if required) all requisite waivers, consents and approvals in connection with the Leasing Arrangements required to be obtained on the part of the Group having been obtained.
Duration	: Subject to fulfillment of the above conditions on or before the Long Stop Date, the 2026 Master Lease Agreement shall be for a term commencing from 1 April 2026 and ending on 31 March 2028. The 2026 Master Lease Agreement may be terminated by the Company by giving Asia Power at least sixty days' written notice.
Rental and pricing policies	: Each individual lease to be entered into will be on normal commercial terms or better (as defined under Chapter 14A of the Listing Rules), with rent determined by reference to prevailing market rates for comparable premises in terms of location, size, and permitted use (the " Comparable Premises "). Prior to entering into any such lease, the Group will obtain a confirmation from an independent property valuer, dated within three months, providing its opinion on the prevailing market rent based on the Comparable Premises, and the rent under the relevant Leasing Arrangement will not exceed this market rent.

Our work done and view on the pricing basis under the 2026 Master Lease Agreement

As set out in the 2026 Master Lease Agreement, for the purpose of ascertaining the prevailing market rents of the Comparable Premises prior to entering into the individual lease agreements, the Group shall obtain a confirmation from an independent property valuer providing its opinion of the then prevailing market rents, and the rents to be set out in the relevant leasing agreements shall be no more than such prevailing market rents and the valuation date of the opinion shall not be more than three months from the respective lease agreements.

We note that such pricing basis is the same as that under the 2023 Master Lease Agreement. Under the 2023 Master Lease Agreement, the Group and the Owners have entered into a total of 23 individual lease agreements. To ascertain whether the pricing basis set out in the 2023 Master Lease Agreement has been adhered to, we have selected the three lease agreements with the largest area leased and randomly selected three lease agreements entered into between the Group and the Owners under the 2023 Master Lease Agreement (the “**Selected Lease Agreements**”) and compared the monthly rents set out in those agreements with the opinions issued by independent property valuers dated within three months from the date of the relevant lease agreements confirming the then prevailing market rent of the relevant properties (the “**Fair Rent Opinions**”). Given that the Selected Lease Agreements, representing approximately 26% of the total population, include the three lease agreements with the largest rent values and three randomly selected leases, we consider the sample size sufficient for our due diligence purpose. We note that all the rents set out in the Selected Lease Agreements were not higher than the market rents set out in the relevant Fair Rent Opinions.

Based on our review, we are of the view that (i) the Group has complied with the pricing basis stipulated in the 2023 Master Lease Agreement; (ii) the pricing basis under the 2026 Master Lease Agreement, being consistent with that of the 2023 Master Lease Agreement, will ensure that rents under individual lease agreements entered into pursuant to it will not exceed prevailing market levels; and (iii) the terms of the 2026 Master Lease Agreement are fair, reasonable, and in the interests of the Company and its shareholders as a whole.

In addition to the monthly rent, the Group is responsible for the payment of government rent, rates, and management fees in respect of the Existing Premises. Based on our searches on commercial property rental transactions, we understand that it is a common market practice for the tenants to be responsible for the payment of government rent, rates and managements of the properties. As such, we concur with the Directors’ view that such an arrangement is consistent with prevailing market practice for commercial property leasing.

3. Internal control procedures

As stated in the Letter from the Board, the Group has established internal control procedures to monitor the Leasing Arrangements. The procedures are summarized as follows:

- (i) monthly rentals for individual leases will be determined with reference to fair rent opinions from an independent valuer;
- (ii) the Group will monitor lease performance to ensure the obligations of the relevant parties are properly discharged;
- (iii) the Group will conduct semi-annual reviews of lease liabilities to confirm payments remain within the Annual Caps;
- (iv) each year, the Group will provide information on total rentals, right-of-use assets, and status of compliance with the Annual Caps to the audit committee of the Board for consideration;
- (v) the audit committee of the Board will in its meetings discuss and assess the implementation of the continuing connected transactions of the Group at least twice a year; and
- (vi) the Group's auditors will, in addition to its interim review and year-end audit, conduct annual review to confirm compliance with the terms of the 2026 Master Lease Agreement and the individual leases in all material aspects, on normal commercial terms, pricing policy, and the Annual Caps, alongside annual confirmations by the independent non-executive Directors in the Company's reports.

