



**ASCENT PARTNERS**

Together We Flourish

**Valuation**

**of**

**Suspended Shares of**

**New Ray Medicine International Holding Limited,  
Town Health International Medical Group Limited, and  
China Wah Yan Healthcare Limited**

**For**

**Power Financial Group Limited**

**Valuation Date : 30 June 2018**

**Report Date : 16 July 2018**

**Our Reference : VH1180612-03056WY**

## CONTENTS

1.	Purpose of Valuation .....	1
2.	Scope of Work .....	1
3.	Background of the Target Companies .....	2
4.	Industry Overview .....	2
5.	Economic Overview .....	4
6.	Basis of Valuation .....	5
7.	Basis of Opinion .....	6
8.	Sources of Information .....	6
9.	Valuation Approach and Methodology .....	7
10.	Assumptions and Notes to Valuation .....	7
11.	Analysis and Valuation.....	7
12.	Valuation Comments .....	10
13.	Risk Factors.....	11
14.	Opinion of Value .....	12
	Appendix I Limiting Conditions .....	13
	Appendix II Guideline Public Companies .....	14
	Appendix III Guideline Public Companies .....	16

Date : 16 July 2018

**Power Financial Group Limited**

Units 3910-13, 39/F, COSCO Tower,  
183 Queen's Road Central,  
Hong Kong

Attn. : Board of Directors

Dear Sir/Madam,

**Re: Valuation of Suspended Shares of New Ray Medicine International Holding Limited, Town Health International Medical Group Limited, and China Wah Yan Healthcare Limited**

In accordance with the instruction of **Power Financial Group Limited** (the “**Company**”) we have undertaken a valuation task to determine the fair value of the suspended shares of **New Ray Medicine International Holding Limited** (“**New Ray**”), **Town Health International Medical Group Limited** (“**Town Health**”), and **China Wah Yan Healthcare Limited** (“**China Wah Yan**”) (collectively the “**Target Companies**”) as at **30 June 2018** (the “**Valuation Date**”).

This report outlines the factors considered, valuation methodology, basis and assumptions employed in formulating our opinion and our conclusion of value.

**Ascent Partners Valuation Service Limited** (“**Ascent Partners**”) is an independent firm providing full range of valuation and advisory services. This report is prepared independently in accordance with the International Valuation Standards. Neither Ascent Partners nor any authors of this report hold any interest in the Company, the Target Companies or their related parties. The fee for providing this report is based on Ascent Partners’ normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in this report.

**1. Purpose of Valuation**

The purpose of this valuation is to express an independent opinion on the fair value of the Target Companies as at the Valuation Date. This report outlines our latest findings and valuation conclusion and is prepared solely for the senior management of the Company for financial reporting purpose.

**2. Scope of Work**

In conducting this valuation exercise, we have:

- Gathered the relevant public information of the Target Companies;
- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- Investigated into the information of the Target Companies made available to us and considered the basis and assumptions of our conclusion of value;

- Designed an appropriate valuation model to analyze the market data and derived the estimated fair value of the Target Companies; and
- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

### 3. Background of the Target Companies

The New Ray Medicine International Holding Limited (Stock code: 6108.HK) is an investment holding company that is principally engaged in the distribution of pharmaceutical products in China. On 6 October 2017, the Securities and Futures Commission (“SFC”) suspended the trading of 6108.HK on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) as it appears to the SFC that some announcements from 2015 -2017 of New Ray may contain materially false, incomplete or misleading information.

The Town Health International Medical Group Limited (Stock code: 3886.HK) through its subsidiaries, provides management services to medical and dental practitioners and licenses the Town Health Centre name. It has a wide range of businesses that ranges from managed care to beauty and cosmetic medicine. On 27 November 2017, the SFC suspended the trading of 3886.HK on the Stock Exchange as it appears to the SFC that its interim report for the six months ended 30 June 2016 and annual report for the year ended 31 December 2016 included materially false, incomplete, or misleading information.

