廣州白雲山醫藥集团股份有限公司
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.
(a joint stock company with limited liability established in the People's Republic of China)
(H Share Stock Code: 0874)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF 30% OF THE EQUITY INTEREST IN GUANGZHOU PHARMACEUTICALS CORPORATION AND GRANT OF PUT OPTIONS TO THE VENDOR TO SELL 20% OF THE EQUITY INTEREST IN GUANGZHOU PHARMACEUTICALS CORPORATION AND RESUMPTION OF TRADING

Financial Adviser to the Company

時富金融 CFSG

Celestial Capital Limited

PROPOSED ACQUISITION AND GRANT OF PUT OPTIONS

The Board is pleased to announce that the Company, the Vendor and the Target Company entered into the Equity Interest Transfer Agreement on 21 December 2017, pursuant to which (a) the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Target Equity Interest at the Consideration of RMB1,094.1 million (equivalent to approximately HKD1,301.3 million) by way of cash; and (b) the Company has granted Put Option A to the Vendor.

The parties also entered into the Joint Venture Contract for the purposes of setting out the respective rights and obligations of the Company and the Vendor as owners of the equity interests in the Target Company following Completion. Under the Joint Venture Contract, the Company has granted Put Option B to the Vendor.

The Target Company is currently a joint venture of the Company and the Vendor. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Proposed Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the exercise of either Put Option A or Put Option B is not at the discretion of the Company, on the grant of each of Put Option A and Put Option B, the transaction is classified as if the relevant Put Option had been exercised under Rule 14.74(1) of the Listing Rules.

Pursuant to the Listing Rules, the Proposed Acquisition and the grant of the Put Options are required to be aggregated and, on this basis, the Proposed Acquisition and the grant of each of Put Option A and Put Option B together constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An extraordinary general meeting of the Company will be held in due course for the purposes of considering and, if thought fit, approving the Equity Interest Transfer Agreement and the transactions contemplated thereunder (including the Proposed Acquisition and the grant of the Put Options) by way of poll.

A circular containing, among other things, further details of the Proposed Acquisition and the Put Options as well as any other information required to be disclosed under the Listing Rules is expected to be despatched to the Shareholders on or before 15 February 2018.

RESUMPTION OF TRADING

Trading in the H Shares on the Hong Kong Stock Exchange was halted with effect from 1:00 p.m. on 21 December 2017 at the request of the Company pending the publication of this announcement. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 27 December 2017.

INTRODUCTION

References are made to (i) the Company's announcement dated 30 October 2017 in relation to the suspension of trading of the A Shares on the Shanghai Stock Exchange since 31 October 2017 and the plan for significant transaction involving the proposed acquisition by the Company of certain equity interest in the Target Company and (ii) the relevant announcements issued thereafter (among others, the announcement dated 29 November 2017), the last of which was dated 18 December 2017 prior to the publication of this announcement.

The Board is pleased to announce that a Board meeting was held on 21 December 2017, at which the Board resolved to approve, among other things, the Proposed Acquisition and the grant of the Put Options. Pursuant to the relevant Board resolution(s), the Company, the Vendor and the Target Company entered into the Equity Interest Transfer Agreement on 21 December 2017, pursuant to which (a) the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Target Equity Interest at the Consideration of RMB1,094.1 million (equivalent to approximately HKD1,301.3 million) by way of cash, and (b) the Company has conditionally agreed to grant Put Option A to the Vendor. The parties also entered into the Joint Venture Contract for the purposes of setting out the respective rights and obligations of the Company and the Vendor as owners of the equity interests in, and regulating the affairs relating to the business and management of, the Target Company following Completion. Under the Joint Venture Contract, the Company has granted Put Option B to the Vendor.

The Target Company is currently a joint venture of the Company and the Vendor. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company. If the Company further acquires all of the Option Equity Interest resulting from the exercise of Put Option A or Put Option B in full by the Vendor, the Target Company will become a wholly-owned subsidiary of the Company.

THE PROPOSED ACQUISITION

Set out below is a summary of the principal terms of the Equity Interest Transfer Agreement in relation to the Proposed Acquisition:

Date: 21 December 2017

Parties:
(i) Alliance BMP Limited (as vendor);
(ii) the Company (as purchaser); and
(iii) the Target Company.

Subject matter: Sale and purchase of the Target Equity Interest, being 30% equity interest in the registered capital of the Target Company currently held by the Vendor.

Consideration:

The Consideration shall be RMB1,094.1 million (equivalent to approximately HKD1,301.3 million) payable in cash. The Consideration was determined after arm's length negotiations between the Company and the Vendor and with references to the Appraised Value (details of the Appraised Value, the Target Group Valuation and the Valuation Report are set out in the paragraph headed "Basis of the determination of the Consideration and the Target Group Valuation" below) and the distribution of a total of RMB910 million by the Target Company to the Company and the Vendor in equal share as approved by the board of directors of the Target Company on 25 October 2017.

Payment of the Consideration:

Full amount of the Consideration, after deduction of the applicable PRC enterprise withholding income tax, shall be paid by the Company in USD on a date no later than the Completion Date. The USD equivalent of the Consideration shall be calculated based on the middle exchange rate of RMB against USD published by the People's Bank of China on the date of payment of the Consideration.

