

CIRCULAR DATED 14 NOVEMBER 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by AsiaMedic Limited (the "Company"). If you are in any doubt about its contents or the action you should take, you should consult your legal, financial, tax or other professional adviser(s) immediately.

The Company intends to list the securities which are the subject of the rights issue in this Circular and the acceptance of applications will be conditional upon the issue of securities and the receipt of the Singapore Exchange Securities Trading Limited's (the "SGX-ST") listing and quotation notice.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalyst. You should be aware of the risk of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Xandar Capital Pte. Ltd. (the "Sponsor"), for compliance with the Listing Manual Section B: Rules of Catalyst of the SGX-ST. The Sponsor has not independently verified the contents of this Circular including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular. The SGX-ST has not in any way considered the merits of the securities being offered for investment.

The contact person for the Sponsor is Ms Pauline Sim (Registered Professional, Xandar Capital Pte. Ltd.) at 3 Shenton Way, #24-02 Shenton House, Singapore 068805, telephone: (65) 6319 4954.



ASIAMEDIC LIMITED

(Registration Number: 197401556E)

(Incorporated in the Republic of Singapore on 29 August 1974)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,561,952,500 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.012 FOR EACH RIGHTS SHARE, ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN); AND**
- (2) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM LUYE MEDICAL GROUP PTE. LTD. FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY IT AND PARTIES ACTING IN CONCERT WITH IT, AS A RESULT OF THE RIGHTS ISSUE.**

Independent Financial Adviser in relation to the Proposed Whitewash Resolution



ZICO CAPITAL PTE. LTD.

(Company Registration Number: 201613589E)

(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Forms	:	26 November 2019 at 9:30 a.m.
Date and time of Extraordinary General Meeting	:	29 November 2019 at 9:30 a.m.
Place of Extraordinary General Meeting	:	350 Orchard Road #10-01, Shaw House, Singapore 238868

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DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated:

- “1H”** : Half financial year ended or ending 30 June, as the case may be, unless otherwise stated
- “ARE”** : Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
- “ARS”** : Application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the Catalist of the SGX-ST through the book-entry (scripless) settlement system
- “AsiaMedic Employee Share Option Scheme”** : The Company’s share option scheme which was adopted at an extraordinary general meeting of the Company held on 19 January 2016
- “associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a Substantial Shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “ATM”** : Automated teller machine of a Participating Bank
- “Authority”** : Monetary Authority of Singapore
- “Board” or “Directors”** : The board of Directors of the Company as at the date of this Circular

DEFINITIONS

“Books Closure Date”	:	Subject to Shareholders’ approval of the Rights Issue being obtained, the time and date to be determined by the Directors and to be announced by the Company in due course, at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 14 November 2019
“Closing Date”	:	The time and date to be determined by the Directors and to be announced by the Company in due course, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue through CDP or the Share Registrar; or the last time and date for acceptance and/or excess application and payment of the Rights Shares under the Rights Issue through an Electronic Application
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Company”	:	AsiaMedic Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Completion”	:	The completion of the Rights Issue
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“controlling shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company; or (b) in fact exercises control over a company
“CPF”	:	The Central Provident Fund

DEFINITIONS

“CPF Approved Nominees”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPF Board”	:	The board of the Central Provident Fund established under the Central Provident Fund Act, Chapter 36 of Singapore, as amended or modified from time to time
“CPF Funds”	:	CPF account savings
“EGM”	:	The extraordinary general meeting of the Company, to be held on 29 November 2019 at 9.30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the Proposed Resolutions
“Electronic Application”	:	Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs as set out in the Offer Information Statement or on the ATM screens
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who had, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date or who have, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	All Shareholders who are eligible to participate in the Rights Issue, which comprises Entitled Depositors and Entitled Scripholders, excluding Foreign Shareholders
“Excess Rights Shares”	:	The additional Rights Shares that Entitled Shareholders will be eligible to apply for in excess of their provisional allotments under the Rights Issue