China Wah Yan Healthcare Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (stock code: 648.HK) is principally engaged in health management, medical and well-being business and asset management business (investment in securities, fixed/capital/distressed assets and loan financing). It operates a chain of sports and healthcare clubhouses under the brand name of "Megafit" in the PRC and a retail chain of optical products and eye-care services under the brand name "Hong Kong Optical" in Hong Kong. On 27 November 2017, the SFC suspended the trading of 648.HK as it appears to the SFC that its disclosable transaction announcement dated 23 June 2016 contained materially false, incomplete or misleading information.

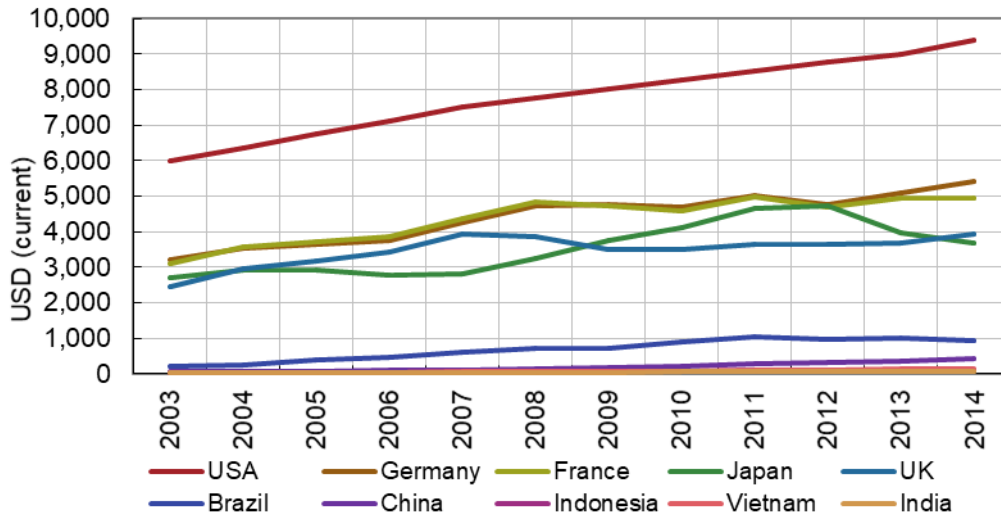
### 4. Industry Overview

According to the statistics of global health expenditure per capita 2003-2014 performed by The World Bank, the amount rose from USD5,995 at 2003 to USD9,403 at 2014 with a compound annual growth rate (“**CAGR**”) of 4.18% in the USA. For Germany, the amount rose from USD3,223 at 2003 to USD5,411 at 2014 with a CAGR of 4.82%. The CAGR for the same period in France, Japan, and the UK were 4.32%, 2.93%, and 4.35% respectively. The combined CAGR for these five developed countries was 4.17%.

Among the developing countries, the amount rose from USD211 at 2003 to USD947 at 2014 with a CAGR of 14.61% in Brazil. For the PRC, the amount rose from USD62 at 2003 to USD420 at 2014 with a CAGR of 19.06%. The CAGR for the same period in Indonesia, Vietnam, and India were 12.58%, 17.13%, and 11.06% respectively. The combined CAGR for these developing countries was 15.39%

By accumulating the ten developed and developing countries, the health expenditure per capita recorded a CAGR of 4.55% from 2003 to 2014.