Interim period profit and loss

Pursuant to the applicable rules of the CSRC, based on the audit of the accounts of the Target Company for the period from the Valuation Date to the Completion Date (the "**Interim Period**") to be carried out by an independent auditor and the related statement of profit and loss of the Target Company to be issued by the said auditor (the "**Interim Period P&L**"):

(i) if a net profit attributable to owners of the parent company is recorded in the Interim Period P&L (the "**Interim Period Profit**"), the Vendor and the Company shall be entitled to the Interim Period Profit in proportion to their respective equity interests in the Target Company upon Completion (i.e. 20% held by the Vendor and 80% held by the Company); and

(ii) if a net loss attributable to owners of the parent company is recorded in the Interim Period P&L, the Vendor shall compensate the Company in cash in the amount equal to 30% of such net loss.

Notwithstanding the foregoing, the Company and the Vendor further agreed that if there is any change to the relevant rules or policies of the CSRC on or prior to the Completion Date, and to the extent permissible under the applicable rules of the CSRC as of the Completion Date, the Vendor and the Company shall be entitled to the Interim Period Profit in proportion to their respective equity interests in the Target Company prior to the Completion (i.e. 50% held by the Vendor and 50% held by the Company).

Conditions precedent

Completion is conditional upon each of the following conditions precedent being satisfied and/or waived (in full or in part) on or before the Long Stop Date:

(i) the Equity Interest Transfer Agreement, the Joint Venture Contract and (if any) the amended and restated joint venture articles of association having been duly executed;

(ii) the board of directors of the Target Company having duly passed the resolutions approving the sale and purchase of the Target Equity Interest by the Vendor and the Purchaser respectively;

(iii) the notification of concentration of undertakings (經營者集中申報) with respect to the Proposed Acquisition having been duly cleared by the Anti-monopoly Bureau of the Ministry of Commerce of the PRC (if applicable);

(iv) the relevant certificate or equivalent written document having been issued by the Ministry of Commerce of the PRC or any of its local branches evidencing the completion of the foreign investment filing with respect to the Proposed Acquisition;

(v) each of the Company and the Vendor having prepared and made available the documents necessary for removal and/or appointment of the directors and/or the senior management of the Target Company;

(vi) the Company having completed the relevant approval, filing and/or disclosure procedures required by the stock exchange(s) where it is listed and/or any other securities regulatory body;

(vii) each of the warranties made by each of the Company and the Vendor is true and accurate in all respects as of the date of the Equity Transfer Agreement and having remained to be true and accurate on each day up to and including the Completion Date;

(viii) the foreign exchange registration receipt (外匯業務登記憑證) relating to the payment of the USD equivalent of the Consideration by the Company having been issued by The State Administration of Foreign Exchange or the relevant local authorities of the PRC; and

(ix) the Proposed Acquisition not having been restricted, enjoined, prohibited, declared invalid or otherwise prevented (or sought to prevent) by any government authority, stock exchange or financial institution in the PRC, the United Kingdom or any other relevant jurisdiction.

Except for the conditions precedent set out in (ii), (iii), (vi) and (ix) which cannot be waived by either the Company or the Vendor, each of the Company and the Vendor may waive other conditions precedent that the other party is obliged to satisfy.

If any condition precedent has not been satisfied or waived (as the case may be) by the Long Stop Date due to reason(s) not attributable to the Company or the Vendor, either the Company or the Vendor may terminate the Equity Interest Transfer Agreement by serving written notice to the other party.

Completion: On the second (2nd) Business Day following the fulfilment (or waiver by the Company and/or the Vendor, as the case may be) of each of the conditions precedent, or at such later date as the Company and the Vendor may otherwise agree in writing, a meeting of the Vendor and the Company will be held to confirm the fulfilment (or waiver, as the case may be) of each of the conditions precedent. Completion shall then take place on the second (2nd) Business Day after the date of such pre-completion meeting or such later date as the Vendor and the Purchaser may otherwise agree in writing.

Basis of the determination of the Consideration and the Target Group Valuation

The Consideration was determined after arm's length negotiations between the Company and the Vendor and with reference to, among others, the Appraised Value. The Appraised Value was confirmed in the Valuation Report issued by the Independent Valuer, which has performed an independent valuation in respect of the Target Group using the income-based approach and the market value approach, and adopted the income-based approach as the valuation methodology for the Valuation Report relating to the Target Group Valuation. The Valuation Report has been filed with the relevant authority(ies) for the supervision and administration of state-owned assets.

In preparing the Target Group Valuation and the Appraised Value, the Independent Valuer has applied the discounted cash flow method under income-based approach and based on certain assumptions, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, and the requirements under Rule 14.62 of the Listing Rules are therefore applicable.

Details of the principal assumptions of the Target Group Valuation are as follows:

1. Basic assumptions

(a) Transactional assumption

Transactional assumption is to assume that all the appraised assets are already in the course of transaction and the valuer carries out the valuation based on a simulated market with reference to the conditions of the trade of the appraised assets.

(b) Open market assumption

Open market assumption assumes that there are well-developed and perfect market conditions with willing buyer and willing seller, both of which are in equal position and have opportunities and time in obtaining sufficient market information to, without any forced conditions or limitation, take voluntary and rational action in respect of the transaction.