DEFINITIONS

“Existing Issued Share Capital”	:	The existing issued share capital of the Company comprising 390,488,125 Shares (excluding 100,000 treasury shares and nil subsidiary holdings) as at the Latest Practicable Date
“Facility”	:	The unsecured, interest-bearing loan facility of up to an aggregate principal amount of S\$5,000,000 extended by the Undertaking Shareholder to the Company pursuant to the Loan Agreement
“Foreign Shareholders”	:	Shareholders whose registered addresses with the Company or CDP are outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or ending 31 December, as the case may be, unless otherwise stated
“Group”	:	The Company and its subsidiaries
“IFA”	:	ZICO Capital Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Proposed Whitewash Resolution
“IFA Letter”	:	The letter dated 14 November 2019 from the IFA to the Independent Directors in respect of the Proposed Whitewash Resolution
“Independent Directors”	:	The independent directors of the Company, namely, Goh Kian Chee, Chua Keng Woon, and Lawrence Peter Lim Hong Haw, who are also regarded as independent with respect to the Proposed Whitewash Resolution
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of the Proposed Whitewash Resolution
“Issue Price”	:	S\$0.012 for each Rights Share
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 31 October 2019
“LMGPL” or “Undertaking Shareholder”	:	Luye Medical Group Pte. Ltd.
“LMGPL Loan”	:	The loans amounting to S\$5,000,000 drawn down by the Company pursuant to the Loan Agreement

DEFINITIONS

“Loan Agreement”	:	The loan agreement dated 1 March 2018 entered into between the Company and the Undertaking Shareholder, pursuant to which the Undertaking Shareholder agreed to extend an unsecured, interest-bearing loan facility of up to an aggregate principal amount of S\$5,000,000 to the Company
“LPS”	:	Loss per Share
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Issue Size”	:	The maximum issue size for the Rights Issue, based on the Existing Issued Share Capital and assuming that none of the treasury shares are sold or otherwise transferred whether to satisfy the Company’s performance share plan or option scheme or otherwise, and none of the Options are converted into new Shares prior to the Books Closure Date
“Maximum Scenario”	:	The scenario for the subscription of the Rights Issue based on the Existing Issued Share Capital assuming (i) the Maximum Issue Size; and (ii) that the Rights Issue is fully subscribed by all Shareholders, the Company will allot and issue 1,561,952,500 Rights Shares
“Minimum Scenario”	:	The scenario for the subscription of the Rights Issue assuming that only LMGPL subscribes for its entitled Rights Shares and Excess Rights Shares pursuant to the Irrevocable Undertaking, and no other Shareholder subscribes for their <i>pro-rata</i> entitlements under the Rights Issue, the Company will allot and issue 416,666,666 Rights Shares
“Net Proceeds”	:	The estimated net proceeds from the Rights Issue
“Nil-paid Rights”	:	The “nil-paid” provisional entitlements to subscribe for the Rights Shares
“NAV”	:	Net asset value
“Notice of EGM”	:	The notice of EGM accompanying this Circular
“NTA”	:	Net tangible assets

DEFINITIONS

“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS and all other accompanying documents (where applicable, including any supplementary or replacement document thereof) to be issued by the Company and to be lodged with the SGX-ST, acting as agent on behalf of the Authority in connection with the Rights Issue
“Offsetting Arrangement”	:	The mutual agreement between the Company and the Undertaking Shareholder that the subscription monies due from the Undertaking Shareholder to the Company for the subscription by the Undertaking Shareholder of 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares subject to availability pursuant to the Irrevocable Undertaking will be offset entirely against the aggregate outstanding principal amount of the LMGPL Loan
“Option”	:	The 1,524,000 share options granted under the AsiaMedic Employee Share Option Scheme convertible into 1,524,000 new Shares
“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue
“Participating Bank”	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and persons purchasing Nil-paid Rights through the book-entry (scripless) settlement system whose addresses are in Singapore, for acceptances of the Rights Shares and/or applications for Excess Rights Shares, and each of them a “Participating Bank”
“Proposed Resolutions”	:	The resolutions as set out in the Notice of EGM from pages N-1 to N-3 of this Circular for which the Directors are seeking Shareholders’ approval
“Proposed Whitewash Resolution”	:	The proposed resolution which requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer for all the Shares in the Company from the Undertaking Shareholder pursuant to Rule 14 of the Code and the Whitewash Waiver relating to the Rights Issue, further details of which are found in Section 3 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM enclosed in this Circular

DEFINITIONS

“Record Date”	:	In relation to any dividends, rights, allotment or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Account of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Rights Announcement”	:	The announcement made by the Company on 15 May 2019 relating to the Rights Issue
“Rights Issue”	:	The proposed renounceable non-underwritten rights issue of up to 1,561,952,500 Rights Shares at the Issue Price, on the basis of four (4) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date
“Rights Shares”	:	Up to 1,561,952,500 new Shares to be allotted and issued by the Company pursuant to the Rights Issue, each a “Rights Share”
“Scripholders”	:	Shareholders whose Shares are registered in their own names and whose share certificates are not deposited with CDP, but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	KCK CorpServe Pte. Ltd.
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Account
“Shareholders’ Approval”	:	The approval of the Shareholders for any or all the Proposed Resolutions, as the case may be