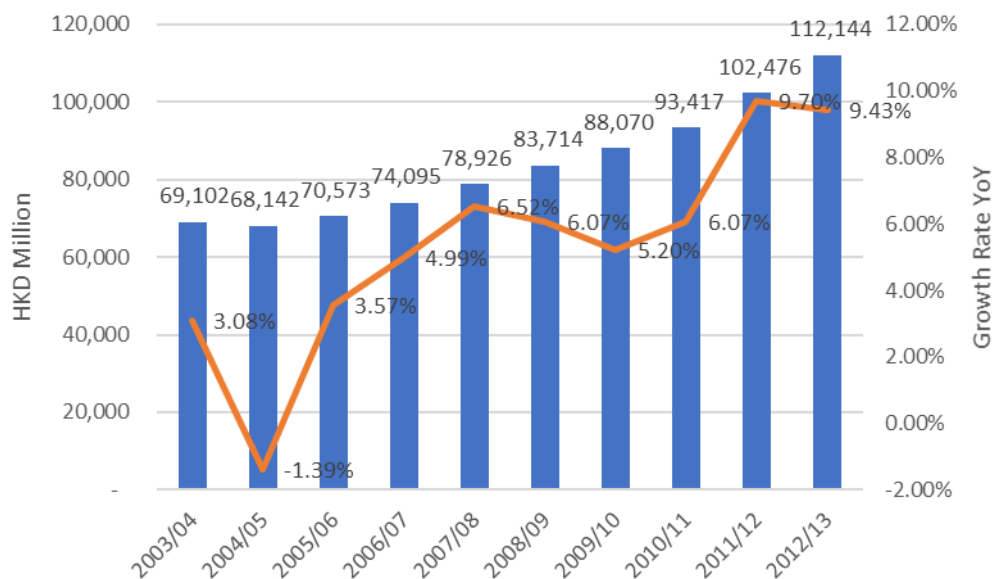
**Figure 1: Global Health Expenditure per Capita**



Source: The World Bank

According to the statistics of total health expenditure 2003/04-2012/13 in Hong Kong performed by the Food and Health Bureau of Hong Kong, the amount rose from HKD69,102 million at 2003/04 to HKD112,144 million at 2012/13. Except a negative drop in 2004/05, the growth rates of the other years ranged from 3.08% to 9.70%. The growth rates had maintained at least 4.99% since 2006/07 and reached the highest level at 9.70% at 2011/12. During the whole period of 2003/04-2012/13, the CAGR was 5.28%.

**Figure 2: Total Health Expenditure in Hong Kong**



Source: Food and Health Bureau of Hong Kong

## 5. Economic Overview

### Overview of Hong Kong Economy

According to Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (“HKSAR”), in the first three quarters of 2017 Hong Kong economy recorded a 3.9% growth in real terms and expected to achieve the highest growth in nearly six years. More specifically, the third quarter Gross Domestic Product (“GDP”) increased by 3.6% over a year earlier, following a 3.9% growth in the preceding quarter, while the first quarter had the highest growth of 4.3% since 2011. Domestic demand gathered further pace, while external demand saw significant improvements. On a seasonally adjusted quarter-to-quarter comparison, real GDP expanded further by 0.5% in the third quarter compared with the preceding quarter.

Global economic growth remained modest in the third quarter, though with the earlier acute risks waning somewhat. With Asia’s exports generally recover, Hong Kong’s total exports of goods made further growth of 5.5% in real terms in the third quarter over a year earlier. Meanwhile, exports of services staged also had a visible improvement, with the year-on-year decline reversed to increase 3.7% in the third quarter, thanks to the stabilisation of mainland economy, the improvement in regional trade and cargo flows. After Hong Kong and the mainland signed the “Mainland and Hong Kong Closer Economic Partnership Arrangement”, the finance sector experienced a revival and the China Securities Regulatory Commission’s announcement of “H Share Full circulation” would further improve the equity market of Hong Kong. On a seasonally adjusted quarter-to-quarter basis, services exports leapt by 3.7% in the third quarter, doubled the growth of the same period of previous year.

Domestic demand strengthened visibly in tandem. Supported by favourable employment and earnings conditions, private consumption expenditure continuously showed some momentum in the third quarter, rising by 6.7% in real terms over a year earlier. Investment expenditure in the third quarter slightly decreased by 1.7% in real terms over a year earlier, against the increase of 7.2% in the preceding quarter. Which was due to the machinery, equipment acquisition and intellectual property products reverted to negative growth of 6.0% in the third quarter, while growth of 4.7% in the second quarter. Overall building and construction works expanded further, especially the expenditure of the public sector, which experienced a surge of 12.3%.

The labour market remained in a state of full employment, displaying remarkable resilience. The unemployment rate stayed low at 3%, the lowest level in nearly 20 years. Employment earnings continued to improve. Total employment grew further in the third quarter, the still-weak labour demand situation in the trade- and consumption-related sectors was changed.