(c) Continuing operation assumption

It is assumed that the appraised entity, after realising the economic activities which are the purpose of the valuation, will continue to operate in the operating period as stipulated in the articles of association of the Target Company in accordance with its original business objectives, mode of operation, management standards, financial structure, industry conditions and market conditions, and that its revenue is forecastable.

(d) *Continuing use assumption*

Continuing use assumption assumes that the appraised assets (including assets currently being employed and reserved assets) are being used and, based on the relevant data and information, will continue to be employed. It is further assumed by the Independent Valuer that the appraised assets currently being employed will continue to be employed according to the existing usage purpose and manner after change in property rights or related business.

2. *General assumptions*

(a) It is expected that there will be no material change in the relevant laws, regulations and policies applicable to the industry of the appraised entity.

(b) It is expected that there will be no material change in the economic and social environment and the overall economic development, save and except for those changes already known to the public.

(c) The fluctuation in the bank's interest rates and exchange rates in the PRC will be within a reasonable range.

(d) There will be no material change in the current national taxation policies, save and except for those changes already known to the public.

(e) There will be no unpredictable or force majeure factor that would cause material adverse effect.

(f) There will be no material change in the accounting policy and auditing method of the appraised entity after the Valuation Date.

(g) The free cash flow of the appraised entity will be generated evenly in each forecast period.

(h) There will be no material change in the mode of operation of the appraised entity.

3. *Special assumptions*

(a) With regard to the legal description or legal issues of the appraised assets (including their ownership or encumbrance limitations), apart from those disclosed in the Valuation Report, the ownership of the appraised assets is assumed to be in good condition and tradable in the market, not subject to any lien and easement, have not been violated and bearing no other encumbrances.

(b) The Independent Valuer has conducted independent review of the information provided by the Company and other parties upon which the conclusion, in whole or in part, relating to the Appraised Value set out in the Valuation Report pursuant to the valuation procedures. The Independent Valuer makes no representation as to the authenticity and accuracy of such information.

(c) It is assumed that all certificates, licenses, letters of consent or other legal or administrative authorization documents signed or issued by relevant local and national government institutions, private organisations or groups, which are required by the users and have been taken into account in deriving the valuation set out in the Valuation Report, have been or could be obtained or updated at any time.

(d) The valuation is made based on the purchasing power of the local currency on the Valuation Date.

(e) All improvements on all relevant assets performed by the Target Company are in compliance with all relevant laws and the regulations, and other laws, plans, or engineering requirements set by the relevant higher competent administrations.

(f) Estimations made in the Valuation Report are based on the assumption that all significant or potential factors which may affect the valuation analysis have been fully disclosed between the Independent Valuer and the appraised entity.

4. Assumptions relating to business operation and forecast

(a) It is assumed that the appraised entity will continue to develop and operate its relevant assets according to development and operation plans and planned modes of development and operation after realising the economic activities which are the purpose of the valuation.

(b) It is assumed that the current macroeconomic policy environment, including the relevant laws, regulations and administrative policies, industrial policies, financial policies and tax policies, is relatively stable. Unless otherwise stated, it is assumed that the appraised entity fully complies with all relevant laws and regulations.

(c) It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates.

(d) It is assumed that there will be no material change in the interest rates, exchange rates, tax bases and tax rates, and charges under relevant implemented policies.

(e) It is assumed that the conditions of the assets of the appraised entity would not be the same all the time during the period of continuing operation.

(f) The valuation is based on the existing operating capability of the appraised entity on the Valuation Date (not taking into account the potential future expansion of the business capability related to the management, business strategies and additional investments, as well as the possible impacts of any changes in subsequent productions and operations). It is assumed that the appraised entity will maintain the total investment amount as at the Valuation Date, and the level of financial leverage will remain substantially the same.

(g) It is assumed that the appraised entity will continue to operate in accordance with the then existing management standards as at the Valuation Date, and the management of the appraised entity is diligent, responsible and is relatively stable and capable of performing its duties (not taking into account any impacts on expected future revenues brought by substantial adjustments of the operators or substantial changes in the management level).

(h) It is assumed that the accounting policies to be adopted by the appraised entity in future and adopted at the time of preparation of the Valuation Report are substantially the same.

(i) It is assumed that the appraised entity fully complies with the relevant national and local laws and regulations which are applicable to carry out lawful operations.

KPMG Huazhen LLP ("**KPMG**"), the auditor of the Target Company which has been engaged by the Company in reviewing the calculations of the discounted future cash flows of the Target Group (the "**Target Group Discounted Future Cash Flows**") on which the Target Group Valuation prepared by the Independent Valuer were based, has reported as to whether, so far as the calculations are concerned, the Target Group Discounted Future Cash Flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out therein. The relevant assurance report from KMPG is included in Appendix I to this announcement for the purpose of Rule 14.62 of the Listing Rules.