DEFINITIONS

“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver granted to the Undertaking Shareholder is subject, details of which are set out in Section 3.4 of this Circular
“Sponsor”	:	Xandar Capital Pte. Ltd.
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“Treasury Shares”	:	“Treasury Shares” shall have the meaning ascribed to it in Section 4 of the Companies Act
“VWAP”	:	Volume weighted average price
“Irrevocable Undertaking”	:	The irrevocable undertaking dated 15 May 2019 given by LMGPL to the Company as disclosed in Section 2.9 of this Circular
“Whitewash Waiver”	:	The waiver granted by the SIC in relation to the obligation of the Undertaking Shareholder to make a mandatory general offer under Rule 14 of the Code for all the Shares in the Company not already held by the Undertaking Shareholder and parties acting in concert with it, arising from the Undertaking Shareholder’s acquisition of Rights Shares pursuant to the Irrevocable Undertaking, in fulfilment of its obligations under the Irrevocable Undertaking. The Whitewash Waiver is subject to the satisfaction of the SIC Conditions, further details of which are set out in Section 3.4 of this Circular

Currencies, Units and Others

“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. A “**person**” shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to the time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

ASIAMEDIC LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197401556E)

Directors:

Charles Wang Chong Guang (Non-Executive Chairman)
Tan Soo Kiat (Non-Executive Director)
Goh Kian Chee (Lead Independent Director)
Chua Keng Woon (Independent Director)
Lawrence Peter Lim Hong Haw (Independent Director)

Registered Office:

350 Orchard Road #08-00
Shaw House
Singapore 238868

LETTER TO SHAREHOLDERS

14 November 2019

To: The Shareholders of AsiaMedic Limited

Dear Sir/Madam,

1 INTRODUCTION

1.1. Overview

The Directors are convening an EGM to be held on 29 November 2019 to seek Shareholders' approval in relation to:

- (1) the Rights Issue (Ordinary Resolution 1); and
- (2) the Proposed Whitewash Resolution (Ordinary Resolution 2).

(collectively, the "**Proposed Resolutions**").

1.2. Inter-conditionality

Shareholders should note that the passing of Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional upon the passing of each other. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed, the Company will not proceed with the Rights Issue. In order for the Company to proceed with the Rights Issue, both Ordinary Resolutions 1 and 2 need to be approved by Shareholders at the EGM.

1.3. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Resolutions to be tabled at the EGM, the notice of which is set out on pages N-1 to N-3 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

The SGX-ST takes no responsibility for the accuracy, completeness or correctness of any information, statements or opinions made, or reports contained in this Circular.

LETTER TO SHAREHOLDERS

2 THE RIGHTS ISSUE

2.1 Introduction

On 15 May 2019, the Company announced the Rights Issue which is subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM.

The Rights Issue will be undertaken by the Company on a non-underwritten basis.

The Company also announced on 15 May 2019 that LMGPL will be providing an Irrevocable Undertaking in relation to the Rights Issue, further details of which are set out in **Section 2.9** of this Circular. As the fulfilment by LMGPL of its obligations under the Irrevocable Undertaking may result in LMGPL being obliged to make a mandatory general offer for the Company pursuant to Rule 14 of the Code, an application was made to the SIC for the Whitewash Waiver, which was subsequently granted on 11 October 2019, subject to, *inter alia*, the SIC Conditions.

2.2 Basis of the Rights Issue

As at the Latest Practicable Date, there are 390,488,125 Shares (excluding 100,000 treasury shares and nil subsidiary holdings) in issue (the “**Existing Issued Share Capital**”). As at the Latest Practicable Date, there are 1,524,000 share options granted under the AsiaMedic Employees Share Option Scheme (“**Options**”) convertible into 1,524,000 new Shares.