The local stock market remained buoyant during the third quarter alongside the rallies in major overseas markets. The Hang Seng Index rose throughout the year, recorded its strongest rise in eight years, and breakthrough the highest level of the bull market in 2015. The residential property market maintained the signs of exuberance in the third quarter, marked by visible increases in flat prices. Flat price increases were mainly led by increasing of the Chinese buyer. The housing affordability ratio continually worsened. Although the HKSAR Government introduced a double stamp duty on foreign investors to forestall a further build-up in housing market bubble risk, but developers offered discounted on the payment offset the effect of the double stamp duty policy. The cent-city leading index of private

residential property prices in Hong Kong rose to 165.02 from 144.28 at the beginning of the year, an increase of 14.37% throughout the year.

#### Forecast of Hong Kong Economy

Looking ahead, the global economy is expected to remain on a modest growth track in the near term. The economy of the United States of America (“USA”) has gathered pace in recent quarters and the economy of the People’s Republic of China (“PRC”) is on track to achieve solid growth for the year. The relative stabilisation in global demand should render some support to Asia’s trade and Hong Kong exports. Economic activity in Hong Kong has gained impetus within vigorous domestic demand and recovering external demand in this global economic background. Domestic demand has remained resilient thus far and should continue to provide support to the economy in 2018. Services exports would also benefit in tandem. Should the recent relative improvement in inbound tourism gain more traction, the recovery in services exports would hopefully be on an even firmer footing.

A state of full employment in labour market and favourable income conditions would provide the key positive factors underpinning consumption growth. Meanwhile, consumption is estimated to be supported continuously by a tense labor market and investment is expected to remain strong, with major infrastructure and housing projects in the pipeline. The inflation pressure has been largely contained with underlying inflation rate forecast revised slightly down to 1.7%. Underlying GDP deflator is expected to decrease further to 1.0% in 2018, a drop of 2% compared to 2017. Given the still-low global inflation, imported inflation should remain muted in the near term. The continued feed-through of softer fresh-letting residential rentals in the earlier period and the modest pace of economic expansion should also keep local cost pressures in check. Growth is projected to have risen by 3.7% in 2017, up from 2% in 2016 and the strong growth momentum is expected to continue in the near term with annual growth of 2.8% in 2018, close to its potential.

Nevertheless, the outlook faces compound challenges, both external and domestic, including from tighter global financial conditions, possible bumps in the PRC’s ongoing transition, withdrawal from cross-border integration, a potential adjustment following the current housing flourishing, as well as long-term challenges from rapid population aging. However, strong policy frameworks and sufficient buffers help it navigate these threats. Despite large and unstable fund flows, external exposures are low with large net foreign assets and foreign exchange reserves. Conservative fiscal management over the past decades has helped build large shields, with fiscal reserves amounting to about 25 months of total government expenditure. Banks have also established solid capital buffers and sufficient liquidity, far above global standards, and asset quality keeps very durable, due to enhanced regulatory and supervisory frameworks.

## **6. Basis of Valuation**

Our valuation is carried out on a fair value basis. Hong Kong Financial Reporting Standard (“HKFRS”) 13 *Fair Value Measurement* defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date”.

## 7. Basis of Opinion

We have conducted our valuation with reference to International Valuation Standards issued by International Valuation Standards Council (“**IVSC**”)<sup>1</sup> and in compliance with Rule 11 of the Hong Kong Codes on Takeovers and Mergers. The valuation procedure includes review of the financial and economic conditions of the subject business, an assessment of key assumptions, estimates, and representations made by the Target Companies. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent, and unbiased.

We have planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that our valuation provides a reasonable basis for our opinion.

## 8. Sources of Information

In conducting our valuation of the subject asset, we have considered, reviewed and relied upon the following key information provided by the instructing party and from the public:

- Overview of the business nature of the Target Companies;
- Historical financial reports of the Target Companies;
- Publications and research reports regarding the related industry; and
- Bloomberg, the Stock Exchange and other reliable sources of market data.