Celestial Capital Limited ("**Celestial Capital**"), the financial advisor of the Company with respect of the Proposed Acquisition, has reviewed the Target Group Valuation and has discussed with the respective management of the Company and the Target Company the principal assumptions upon which the Target Group Valuation were based. Celestial Capital has also considered the above assurance report from KPMG addressed solely to and for the sole benefit of the Directors regarding the calculations of the Target Group Discounted Future Cash Flows. On the basis of the foregoing, Celestial Capital has confirmed that it is satisfied that the Target Group Valuation has been made by the Directors after due and careful enquiry.

PUT OPTION A

Set out below is a summary of the principal terms of the Equity Interest Transfer Agreement in relation to Put Option A:

Subject matter: Grant of Put Option A by the Company to the Vendor. Put Option A refers to the right (but not obligation) conditionally granted by the Company to the Vendor in respect of its sale to the Company all the Option Equity Interest, being 20% equity interest in the registered capital of the Target Company currently held by the Vendor.

Option A Exercise Period: Subject to the occurrence of Completion, the Vendor may exercise Put Option A in full during the period commencing from six months after the Completion Date upto thirty-six months after the Completion Date (the "**Option A Exercise Period**") by serving the Option A Exercise Notice.

Option A Exercise Price: If the Vendor decides to exercise Put Option A and serves an Option A Exercise Notice to the Company, the Company and the Vendor shall, within fifty Business Days from the date of the Option A Exercise Notice, determine the Option A Exercise Price in respect of the relevant Option Equity Interest (the "**Relevant Option Equity Interest**") (i) based on the then appraised value of the Target Company as confirmed by an independent qualified PRC valuer which shall make priority reference to the valuation methodology adopted for the Valuation Report; (ii) to the extent permissible under the requirements relating to the administration of the state-owned assets under the applicable laws, rules and regulations of the government and regulatory authorities in the PRC and Hong Kong, the Option A Exercise Price should not be lower than the Consideration after adjusting proportionally; and (iii) by taking into account any increase in the registered capital of the Target Company or declaration of profit distribution to equity owners as approved by the board of directors of the Target Company after the date on which the Joint Venture Contract was signed but before the exercise of Put Option A by the Vendor.

Transfer agreement relating to the Relevant Option Equity Interest: Within ten Business Days from the date of determination of the Option A Exercise Price, the Company and the Vendor shall enter into a transfer agreement relating to the Relevant Option Equity Interest, the terms and conditions of which shall be in accordance with those of the Equity Interest Transfer Agreement as far as possible.

Within three months from the date of receiving the Option A Exercise Notice by the Company, the Company and/or the Vendor should obtain all necessary approvals from the relevant government and regulatory authorities in the PRC in respect of the transfer of the Relevant Option Equity Interest at the Option A Exercise Price determined according to the basis mentioned above.

THE JOINT VENTURE CONTRACT

For the purposes of setting out the respective rights and obligations of the Company and the Vendor as owners of the equity interests in, and regulating the affairs relating to the business and management of, the Target Company following Completion, the Company, the Vendor and the Target Company also entered into the Joint Venture Contract on the date of the Equity Interest Transfer Agreement. The Joint Venture Contract shall come into effect on the Completion Date. Set out below is a summary of the principal terms of the Joint Venture Contract:

Joint venture term: Thirty years from the Completion Date

Exercise of Put Option A by the Vendor: Pursuant to the Joint Venture Contract, if the Vendor exercises Put Option A but completion of the transfer of the Relevant Option Equity Interest has not taken place within six months (which may be extended by the Vendor at its sole discretion) from the date of the relevant Option A Exercise Notice, the Vendor shall have the right to elect, by written notice to the Company, to (i) revoke the Option A Exercise Notice (in that case the Vendor shall continue to be entitled to Put Option A within the Option A Exercise Period), or (ii) revoke the Option A Exercise Notice and sell any or all of the Option Equity Interest held by it to any third party (in that case the Company shall waive its pre-emptive right in relation to the Option Equity Interest held by the Vendor); or (iii) liquidate the Target Company.

Rights of the Vendor in case of change in control of the Target Company or of the Company If the equity interest directly or indirectly held by the Company in the Target Company decreases to not more than 50% (referred to as "**change in control of the Target Company**"), the Vendor shall have the right to elect to sell all or part of the Option Equity Interest (i.e. Put Option B) and, in such case, the Company shall purchase, or procure the third party(ies) that will hold more than 50% of the equity interest in the Target Company to purchase, from the Vendor such Option Equity Interest that the Vendor has elected to sell.

In case the shareholding interest directly or indirectly held by GPHL in the Company becomes less than 30% (referred to as "**change in control of the Company**"), the Vendor shall have the right to elect to sell all or part of the Option Equity Interest and, in such case, the Company shall procure the third party(ies) that will hold 30% or more of the shareholding interest in the Company to purchase from the Vendor such Option Equity Interest that the Vendor has elected to sell.

The price of the Relevant Option Equity Interest (i.e. the Option Equity Interest to be disposed of by the Vendor upon exercising its rights in cases of change in control of the Target Company or change in control of the Company) shall be determined based on the enterprise value of the Target Company as appraised by a qualified independent valuer and in compliance with the applicable laws, rules and regulations of the government and/or regulatory authorities in the PRC and Hong Kong.