Based on the Existing Issued Share Capital as at the Books Closure Date, and assuming that none of the treasury shares are sold or otherwise transferred whether to satisfy the Company’s performance share plan or option scheme or otherwise, and none of the Options are converted into new Shares prior to the Books Closure Date, up to 1,561,952,500 Rights Shares are proposed to be offered on a renounceable basis to Entitled Shareholders at the Issue Price of S\$0.012 for each Rights Share, on the basis of four (4) Rights Shares for every one (1) existing Share held by Entitled Shareholders.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

In view of the savings in costs to be enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Registrar, as the case may be. Please see **Section 2.6** of this Circular for further information on eligibility to participate in the Rights Issue.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce, or in the case of Entitled Depositors

LETTER TO SHAREHOLDERS

only, trade (during the trading period for Nil-paid Rights prescribed by the SGX-ST) their provisional allotments of Rights Shares and will also be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue.

The provisional allotments which are not taken up for any reason will be used to satisfy excess applications (if any) or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company subject to applicable laws and the Catalist Rules.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will also not make any allotment and issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

2.3 Size of the Rights Issue

As at the Latest Practicable Date, there are 390,488,125 Shares (excluding 100,000 treasury shares and nil subsidiary holdings) in issue. Save for the 1,524,000 Options which are convertible into 1,524,000 new Shares, the Company does not have any outstanding warrants or convertible securities. As at the Latest Practicable Date, the exercise prices of the Options are above the market price of the Shares and the Issue Price. Accordingly, we have assumed that no Options will be exercised prior to the Books Closure Date.

For illustrative purposes only, based on the Existing Issued Share Capital, and assuming that none of the treasury shares are sold or otherwise transferred, whether to satisfy the Company's performance share plan or option scheme or otherwise, and none of the Options are converted into new Shares prior to the Books Closure Date,

- (a) assuming that all the Entitled Shareholders subscribe and pay for their pro-rata entitlements of Rights Shares, the number of Rights Shares to be allotted and issued under the Rights Issue will be 1,561,952,500 new Shares ("**Maximum Scenario**"), and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Scenario upon Completion will be 1,952,440,625 Shares (excluding 100,000 treasury shares and nil subsidiary holdings); and
- (b) assuming that only LMGPL subscribes for its entitled Rights Shares and Excess Rights Shares pursuant to the Irrevocable Undertaking, and none of the other Entitled Shareholders subscribe for their *pro-rata* entitlements of Rights Shares, the number of Rights Shares to be allotted and issued under the Rights Issue will be 416,666,666 new Shares ("**Minimum Scenario**"), and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Scenario upon Completion will be 807,154,791 Shares (excluding 100,000 treasury shares and nil subsidiary holdings).

LETTER TO SHAREHOLDERS

2.4 Principal Terms of the Rights Issue

- Basis of provisional allotment** : The Rights Issue is made on a renounceable basis to Entitled Shareholders on the basis of four (4) Rights Shares for every one (1) existing Share standing to the credit of the Securities Accounts of Entitled Depositors or held by Entitled Scripholders, as the case may be, as at the Books Closure Date.
- Number of Rights Shares to be issued** : Assuming that the share capital of the Company as at the Book Closure Date is the Existing Issued Share Capital, the Company will issue:
- (a) 1,561,952,500 Rights Shares in the Maximum Scenario; and
 - (b) 416,666,666 Rights Shares in the Minimum Scenario.
- Issue Price** : S\$0.012 for each Rights Share, payable in full on acceptance and/or application.
- The Issue Price represents:
- (a) a discount of approximately 7.7% to the VWAP of S\$0.013 per Share for trades done on the SGX-ST on 14 May 2019, being the last Market Day on which the Shares were traded on the Catalist immediately preceding the Rights Announcement;
 - (b) a discount of approximately 14.3% to the VWAP of S\$0.014 per Share on 18 October 2019, being the last Market Day on which the Shares were traded on Catalist prior to the Latest Practicable Date; and
 - (c) a discount of approximately 1.6% based on the theoretical ex-rights trading price of S\$0.0122 per Share based on the closing price of S\$0.013 on 14 May 2019.
- Status of Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.

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- Eligibility to participate in the Rights Issue** : Please refer to **Section 2.6** entitled “Eligibility of Shareholders to Participate in the Rights Issue” of this Circular.
- Listing of the Rights Shares** : The Company will be making an application through its Sponsor to the SGX-ST for the listing of and quotation of the Rights Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled.
- Trading of the Rights Shares** : Upon the listing and quotation of the Rights Shares on the Catalist of the SGX-ST, the Rights Shares will be traded on the Catalist of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Catalist of the SGX-ST, each board lot of Shares will comprise 100 Shares. Following the Rights Issue, Shareholders who hold odd lots of the Rights Shares (that is, less than board lots of 100 Shares) and who wish to trade in odd lots on the Catalist of the SGX-ST should note that they are able to do so on the SGX-ST’s unit share market.
- Shareholders should note that the market for trading of such odd lots of Shares may be illiquid. There is no assurance that the Shareholders who hold odd lots of Shares will be able to acquire such number of Shares required to make up a board lot, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST’s unit share market.
- Trading of Nil-paid Rights** : Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the Catalist of the SGX-ST can do so during the trading period for the Nil-paid Rights.
- Non-underwritten** : In view of the savings in costs to be enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