In arriving at our opinion, we have assumed and relied upon the accuracy and completeness of the information reviewed by us for the purpose of this valuation. In addition, we have relied upon the statements, information, opinion and representations provided to us by the Company.

We also conducted research using various sources including government statistical releases and other publications to verify the reasonableness and fairness of information provided and we believe that the information is reasonable and reliable.

Our opinion is based upon existing economic, market, financial and other conditions which can be evaluated on the date of this report and we assume no responsibility to update or revise our opinion based on events or circumstances occurring after the date of this report. In reaching our opinion, we have made assumptions with respect to such economic, market, financial and other conditions and other matters, many of which are beyond our control or the control of any party involved in this valuation exercise.

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<sup>1</sup> The IVSC has been in existence for more than 25 years. Its origins were in the need identified by a number of professional bodies from around the world for uniformity in the valuation approaches used in real estate markets. Over the past decade it has evolved and expanded and now produces standards for many types of assets, including plant and equipment, intangible assets and businesses. The International Valuation Standards are already recognised and accepted by a wide range of organisations including the UK Financial Services Authority, the Hong Kong Securities and Futures Commission, the Securities and Exchange Board of India and the European Public Real Estate Association amongst others. IVSC has also worked in liaison with the International Accounting Standards Board (IASB) in producing guidance on valuations required under IFRS, an increasingly important need as IFRS is adopted in more states.



## 9. Valuation Approach and Methodology

Based on our understanding of the nature of the asset to be valued and subject to confirmation during further discussion with the Company, our valuation is conducted by employing the following valuation approach:

**Index Return Method** – The valuation method is a generally accepted approach in the industry, where the last trading price of the suspended share is adjusted by the return of a synthetic index that comprises guideline public companies in the period since the suspension date. The guideline public companies are comparable companies that operate with similar business model in the corresponding sector of the suspended share. The discount of liquidity is then applied to the adjusted share price to derive the fair value of the suspended share.

## 10. Assumptions and Notes to Valuation

The following assumptions considered, having significant sensitivity effects in this valuation, have been evaluated and validated in arriving at our assessed values.

- a) We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Target Companies.
- b) We have not investigated any financial data to determine the earning capacity of the operation in which the assets are used, and we assumed that the prospective earnings would provide a reasonable return on the fair market value of the assets.
- c) We have not visited the premises where the Target Companies' business operates. We have relied on the assistance of and information provided by the Company and the Target Companies but has not verified the existence of the assets concerned.
- d) As part of our analysis, we have reviewed the information related to this valuation, which is made available to us. We have no reason to doubt the accuracy and fairness of such information on which we have relied to a considerable extent in arriving at our opinion of value.

## 11. Analysis and Valuation

In the valuation of shares of New Ray, a synthetic index that comprises 5 guideline public companies is created. The unadjusted index return is the equal weighted average return of these comparable companies during the period from the last trading date of the suspended shares to the Valuation Date as shown below:

*From 6 October 2017 to 30 June 2018*

Guideline Public Company	Total Return
1099 HK Equity	-10.50%
1110 HK Equity	5.38%
401 HK Equity	-44.68%
574 HK Equity	17.07%
858 HK Equity	-8.70%
<b>Average</b>	<b>-8.29%</b>

*Source: Bloomberg*

*Details and the selection process and criteria of these guideline public companies can be found in Appendix II.*

The unadjusted index return, which is equivalent to the equally weighted average return of the synthetic index, is derived to be -8.29%. The above index return is adjusted based on the correlation coefficient between the historical returns in the past year of the suspended share and those of the synthetic index. The significance of the correlation coefficient is confirmed by using a simple linear regression. The index return, after correlation coefficient adjustment, is derived to be -2.98% and assumed to be the return of suspended share. By applying such return to the last trading price (HKD0.425) of the suspended share, the adjusted price is derived to be approximately HKD0.412.