Management of the Target Company

The board of directors of the Target Company shall consist of nine directors, seven of whom shall be appointed by the Company and two of whom shall be appointed by the Vendor. The quorum for any meeting of the board of directors of the Target Company shall be two-thirds of the directors, including at least one director who is appointed by the Company and at least one director who is appointed by the Vendor. The Company and the Vendor shall respectively appoint the chairman and vice-chairman of the board of directors of the Target Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a Sino-foreign equity joint venture limited liability company established in the PRC which is owned as to 50% by the Company and 50% by the Vendor as at the date of this announcement.

The Target Group is principally engaged in the wholesale, retail, import and export of medicine, biological products, healthcare food and medical apparatus.

The wholesale operation represents a substantial portion of the business of the Target Group. Sales generated from the wholesale operation accounted for approximately 98% of the audited consolidated revenue of the Target Group in each of the two years ended 31 December 2015 and 2016. The Target Group distributes pharmaceutical products of manufacturers to other wholesalers, retailers and end-users (including but not limited to hospitals), which are mainly located in southern PRC.

The Target Group carries out its retail of pharmaceutical products (mainly western medicine and medical instruments) through its pharmaceutical retail stores in Guangzhou, the PRC under the brand "Jianmin* (健民)" and its B2C e-commerce platform "Guangyao Jianmin Wang* (廣藥健民網)". Sales from the retail operation contributed less than 2% to the audited consolidated revenue of the Target Group in each of the two years ended 31 December 2015 and 2016.

Set out below are the financial information extracted from the audited consolidated financial statements of the Target Group as at and for the years ended 31 December 2015 and 31 December 2016 and for the nine months ended 30 September 2017, which were prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December 2015	**For the year ended 31 December 2016**	**For the nine months ended 30 September 2017**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	(audited)	(audited)
Revenue	29,393,175	33,004,805	27,270,919
Profit before tax	311,877	343,210	262,794
Profit after tax and before minority interest	235,308	250,079	194,534
Profit after tax and after minority interest	215,800	225,906	183,989

	As at 31 December 2015	**As at 31 December 2016**	**As at 30 September 2017**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(audited)	(audited)	(audited)
Total assets	15,242,989	16,324,958	18,286,517
Total liabilities	12,703,810	13,536,566	15,303,539
Net assets	2,539,179	2,788,392	2,982,977

As at the date of this announcement, the registered capital of the Target Company is RMB700 million, which was contributed as to 50% by the Company and 50% by the Vendor, and the Target Company is a joint venture of the Company and the Vendor. Upon Completion, the Target Company will be owned as to 80% by the Company and 20% by the Vendor and will become a non-wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Group will be consolidated into the Group's financial statements after Completion.

INFORMATION ON THE VENDOR

The Vendor, Alliance BMP Limited, is a company incorporated in England in January 2007 which is indirectly wholly-owned by Walgreen Boots Alliance, Inc.

Walgreens Boots Alliance, Inc. is a company incorporated in the State of Delaware of the United States in 2014 upon completion of the merger of Alliance Boots plc. and Walgreen Co. The shares of Walgreens Boots Alliance, Inc. are currently listed on NASDAQ Stock Market (stock code: WBA). According to its website, Walgreens Boots Alliance, Inc. is the largest retail pharmacy, health and daily living destination across the United States and Europe. It is also a global leader in pharmacy-led, health and wellbeing retail and has one of the largest global pharmaceutical wholesaler and distribution networks. In addition, Walgreens Boots Alliance, Inc. is one of the world's largest purchasers of prescription drugs and many other health and wellbeing products.

As at the date of this announcement and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) research, development, manufacturing and sales of Chinese and western medicine, chemical active pharmaceutical ingredients ("**API**"), natural medicine, biological medicine and chemical API intermediates; (ii) wholesale, retail, import and export of western medicine, Chinese medicine and medical apparatus; (iii) research, production and sales of health products; and (iv) investment in the health industry such as in the sectors of medical treatment, health management and elderly care.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND THE GRANT OF THE PUT OPTIONS

References are made to the Company's announcement and circular dated 30 January 2007 and 14 February 2007 (collectively referred to as the "**Previous Announcement and Circular**") respectively in relation to the then disposal, deemed disposal and material dilution (collectively referred to as the "**Previous Disposal**") of the Group's equity interest in the Target Company to the Vendor. The Target Company was a subsidiary of the Company before the Previous Disposal. Upon completion of the Previous Disposal in 2007, the Target Company ceased to be a subsidiary of the Company and became a Sino-foreign joint venture of the Company and the Vendor. During the past decade, the Target Company has developed its business by leveraging on the Company's prominent position, abundance experience and expertise in the pharmaceutical and health product market in the PRC, and on the global best practice of Walgreens Boots Alliance, Inc., which is the holding company of the Vendor, in wholesale business, operating process optimization and staff training.

The PRC governmental authorities, with the aim of, among other things, reducing the selling price of pharmaceutical products to the end-users, have been actively promoting reforms in the pharmaceutical sector in recent years as part of the healthcare reform initiatives of the PRC. Such reforms have already led to keener market competition. The Company and the Vendor consider that it would be in the benefit of the Target Company by having the Company as its single largest equity owner since the Target Company will become a subsidiary of the Company upon Completion and, hence, will be able to share the resources of the Group, including but not limited to the Group's extensive pharmaceutical and healthcare product distribution network in the PRC, to further develop its business. In addition, it is expected that the Company is able to manage its various businesses operated by different subsidiaries (including the Target Company after Completion) more efficiently and synergistically, which in turn will benefit the overall business performance of the Group.