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Irrevocable Undertakings: : LMGPL has given an Irrevocable Undertaking that it will, *inter alia*:

- (a) apply, subscribe and pay for the whole of its *pro-rata* beneficial entitlement of 381,725,584 Rights Shares (based on its existing Shares held); and
- (b) apply, subscribe and pay for up to 34,941,082 Excess Rights Shares in the event that the Rights Issue is undersubscribed (subject to availability).

Please refer to **Section 2.9** of this Circular for details relating to the Irrevocable Undertaking.

Acceptance, excess application and payment procedures : Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Registrar, as the case may be.

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce, or in the case of Entitled Depositors only, trade (during the trading period for Nil-paid Rights prescribed by the SGX-ST) their provisional allotments of Rights Shares and will also be eligible to apply for Excess Rights Shares (each such application, an “**excess application**”).

The provisional allotments which are not taken up for any reason will be used to satisfy excess applications (if any) or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company subject to applicable laws and the Catalist Rules.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

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Please see **Section 2.6** of this Circular for further information on eligibility to participate in the Rights Issue.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Nil-paid Rights and for the applications for Excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue and the Proposed Whitewash Resolution being approved by Shareholders at the EGM.

- Option to Scale Down** :
- Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down a Shareholder's application to subscribe for Rights Shares to:
- (a) ensure that the relevant Shareholder does not acquire a controlling interest in the Company as prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting; or
 - (b) avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory general offer obligation under Rule 14 of the Code, as a result of other Shareholders not taking up their entitlements of Rights Shares fully.

For the avoidance of doubt, in the event that the approval of Independent Shareholders for the Proposed Whitewash Resolution is obtained at the EGM to be convened, the option to scale down referred to in this paragraph shall not apply to the Undertaking Shareholder's application to subscribe for Rights Shares pursuant to the Irrevocable Undertaking.

- Governing law** :
- Laws of the Republic of Singapore.

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The terms and conditions of the Rights Issue are subject to (i) such changes as the Directors may deem fit; and (ii) the approval of Shareholders at the EGM. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue and the Proposed Whitewash Resolution being approved by Shareholders at the EGM.

2.5 Conditions to the Rights Issue

Shareholders should note that the Rights Issue is subject to, *inter alia*, the following conditions:

- (a) the Whitewash Waiver granted by the SIC on 11 October 2019 not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM and such other conditions that the SIC may impose which are reasonably acceptable to the Company;
- (d) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Catalist of the SGX-ST, (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST (acting as agent on behalf of the Authority); and
- (f) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the Completion of the Rights Issue.

2.5.1. SGX-ST Approval

The Company will be making an application through its Sponsor to the SGX-ST for the listing of and quotation of the Rights Shares. An appropriate announcement will be made by the Company upon the receipt of the listing and quotation notice including the conditions that may be required to be fulfilled. The listing and quotation notice is not an indication of the merits of the Rights Issue, Rights Shares, the Company, its subsidiaries and their securities.

2.5.2. Whitewash Waiver

The Whitewash Waiver granted by the SIC on 11 October 2019 is subject to the satisfaction of the SIC Conditions, details of which are set out in **Section 3.4** of this Circular.

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2.6 Eligibility of Shareholders to Participate in the Rights Issue

2.6.1. Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or the PAL, as the case may be, and other accompanying documents, at their respective Singapore addresses.

Entitled Depositors (as defined below) who do not receive the Offer Information Statement and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Scripholders (as defined below) who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue based on their shareholdings as at the Books Closure Date. Entitled Shareholders are at a liberty to accept (in full or in part), or decline or otherwise renounce, or in the case of Entitled Depositors only, trade (during the trading period for Nil-paid Rights prescribed by the SGX-ST) their provisional allotments of the Rights Shares, and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. For avoidance of doubt, only Entitled Shareholders (and not purchasers of the provisional allotment of Rights Shares traded on the Catalist of the SGX-ST during the provisional allotment trading period or the renounces of Entitled Shareholders) shall be entitled to apply for additional Rights Shares in excess of their provisional allotment.