A liquidity discount of 30% is then applied by taking into consideration of the uncertainty of the length of suspension (the share will not be resumed in the short period) and the unfavorable trading condition because of suspension. The suspended share price after such adjustment is derived to be approximately HKD0.289.

In the valuation of shares of Town Health, a synthetic index that comprises 6 guideline public companies is created. The unadjusted index return is the equal weighted average return of these comparable companies during the period from the last trading date of the suspended shares to the Valuation Date as shown below:

*From 27 November 2017 to 30 June 2018*

<b>Guideline Public Company</b>	<b>Total Return</b>
383 HK Equity	-2.75%
3689 HK Equity	-13.85%
1419 HK Equity	11.52%
8161 HK Equity	-20.00%
1526 HK Equity	-14.29%
722 HK Equity	-11.21%
<b>Average</b>	<b>-8.43%</b>

*Source: Bloomberg*

*Details and the selection process and criteria of these guideline public companies can be found in Appendix III.*

The unadjusted index return, which is equivalent to the equally weighted average return of the synthetic index, is derived to be -8.43%. The above index return is adjusted based on the correlation coefficient between the historical returns in the past year of the suspended share and those of the synthetic index. The significance of the correlation coefficient is confirmed by using a simple linear regression. The index return, after correlation coefficient adjustment, is derived to be -2.37% and assumed to be the return of suspended share. By applying such return to the last trading price (HKD0.690) of the suspended share, the adjusted price is derived to be approximately HKD0.674.

A liquidity discount of 30% is then applied by taking into consideration of the uncertainty of the length of suspension (the share will not be resumed in the short period) and the unfavorable trading condition because of suspension. The suspended share price after such adjustment is derived to be approximately HKD0.472.

In the valuation of shares of China Wah Yan, a synthetic index that comprises guideline public companies is not created since the regression result of the synthetic index against China Wah Yan is not statistically significant. Therefore, a market index with improved statistical significance is selected to adjust the price of suspended shares. The unadjusted index return is the return of HSI Index during the period from the last trading date of the suspended shares to the Valuation Date as shown below:

*From 27 November 2017 to 30 June 2018*

<b>Index Selected</b>	<b>Total Return</b>
HSI Index	-0.85%
<b>Average</b>	-0.85%

*Source: Bloomberg*

The unadjusted index return is -0.85%, which is adjusted based on the beta between the historical weekly returns in the past three years of the suspended share and the HSI index. The significance of the beta is confirmed by using a simple linear regression. The index return, after beta adjustment, is derived to be -0.99% and assumed to be the return of suspended share. By applying such return to the last trading price (HKD0.380) of the suspended share, the adjusted price is derived to be HKD0.376.

A liquidity discount of 30% is then applied by taking into consideration of the uncertainty of the length of suspension (the share will not be resumed in the short period) and the unfavorable trading condition as a result of suspension. The suspended share price after such adjustment is derived to be HKD0.263.

## 12. Valuation Comments

As part of our analysis, we have reviewed the financial and business information, such as project documents and other pertinent data concerning the Target Companies, provided to us by the Target Companies and the Company. We have assumed the accuracy of, and have relied on, such information to a considerable extent in arriving at our opinion of value.

We confirm that we have made relevant searches and enquiries and have obtained such further information as is considered necessary for this valuation.

The conclusion of value is based on generally accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are regarded by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Companies, the Company, and Ascent Partners.

### 13. Risk Factors

a) General Economic, Political, and Social Considerations

Due to the uncertainties in economic situation, there is no guarantee that the expected financial performance will materialize. Any changes in global political, economic and social conditions, laws, regulations and policies may have significant impacts on the projections of the future income of the Target Companies. None of these changes can be foreseen with certainty.

b) Inflation

The concurrent loosening of monetary policies by the central banks in many developed and developing countries pose a significant risk of inflation, which will erode the profitability of the Target Companies.

c) Company Specific Risk

The performance of the Target Companies may be better or worse than the expectation, and the resulting earnings and cash flows can be very different from our estimates. The possibility of severe operational incidence, whether it is exogenous or endogenous, cannot be precluded.

d) Technological Changes

Any changes in the technological developments and advancements may have significant impacts on the projections of the future income of the Target Companies. To remain competitive in the industry, the Target Companies may be required to make substantial capital expenditures to keep up with technological changes.

e) Concentration Risk

The revenue of the Target Companies is heavily dependent on a single business segment. There is no guarantee that this business relationship can be maintained and that the products of the Target Companies will remain popular.