At present, the Target Company is a joint venture of the Company and the Vendor. Any sale and purchase of goods between the Group and the Target Company as a joint venture of the Company will be regarded as connected transactions under the rules and regulations of the CSRC and the listing rules of the Shanghai Stock Exchange, and such transactions will be subject to disclosure, reporting and (if applicable) independent shareholders' approval requirements accordingly. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company, and any transaction between the Group and the Target Company will no longer be regarded as connected transaction and, hence, will not be subject to the said disclosure, reporting and (if applicable) independent shareholders' approval requirements. The Directors consider that it will not only minimize the related administration works and compliance burden, but also improve the operating efficiency of the Group as a whole.

The Group's revenue and profits have been mainly contributed by its manufacturing operation. The products manufactured by the Group are mainly distributed by its wholesale operation to other pharmaceutical product distributors. In addition, the Cai Zhi Lin* (采芝林) pharmacy chains of the Group is principally engaged in the wholesale and retail of Chinese medicine. The Directors are of the opinion that the Target Group's business of wholesale, retail and export of medicine, biological products, healthcare food and medical apparatus is complementary to the existing wholesale, retail, import and export operations of the Company's subsidiaries after Completion as it is expected that (a) the customers base of the Group's wholesale operation will be enlarged by distributing to both pharmaceutical product distributors and end-users (including but not limited to hospitals); and (b) the retail operation will be strengthened in terms of product mix as Cai Zhi Lin* (采芝林) pharmacy chains of the Group will be responsible for retail of Chinese medicine, while the retail stores "Jianmin* (健民)" of the Target Group will be responsible for retail of pharmaceutical products which are mainly western medicine and medical instruments.

In the Previous Announcement and Circular, it was disclosed that the parties proceeded with the Previous Disposal with the aim of developing the Target Company into a national pharmaceutical wholesale company and to serve as a platform for the entry into the international market of the products of the Group. Since completion of the Previous Disposal, the Target Group's business has been growing. The Target Group's audited consolidated net profit after taxation and minority interests (i) for the year ended 31 December 2005, as set out in the Previous Announcement and Circular, amounted to approximately RMB47.74 million; and (ii) as mentioned in the paragraph headed "Information on the Target Group" above, was approximately RMB225.71 million for the year ended 31 December 2016. The Target Company has confirmed to the Company that the growth in the business of the Target Group was mainly attributable to its business and operation in the PRC. On the one hand, the growth of the PRC pharmaceutical market has provided the Target Group with momentum to grow its business. On the other hand, the actual progress of developing the international pharmaceutical market is slower than the expectation of the Company and the Vendor, as the pharmaceutical industry is highly regulated and therefore it involves a number of time consuming and costly procedures to acquire all the necessary licenses and certificates for the Target Group to enter into or carry out pharmaceutical product distribution in overseas market. On that basis, the Company and the Vendor believe that it would be in their interest for the Target Group to focus on the development of its business in the PRC, and to pursue any business opportunity relating to the international market in the future as and when it is considered appropriate after taking into account the expected returns and resources required. As at the date of this announcement, the Target Group intends to continue this business strategy after Completion.

Taking into account the above factors, and the fact that the Equity Transfer Agreement and the Joint Venture Contract relating to, among other things, the Proposed Acquisition and the Put Options (the grant of the Put Options is one of the terms of the Proposed Acquisition) were entered into after arm's length negotiations between the Company and the Vendor, the Directors consider that the terms of the Proposed Acquisition and each of Put Option A and Put Option B are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Each of Put Option A and Put Option B granted by the Company to the Vendor constitutes an "option" within the meaning of Rule 14.72(1) of the Listing Rules. As the exercise of either Put Option A or Put Option B is not at the discretion of the Company, on the grant of each of Put Option A and Put Option B, the transaction is classified as if the relevant Put Option had been exercised under Rule 14.74(1) of the Listing Rules.

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Proposed Acquisition and the grant of the Put Options are required to be aggregated and, on this basis, the Proposed Acquisition and the grant of the Put Options together constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given opinions or advice in this announcement are as follows:

Name	Qualification
Guo Zhong Lian Assets Evaluation, Land & Real Estate Appraisal, Co., Ltd.	Independent professional valuer
KPMG Huazhen LLP	Certified Public Accountants of the PRC, which is approved by the relevant PRC authorities to act as auditors or a reporting accountants for a PRC established company listed in Hong Kong
Celestial Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

As at the date of this announcement, (a) the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (b) did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Each of the Independent Valuer, KPMG and Celestial Capital has given their respective written consents to the publication of this announcement with the inclusion of their respective report and/or opinion and all references to their respective names in the form and context in which they are included.