The provisional allotments which are not taken up for any reason will be used to satisfy excess applications (if any) or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company subject to applicable laws and the Catalist Rules.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

All dealings in and transactions of the provisional allotments of Rights Shares through the Catalist of the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX Catalist.

The procedures for, and the terms and conditions applicable to, the acceptances, splitting and/or renunciation of the Rights Shares and sale of the Nil-paid Rights and for the applications for Excess Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or excess application and payment, will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

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Entitled Shareholders with registered addresses outside Singapore who wish to participate in the Rights Issue should provide CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, at least three (3) Market Days prior to the Books Closure Date.

(a) Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts (the “**Securities Account**”) with CDP and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date (the “**Entitled Depositors**”).

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date.

(b) Entitled Scripholders

Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company’s share registrar, KCK CorpServe Pte. Ltd. (the “**Share Registrar**”), are in Singapore as at the Books Closure Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date (the “**Entitled Scripholders**”).

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP at least twelve (12) Market Days before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Shareholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

2.6.2. CPF Investment Scheme

Shareholders who have previously purchased Shares using their CPF Funds under the CPFIS may only use their CPF Funds for the payment of the Issue Price to subscribe for their entitled Rights Shares and (if applicable) to apply for Excess Rights Shares, subject to the applicable CPF rules and regulations. Such Shareholders who wish to accept provisional allotments of the Rights Shares and (if applicable) apply for Excess Rights Shares using CPF Funds will need to instruct their respective approved CPF agent banks

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with whom they hold their CPF investment accounts, to accept the provisional allotments of the Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase provisional allotments of Nil-paid Rights directly from the market.

2.6.3. Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than in Singapore, the Offer Information Statement and the accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”).

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application despatched by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore as at the Books Closure Date and who have not, at least three (3) days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notice and documents (“**Foreign Purchasers**”). Foreign Purchasers may not accept any Nil-paid Rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

The Company reserves the right to reject any acceptances of the provisional allotments of the Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty.

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Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any regulatory or legal requirements in those territories.

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, the offer of Nil-paid Rights and/or Rights Shares to him will be subject to compliance with applicable securities laws outside Singapore.

2.6.4 Treatment of Un-allotted Rights of Foreign Shareholders

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold as Nil-paid Rights on the Catalist board of the SGX-ST ("**Catalist**"), as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company and/or CDP in connection therewith.

The Nil-paid Rights will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, CDP, the Share Registrar and/or their respective officers in connection therewith. If such provisional allotments of Rights Shares cannot be sold or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for Excess Rights Shares or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, CDP, the Share Registrar and/or their respective officers in connection therewith.

2.7 **Rationale of the Rights Issue**

The Company is proposing the Rights Issue to reduce the indebtedness of the Group and to raise proceeds for general corporate and working capital purposes, including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise.

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The subscription monies from the Undertaking Shareholder's subscription of 381,725,584 Rights Shares (approximately S\$4.6 million) and up to 34,941,082 Excess Rights Shares (approximately S\$0.4 million) pursuant to the Irrevocable Undertaking will be satisfied by the Offsetting Arrangement, further details of which are set out in **Section 2.11** of this Circular. The gross proceeds from the Rights Issue will therefore not include the relevant portion of the subscription monies for the Undertaking Shareholder's Rights Shares (and Excess Rights Shares) which will be satisfied by the Offsetting Arrangement.

2.8 Use of Proceeds

Assuming the Maximum Scenario, the estimated net proceeds (the "**Net Proceeds**") from the Rights Issue is expected to be approximately S\$18.4 million, after deducting estimated costs and expenses of approximately S\$0.35 million incurred in connection with the Rights Issue. A portion of the Net Proceeds of S\$18.4 million will be used for the reduction of the indebtedness of the Group in relation to the Offsetting Arrangement.

Assuming the Minimum Scenario, the Company will not receive any gross proceeds as the subscription monies from the Undertaking Shareholder's Rights Shares (and Excess Rights Shares) will be satisfied by the Offsetting Arrangement. The Company estimates to incur costs and expenses of approximately S\$0.35 million in connection with the Rights Issue.