#### 14. Opinion of Value

Based on the result of our investigations and analyses outlined in this report, we are of the opinion that the fair value of the suspended shares of the Target Companies as at the Valuation Date, free from any encumbrances, is presented below:

Valuation target stock code	6108.HK	3886.HK	648.HK
Date Suspended	6 October 2017	27 November 2017	27 November 2017
Price on Suspension Date	HKD0.425	HKD0.690	HKD0.380
Share Price from Index Return Method	HKD0.412	HKD0.674	HKD0.376
Share Price from Index Method with Discount for Lack of Marketability	HKD0.289	HKD0.472	HKD0.263

Yours faithfully,

*For and on behalf of*  
**Ascent Partners Valuation Service Limited**



**Paul Wu**  
Principal  
MSc, CMA (Aust.)

**Notes:**

1. *Mr. Paul Wu is a Certified Management Accountant. He also holds a Master degree of Science. He has extensive experience in corporate advisory and valuation of business entities, tangible and intangible assets and financial instruments for private and public companies in various industries. Prior to working in the financial service industry, Mr. Wu had worked as a senior management in world class technology companies.*
2. *This valuation report is co-authored by Mr. Jerry Zheng and Mr. Wayne Hu.*

## **Appendix I      Limiting Conditions**

1. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation and other pertinent data concerning this valuation made available to us. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper documentation is maintained, and the financial statements and other information give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
3. Ascent Partners shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation unless prior arrangements have been made.
4. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers.
5. Our conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the valuation subject.
6. We assume that there are no hidden or unexpected conditions associated with valuation subject that might adversely affect the reported value(s). Further, we assume no responsibility for changes in market conditions after the date of this report.
7. This valuation report has been prepared solely for the use of the designated party. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any other party without Ascent Partners' prior written consent.
8. This report is confidential to the client for the specific purpose to which it refers and is for the use only of the party to whom it is addressed. No responsibility is accepted with respect to any third party for the whole or any part of its contents.

## Appendix II Guideline Public Companies

Bloomberg is searched exhaustively for all listed companies principally providing insurance brokerage, other financial services or commercial finance related business. The business model and product profiles of the short-listed companies are examined in further screening, with the information obtained from the companies' web-sites and/or other reliable sources, if needed. Companies satisfying the following criteria, pertinent to the business operations of New Ray, are adopted as guideline public companies for the valuation:

- a. The companies are principally engaged in pharmaceutical related business;
- b. The principal business of the companies is located in Hong Kong, China or Macau;
- c. Shares of the companies are listing in a major stock exchange and have been actively trading for a reasonable period of time; and
- d. Detailed financial and operational information in respect of the companies are available at Bloomberg or other publicly available sources.

By studying the companies' operations in detail, 5 guideline public companies are adopted:

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### Guideline Public Company 1

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**Ticker:** 1099 HK Equity  
**Name:** Sinopharm Group Company Limited  
**Exchange:** Hong Kong  
**Description:** Sinopharm Group Co. Ltd. is a pharmacy distribution company. The company also owns several pharmacy enterprise groups in different industries such as logistics, retail stores, pharmaceutical manufacturing, and chemical testing.

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### Guideline Public Company 2

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**Ticker:** 1110 HK Equity  
**Name:** Kingworld Medicines Group Limited  
**Exchange:** Hong Kong  
**Description:** Kingworld Medicines Group Limited distributes branded imported pharmaceutical and healthcare products in the Peoples Republic of China. The company distributes pharmaceuticals that include cough and phlegm relieving, gastrointestinal, vitamin, orthopedics, cardiovascular, influenza and others.