We have reviewed the Group's internal control policies which, among others, require the Group to determine the monthly rental under each individual lease agreement of the Leasing Arrangement with reference to the fair rent opinion issued or to be issued by an independent property valuer. We have further reviewed a sample of the Selected Lease Agreements to assess the Group's adherence to these internal control policies, including the procedures for obtaining the fair rent reports. In addition, we have reviewed the Company's annual reports and note that there were no qualifications regarding non-compliance with the above procedures. Having considered the results of our review, we concur with the Company's view that it maintains adequate systems of internal control to safeguard the Leasing Arrangements.

4. Annual Caps

The table below sets out the approved annual caps and historical transaction amounts under the 2023 Master Lease Agreement and the Annual Caps for the two years ending 31 March 2028 under the 2026 Master Lease Agreement.

	Approved annual caps under the 2023 Master Lease Agreement for the year ended/ending 31 March			Proposed Annual Caps under the 2026 Master Lease Agreement for the year ending 31 March	
	2024	2025	2026	2027	2028
Annual cap (HK\$ million)	119	6	3	64	2
Historic transaction amount (HK\$ million)	90.6	1.7	0*	N/A	N/A

* Represents the expected amount for the year ending 31 March 2026

The utilization rate of the annual caps contemplated under the 2023 Master Lease Agreement for the year ended 31 March 2024, the year ended 31 March 2025 and the year ending 31 March 2026 were 76.1%, 28.3% and 0% (expected) respectively.

As set out in the Letter from the Board, under HKFRS 16, the Group, as the lessee, shall recognize the total rental payments payable to the relevant Owners under the 2026 Master Lease Agreement as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. The estimated amount of the right-of-use asset to be recognized in each year will form the basis for determining the annual cap for that year. In determining the Annual Caps, the Group has taken into account the following:

- (i) the Group intends to continue to lease the Existing Premises and may lease Additional Premises during the two years ending 31 March 2028;
- (ii) the estimated value of the Group's right-of-use assets of the Existing Premises which is initially measured on present value basis and calculated by discounting the non-cancellable lease payments for respective connected lease, using the Group's incremental borrowing rate as the discount rate;
- (iii) the prevailing monthly rent of the Existing Premises as set out in the fair rent opinion dated 31 January 2026 issued by an independent property valuer (the **"2026 Fair Rent Opinion"**); and
- (iv) a buffer of approximately 10% for rental payments in respect of Additional Premises which may be leased from the Owners during the term of the 2026 Master Lease Agreement.

For the purpose of determining the Annual Caps, the Company has engaged BonVision International Appraisals Limited ("**BonVision**"), an independent property valuer, to opine on the fair rent of the Existing Premises as at 1 January 2026 (i.e. the 2026 Fair Rent Opinion). As stated in the Letter from the Board, the director in charge of BonVision is a member of Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a Registered Professional Surveyor (General Practice) with over 10 years of relevant property valuation experience in Hong Kong and Singapore.

We have (i) interviewed BonVision as to its expertise and any current or prior relationships with the Company, Asia Power or any of their respective subsidiaries or associates; (ii) reviewed the terms of its engagement (in particular whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the level of assurance given by its fair rent opinion); (iii) reviewed the relevant track record and qualification of BonVision; (iv) discussed with BonVision in respect of its work done and reviewed the supporting information; (v) discussed with BonVision as to the accuracy and completeness of information relied on by BonVision, and the reasonableness of any representations made by the Group to BonVision, and (vi) confirmed with BonVision that it is not connected with the Company, Asia Power or their respective core connected persons.

Based on our discussions with BonVision and review of the aforesaid information, we (i) understand that director in-charge of issuing the 2026 Fair Rent Opinion has the required qualification and experience in performing fair rent assessment; and (ii) are of the view that the 2026 Fair Rent Opinion is fair and reasonable.

We have discussed with the management and reviewed the calculation schedule in arriving at the Annual Caps. We have also reviewed the 2026 Fair Rent Opinion, noting that the rents are derived using a market approach by making reference to relevant market rental transactions for comparable properties (considering usage, location, size, property quality and lease dates), adjusted for differences relative to the Existing Premises and in general, about three to four comparable premises are considered for each Existing Premises which is in line with the general practice in determining fair rent. These rents are valued based on the assumptions that the properties were leased in the open market in vacant possession as at the valuation date in its existing state. These rents are then applied to the relevant Existing Premises in arriving at the annual cap (before buffer) of approximately HK\$58 million for the year ending 31 March 2027 ("**FY2027**"). Based on the 2026 Fair Rent Opinion, the aggregate prevailing monthly rent of the Existing Premises as at 1 January 2026 is approximately HK\$2.5 million, translating into an aggregate annual rent of approximately HK\$30.2 million for FY2027, which is lower than the estimated