The table below sets out the scenarios for the proposed utilisation of the Net Proceeds by the Company, based on two different assumptions: (A) Maximum Scenario and (B) Minimum Scenario:

Use of Proceeds	Maximum Scenario (S\$ million)	Minimum Scenario (S\$ million)
Reducing indebtedness of the Group ⁽¹⁾	4.6	5.0
For general corporate and working capital purposes including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise	13.8	Nil
Total	18.4	5.0

Note:

(1) Reduction of indebtedness of the Group in relation to the Offsetting Arrangement.

Upon Completion, and pending the deployment of the Net Proceeds for the abovementioned purposes, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

Based on the Maximum Scenario, the Company intends to use up to S\$13.8 million of the net proceeds raised from the Rights Issue for general corporate and working capital purposes including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise. Operating costs shall

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include principally personnel expenses, laboratory and consultancy fees and purchase of clinic consumables. Capital expenditure shall include but not limited to purchase of new or upgrading of existing medical and other equipment. In respect of the strategic investments and/or acquisitions, while no potential target has been identified, given that the Group has reported losses for the last few financial years, the Company is constantly sourcing for profitable and cash generating business which may have synergy with the Group's core business.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and annual reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

As at the Latest Practicable Date and barring unforeseen circumstances, the Directors are of the opinion that:

- (a) the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Company is proposing to undertake the Rights Issue to reduce the Group's indebtedness and to raise funds for business growth and acquisition opportunities as set out in the rationale for the Rights Issue in **Section 2.7** of this Circular;
- (b) after taking into consideration the Net Proceeds from the Rights Issue (assuming the Minimum Scenario), the working capital available to the Group is sufficient to meet its present requirements. However, in the Minimum Scenario, the Company will not raise any funds for business growth and acquisition opportunities. Notwithstanding the foregoing, the Directors are of the opinion that the Rights Issue is in the interests of the Company as the Net Proceeds raised (assuming the Minimum Scenario) would reduce the indebtedness of the Group as a result of the Offsetting Arrangement; and
- (c) after taking into consideration the Net Proceeds from the Rights Issue (assuming the Maximum Scenario), the working capital available to the Group will be sufficient to meet its present requirements and the Group will have additional funds for business growth and acquisition opportunities.

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration the Group's financial condition as at 30 June 2019, the Net Proceeds from the Rights Issue (regardless of the Maximum Scenario or the Minimum Scenario) is sufficient for the Group to meet its present obligations and continue to operate as a going concern.

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2.9 Irrevocable Undertaking

The Rights Issue has the support of a controlling shareholder of the Company, Luye Medical Group Pte. Ltd. (the “**Undertaking Shareholder**” or “**LMGPL**”).

As at the Latest Practicable Date, the shareholding of the Undertaking Shareholder is as follows:

	Direct Interest		Deemed Interest		Total
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	% ⁽¹⁾
Luye Medical Group Pte. Ltd.	95,431,396	24.44	–	–	24.44

Note:

(1) Based on the Existing Issued Share Capital of the Company.

To show support for the Rights Issue and to demonstrate commitment to the Group, the Undertaking Shareholder has given an irrevocable undertaking (the “**Irrevocable Undertaking**”) in favour of the Company that, *inter alia*:–

- (a) it will apply, subscribe and pay for the whole of its *pro rata* beneficial entitlement of 381,725,584 Rights Shares (based on its existing Shares held);
- (b) it will apply, subscribe and pay for up to 34,941,082 Excess Rights Shares in the event the Rights Issue is undersubscribed (subject to availability);
- (c) it will ensure that none of the Shares in which it currently has an interest (directly or indirectly) are sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company;
- (d) it warrants and represents that (i) it has the full capacity to make the representations, warranties and undertakings contained in the Irrevocable Undertaking; (ii) the representations, warranties and undertakings contained in the Irrevocable Undertaking constitute valid, binding and enforceable obligations on it in accordance with its terms; (iii) the making of the representations, warranties and undertakings contained in the Irrevocable Undertaking does not contravene any law, regulation or authorisation binding on it; and (iv) it shall not circulate the Irrevocable Undertaking to any third parties without the Company’s prior consent;
- (e) it acknowledges that the Company is not obliged to proceed with the Rights Issue and the Company shall have the right to vary any of the terms of the Rights Issue and that the Irrevocable Undertaking will remain in force notwithstanding such variation and that the final terms and conditions of the Rights Issue will be set out in the Offer Information Statement and the accompanying documents to be issued in connection with the Rights Issue, and confirm that the Irrevocable Undertaking will remain in full force and effect notwithstanding such variation;
- (f) it shall do or procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents as may be necessary and/or pursuant to any requirements of the SGX-ST, the Authority, the Accounting and Corporate Regulatory Authority, the SIC and/or any other regulatory authorities in Singapore, (in each case) in relation to the Rights Issue and all the matters set out in paragraphs (a) to (e) above; and