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### Guideline Public Company 3

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**Ticker:** 401 HK Equity  
**Name:** Wanjia Group Holdings Limited  
**Exchange:** Hong Kong  
**Description:** Wanjia Group Holdings Limited is a wholesaler and distributor and retail chain operator of pharmaceutical and healthcare products in Fujian Province in the PRC.

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**Guideline Public Company 4**

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**Ticker:** 574 HK Equity  
**Name:** Pa Shun International Holdings Limited  
**Exchange:** Hong Kong  
**Description:** Pa Shun International Holdings Limited operates as a pharmaceutical distributor. The company mainly wholesales and distributes medicines and health care products. Pa Shun International Holdings also operates drugstores.

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**Guideline Public Company 5**

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**Ticker:** 858 HK Equity  
**Name:** Extrawell Pharmaceutical Holdings Limited  
**Exchange:** Hong Kong  
**Description:** Extrawell Pharmaceutical Holdings Limited, through its subsidiaries, markets and distributes imported pharmaceutical products, healthcare, and nutritional products. The company also develops, manufactures, and sells pharmaceutical products in China. In addition, Extrawell exploits gene inventions, researches genome technology, and develops and manufactures genechips.

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### Appendix III Guideline Public Companies

Bloomberg is searched exhaustively for all listed companies principally providing insurance brokerage, other financial services or commercial finance related business. The business model and product profiles of the short-listed companies are examined in further screening, with the information obtained from the companies' web-sites and/or other reliable sources, if needed. Companies satisfying the following criteria, pertinent to the business operations of Town Health, are adopted as guideline public companies for the valuation:

- a. The companies are principally engaged in healthcare related business;
- b. The principal business of the companies is in Hong Kong or the PRC;
- c. Shares of the companies are listing in a major stock exchange and have been actively trading for a reasonable period; and
- d. Detailed financial and operational information in respect of the companies are available at Bloomberg or other publicly available sources.

By studying the companies' operations in detail, 6 guideline public companies are adopted:

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#### Guideline Public Company 1

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**Ticker:** 383 HK Equity  
**Name:** China Medical & HealthCare Group Limited  
**Exchange:** Hong Kong  
**Description:** China Medical & HealthCare Group Limited is an investment holding company. The company invests in real estate industry, individual private property, stock industry, and other related industries. China Medical & HealthCare Group also operates healthcare and eldercare businesses.

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#### Guideline Public Company 2

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**Ticker:** 3689 HK Equity  
**Name:** Guangdong Kanghua Healthcare Co., Ltd.  
**Exchange:** Hong Kong  
**Description:** Guangdong Kanghua Healthcare Co., Ltd. owns and operates hospitals. The company offers healthcare, cardiovascular related, and medical services. Guangdong Kanghua Healthcare serves patients in China.

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#### Guideline Public Company 3

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**Ticker:** 1419 HK Equity  
**Name:** Human Health Holdings Limited  
**Exchange:** Hong Kong  
**Description:** Human Health Holdings Limited is an integrated healthcare service provider. The company provides comprehensive outpatient services covering general practices, specialty, and dental services.

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**Guideline Public Company 4**

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**Ticker:** 8161 HK Equity  
**Name:** MediNet Group Limited  
**Exchange:** Hong Kong  
**Description:** MediNet Group Limited provides corporate medical and dental solutions to customers through the design of tailored medical and/or dental benefits plans. The company has several locations throughout Hong Kong.

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**Guideline Public Company 5**

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**Ticker:** 1526 HK Equity  
**Name:** Rici Healthcare Holdings Limited  
**Exchange:** Hong Kong  
**Description:** Rici Healthcare Holdings Limited operates private integrate health care hospitals. The company provides high-end medicare, specialized hospital, physical examination, medical products supply, and other related services throughout China.

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**Guideline Public Company 6**

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**Ticker:** 722 HK Equity  
**Name:** UMP Healthcare Holdings Limited  
**Exchange:** Hong Kong  
**Description:** UMP Healthcare Holdings Limited offers healthcare solutions provider. The company provides services for medical and dental needs. UMP serves both contract and plan customers.

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