GENERAL

An extraordinary general meeting of the Company will be convened and held in due course for the purposes of, among other matters, considering and, if thought fit, approving the Equity Interest Transfer Agreement, the Joint Venture Contract and the respective transactions contemplated thereunder (including the Proposed Acquisition and the grant of the Put Options) by way of poll. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as no Shareholder has any material interest in the transactions contemplated by the Equity Interest Transfer Agreement and the Joint Venture Contract, no Shareholder will be required to abstain from voting at the extraordinary general meeting of the Company on the resolution(s) to approve the Equity Interest Transfer Agreement, the Joint Venture Contract and the respective transactions contemplated thereunder (including the Proposed Acquisition and the grant of the Put Options).

A circular containing, among other things, further details of the Proposed Acquisition and the Put Options as well as any other information required to be disclosed under the Listing Rules will be despatched by the Company to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 15 February 2018.

Trading in the A Shares had been suspended since 31 October 2017 pending, among others, the release of an announcement on the Shanghai Stock Exchange regarding the signing of the Equity Interest Transfer Agreement. Trading in the A Shares on the Shanghai Stock Exchange will continue to be suspended. Further announcement will be made by the Company on the Shanghai Stock Exchange upon resumption of trading in the A Shares on the Shanghai Stock Exchange in due course.

Completion of the Proposed Acquisition is subject to conditions that may or may not be fulfilled (or waived). In addition, there is also no guarantee that either Put Option A or Put Option B will be exercised or completion of the acquisition of the Option Equity Interest will take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

Trading in the H Shares on the Hong Kong Stock Exchange was halted with effect from 1:00 p.m. on 21 December 2017 at the request of the Company pending the publication of this announcement. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 27 December 2017.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"A Shares"	domestic shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and denominated in RMB
"Appraised Value"	the appraised value of the Target Group of approximately RMB4,624.7 million as at the Valuation Date set out in the Valuation Report
"Board"	the board of Directors
"Business Day"	a day on which banks are open for business in the PRC and the United Kingdom (excluding Saturdays, Sundays, bank holidays and public holidays)

"Company" or "Purchaser"	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited* (廣州白雲山醫藥集團股份有限公司), a joint stock limited liability company established in the PRC, the H Shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
"Completion"	completion of the Proposed Acquisition in accordance with the terms and conditions of the Equity Interest Transfer Agreement
"Completion Date"	the date of Completion
"Consideration"	the total consideration for the Proposed Acquisition in the amount of RMB1,094.1 million (equivalent to approximately HK$1,301.3 million)
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Equity Interest Transfer Agreement"	the conditional agreement dated 21 December 2017 in relation to the Proposed Acquisition and Put Option A and entered into amongst the Company, the Vendor and the Target Company
"GPHL"	Guangzhou Pharmaceutical Holdings Limited* (廣州醫藥集團有限公司), a state-owned enterprise established by, and under the administration of, the Guangzhou Municipal People's Government State-owned Assets Supervision and Administration Commission in the PRC. It is the controlling shareholder (as defined under the Listing Rules) of the Company which holds approximately 45.04% of the issued shares of the Company as at the date of this announcement
"Group"	the Company and its subsidiaries
"H Shares"	foreign shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and denominated in HKD
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Independent Third Party(ies)"	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
"Independent Valuer"	Guo Zhong Lian Assets Evaluation, Land & Real Estate Appraisal, Co., Ltd* (國眾聯資產評估土地房地產估價有限公司), an independent qualified PRC valuer engaged for the purpose of issuing the Valuation Report
"Joint Venture Contract"	the joint venture contract entered into by and among the Company, the Vendor and the Target Company on the date of the Equity Interest Transfer Agreement in relation to the Target Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Long Stop Date"	31 December 2018 or such other date as the Company and the Vendor may agree in writing
"Option A Exercise Notice"	a written notice required to be served by the Vendor to the Company in relation to the exercise by the Vendor of Put Option A
"Option A Exercise Price"	the exercise price of Put Option A, details of which are set out in the paragraph headed "Option A Exercise Price" under the section headed "Put Option A" of this announcement
"Option Equity Interest"	the subject of each of Put Option A and Put Option B, being 20% equity interest in the registered capital of the Target Company currently held by the Vendor
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Proposed Acquisition"	the proposed acquisition of the Target Equity Interest by the Company
"Put Option A"	the right (but not obligation) granted by the Company to the Vendor in respect of the sale by the Vendor to the Company all of the Option Equity Interest currently held by the Vendor at any time during the Option A Exercise Period at the Option A Exercise Price

"Put Option B"	the right (but not obligation) granted by the Company to the Vendor under the Joint Venture Contract in respect of the sale by the Vendor to the Company part or all of the Option Equity Interest currently held by the Vendor in case there is a change in control of the Target Company, details of which are set out in the paragraph headed "Rights of the Vendor in case of change in control of the Target Company or of the Company" under the section headed "The Joint Venture Contract" of this announcement
"Put Options"	Put Option A and Put Option B
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the A Shares and/or the H Shares
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Target Company"	Guangzhou Pharmaceuticals Corporation* (廣州醫藥有限公司), a limited liability company established in the PRC, which is owned as to 50% by the Company and as to 50% by the Purchaser as at the date of this announcement
"Target Equity Interest"	the 30% equity interest in the registered capital of the Target Company currently held by the Vendor
"Target Group"	the Target Company and its subsidiaries
"Target Group Valuation"	the valuation of the Target Group as at the Valuation Date by the Independent Valuer by adopting the discounted cash flow method under the income-based approach as the valuation methodology
"USD"	United States dollars, the lawful currency of the United States of America
"Valuation Date"	30 September 2017
"Valuation Report"	the report dated 21 December 2017 issued by the Independent Valuer with regard to the Target Group Valuation