aggregate rent for the year ending 31 March 2026 of approximately HK\$33.1 million. As set out in the Letter from the Board, the existing rents of the Existing Premises were based on lease agreements which were entered into in March 2023 based on the then prevailing market rents, whereas the 2026 Fair Rent Opinion indicates lower prevailing market rents as of 1 January 2026. On the basis of the 2026 Fair Rent Opinion and assuming that the lease agreements of all the Existing Premises are renewed on 1 April 2026, the estimated value of the right-of-use asset for the Existing Premises to be recognized in FY2027 will be approximately HK\$58 million, which amount is calculated by discounting the aggregate annual rent for FY2027 at the Group's incremental borrowing rate in accordance with HKFRS 16. A buffer of approximately HK\$6 million, has been added to cater for new leases for other additional New Premises that may be leased from the Owner(s) for the year ending 31 March 2027. As a result, the Annual Cap for FY2027 is determined at HK\$64 million. For the year ending 31 March 2028, the Company assumed a moderate buffer of HK\$2 million to cater for possibility of renting Additional Premises.

According to the Census and Statistics Department's report titled "Quarterly business receipts indices for service industries for third quarter of 2025," business receipts across many service industries rose year-on-year in the third quarter of 2025, with the overall sector poised for continued expansion. This outlook is supported by improving local consumer sentiment, sustained growth in visitor arrivals, buoyant financial market activity, and government initiatives to boost the economy and diversify markets, all of which bode well for service-oriented businesses. Against this favourable backdrop, the buffers in the Annual Caps for the two years ending 31 March 2028 afford the Group operational flexibility to secure extra space from the Owners should growth opportunities emerge, which we consider reasonable.

Based on our work outlined above, including: (i) the sample review of the Selected Lease Agreements which confirms the Group's adherence to its internal control policies of determining the rent of each individual lease with reference to the fair rent opinions issued by an independent property valuer prior to entering into of the relevant lease agreement; (ii) independent review of the 2026 Fair Rent Opinion which we consider to be fair and reasonable as elaborated above; and (iii) review of the detailed calculations of the Annual Caps, we consider the pricing basis for renewal of the Existing Premises under the 2026 Master Lease Agreement and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As stated in the Letter from the Board, it is the intention of the Group to negotiate for a discount of not more than 10% on the monthly rental when the Group enters into the individual leases with the Owners. The discount represents only the Group's indicative intention to seek, where practicable, a discount from the Owners in future lease negotiations. There is no assurance that any such discount will be obtained when the individual lease agreements are entered into. Given that pursuant to the Group's established policy, the rent payable under each individual lease shall not exceed the fair rent as determined by an independent property valuer whose valuation is dated not more than three months prior to the commencement of the respective lease, we are of the view that such policy provides reasonable assurance that the rents payable by the Group will not exceed prevailing market levels even in the absence of any discount. Furthermore, based on our review of the Annual Caps calculation, we note that no discount has been factored into the determination of the Annual Caps which we consider to be reasonable.

5. Requirements by the Listing Rules regarding the Leasing Arrangements

Pursuant to Rules 14A.55, 14A.56, 14A.58 and 14A.59 of the Listing Rules, the continuing connected transactions (including but not limited to the transactions contemplated under the 2026 Master Lease Agreement) are subject to the following annual review requirements:

- (1) the independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (2) the auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
 - (d) have exceeded the cap.
- (3) the Company must allow, and ensure that the relevant counterparties to the continuing connected transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on the continuing connected transaction; and
- (4) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (1) and/or (2) above, respectively. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the review and reporting requirements attached to the transaction contemplated under the 2026 Master Lease Agreement, in particular, (i) the restriction of transaction value by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the transaction contemplated under the 2026 Master Lease Agreement and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transaction contemplated under the 2026 Master Lease Agreement and safeguard the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the 2026 Master Lease Agreement and the Annual Caps are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote for the ordinary resolution to be proposed at the EGM to approve the 2026 Master Lease Agreement and the transactions contemplated thereunder and the Annual Caps.

Yours faithfully,
For and on behalf of
Ballas Capital Limited



Heidi Cheng
Managing Director



Cathy Leung
Director

Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019.