* *For identification purposes only*

"Vendor" Alliance BMP Limited, a private company with limited liability incorporated in England which holds 50% of the equity interest in the Target Company

"%" per cent

In this announcement, amounts quoted in RMB have been converted into HKD at the rate of RMB1.00 to HKD1.1894. Such exchange rate has been used, where applicable, for illustration purpose only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 22 December 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Chuyuan, Mr. Chen Mao, Ms. Liu Juyan, Ms. Cheng Ning, Mr. Ni Yidong and Mr. Wu Changhai as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.

The following is the text of a report received from the Company's independent reporting accountants, KPMG Huazhen LLP, for inclusion in this announcement.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF GUANGZHOU PHARMACEUTICALS CORPORATION

TO THE BOARD OF DIRECTORS OF
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

We refer to the discounted future cash flows on which the valuation ("**the Valuation**") dated 21 December 2017 prepared by Guo Zhong Lian Assets Evaluation, Land & Real Estate Appraisal, Co., Ltd. in respect of the appraisal of the fair value of Guangzhou Pharmaceuticals Corporation ("**the Target Company**") as at 30 September 2017 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities for the Discounted Future Cash Flows

The directors of Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("**IESBA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the International Auditing and Assurance Standards Board ("**IAASB**") and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the IAASB. Accordingly, we do not express an audit opinion.

Opinion

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

Other matters

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

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG Huazhen LLP
Beijing, China
22 December 2017

The following is the full text of the letter from Celestial Capital Limited in respect of the Target Group Valuation for incorporation in this announcement.

Celestial Capital Limited
21/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

22 December 2017

The Board of Directors
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited
45 Sha Mian North Street,
Liwan District, Guangzhou City,
Guangdong Province,
the PRC

Dear Sirs,

Re: Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the "Company") Very substantial acquisition in relation to the proposed acquisition of 30% of the equity interest in Guangzhou Pharmaceuticals Corporation and grant of put options to the Vendor to sell 20% of the equity interest in Guangzhou Pharmaceuticals Corporation

We refer to the discounted future cash flows of the Target Group (the "**Target Group Discounted Future Cash Flows**") underlying the Target Group Valuation prepared by the Independent Valuer as mentioned in the Company's announcement dated 22 December 2017 (the "**Announcement**"). Capitalized terms used in this letter, unless otherwise defined, shall have the same meanings as those defined in the Announcement.

The Independent Valuer has applied the discounted cash flow method under income-based approach and based on certain assumptions in preparing the Target Group Valuation. Accordingly, the Target Group Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, and the requirements under Rule 14.62 of the Listing Rules are therefore applicable. This letter is issued by us in the capacity of the Company's financial adviser in compliance with the requirement under Rule 14.62(3) of the Listing Rules. We are not reporting on the arithmetical calculations of the Target Group Discounted Future Cash Flows nor the Target Group Valuation.

We have reviewed the Target Group Discounted Future Cash Flows upon which the Target Group Valuation has been made and for which you as the Directors are solely responsible, and have discussed with the respective management of the Company and the Target Company, as well as the Independent Valuer, in respect of the bases and assumptions upon which the Target Group Valuation were based.

We have also considered the assurance report (the "**Report**") dated 22 December 2017 from KPMG Huazhen LLP ("**KPMG**") solely addressed to and for the benefit of you as the Directors and note that KPMG has performed procedures regarding its responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the Target Group Discounted Future Cash Flows used for the Target Group Valuation. We also note that the Target Group Discounted Future Cash Flows do not involve the adoption of accounting policies. The Report is included in Appendix I to the Announcement.

The Target Group Discounted Future Cash Flows upon which the Target Group Valuation has been made have been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Target Group Discounted Future Cash Flows may not be appropriate for purposes other than for deriving the Target Group Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Target Group Discounted Future Cash Flows since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Independent Valuer's determination of the fair value of the Target Group. We have had no role or involvement and have not provided and will not provide any assessment of the fair value of the Target Group. Our work does not constitute any valuation of the fair value of the Target Group. Therefore we accept no responsibility therefor, and express no views, whether expressly or implicitly, thereon.

On the basis of the foregoing and in the absence of unforeseeable circumstances, and without giving any opinion on the reasonableness of the Target Group Discounted Future Cash Flows and of the Target Group Valuation, we are satisfied that the Target Group Discounted Future Cash Flows upon which the Target Group Valuation has been made, and for which you as Directors are solely responsible, have been made by you as Directors after due and careful enquiry. However, we express no opinion on how closely the actual cash flow and profit eventually will correspond with the Target Group Discounted Future Cash Flows.

Our work in connection with the Target Group Discounted Future Cash Flows and the Target Group Valuation has been undertaken solely for the compliance of Rule 14.62(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
Celestial Capital Limited
Daphne Ng
Managing Director