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- (g) it shall indemnify and hold harmless the Company from and against any and all losses, liabilities, damages, costs, charges, expenses (including legal fees on a full indemnity basis) and taxes, claims, actions, demands or judgment which are suffered or incurred by or which are instituted, made or alleged against the Company by reason of or in connection with any breach or default of its obligations set out in paragraphs (a) to (f) above, and shall pay to the Company on demand an amount equal to all costs, charges and expenses (including legal fees on a full indemnity basis) which the Company may pay or incur in connection with investigating, disputing or defending any such claims or losses (whether actual, pending or threatened and whether or not the Company is or may be a party to any such claims).

The issuance of Rights Shares to the Undertaking Shareholder pursuant to the Irrevocable Undertaking may result in an obligation of the Undertaking Shareholder (together with persons acting in concert with the Undertaking Shareholder) to make a mandatory general offer under Rule 14 of the Code. In this regard, the Company has sought the approval of the SIC for granting a waiver in relation to the obligation of the Undertaking Shareholder to make a mandatory general offer under Rule 14 of the Code for all the Shares in the Company not already held by the Undertaking Shareholder and parties acting in concert with it, arising from the Undertaking Shareholder's acquisition of Rights Shares pursuant to the Irrevocable Undertaking, in fulfilment of its obligations under the Irrevocable Undertaking. Please refer to **Section 3.4** of this Circular for further details on the Whitewash Waiver.

The Company will further be seeking the approval of a whitewash resolution from Independent Shareholders for the waiver of their rights to receive such a mandatory general offer for all the Shares in the Company from the Undertaking Shareholder pursuant to Rule 14 of the Code (i.e. the Proposed Whitewash Resolution). Please refer to **Section 3** of this Circular for further details on the Proposed Whitewash Resolution.

The Irrevocable Undertaking is conditional upon the following:

- (a) the grant of the Whitewash Waiver by the SIC;
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM and such other conditions that the SIC may impose which are reasonably acceptable to the Company;
- (d) approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST (acting as agent on behalf of the Authority),

(the "**Undertaking Conditions**").

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2.10 Financial Effects of the Rights Issue

The financial effects of the Rights Issue under the Minimum Scenario and the Maximum Scenario as presented herein:

- (a) are for illustrative purposes only and are not a projection of the actual future financial performance or financial position of the Group immediately after the completion of the Rights Issue;
- (b) are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 (“FY2018”);
- (c) assume that there is no return earned from the Net Proceeds;
- (d) assume that the Rights Issue was completed on 1 January 2018, for the purposes of computing the financial effects on the LPS; and
- (e) assume that the Rights Issue was completed on 31 December 2018 for the purposes of computing the financial effects on the share capital, NAV and gearing.

2.10.1 Share Capital

	Based on Existing Issued Share Capital			
	Minimum Scenario		Maximum Scenario	
	No. of Shares	S\$	No. of Shares	S\$
Audited FY2018				
Issued share capital as at 31 December 2018	390,488,125	24,761,027	390,488,125	24,761,027
Add: Rights Shares to be issued	416,666,666	5,000,000	1,561,952,500	18,393,430
Issued share capital after the Rights Issue	807,154,791	29,761,027	1,952,440,625	43,154,457

2.10.2 NAV

	Based on Existing Issued Share Capital	
	Minimum Scenario	Maximum Scenario
As at 31 December 2018		
NAV before the Rights Issue (S\$)	4,376,695	4,376,695
Number of Shares before the Rights Issue	390,488,125	390,488,125
NAV per Share before the Rights Issue (S\$)	0.011	0.011
Add: Net proceeds from the Rights Issue (S\$)	5,000,000 ⁽¹⁾	18,393,430
NAV after the Rights Issue (S\$)	9,376,695	22,770,125
Number of Shares after the Rights Issue	807,154,791	1,952,440,625
NAV per Share after the Rights Issue (S\$)	0.012	0.012

Note:

- (1) Excluding estimated costs and expenses of approximately S\$0.35 million incurred in connection with the Rights Issue.

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2.10.3 Gearing

	Based on Existing Issued Share Capital	
	Minimum Scenario	Maximum Scenario
<u>As at 31 December 2018</u>		
Total borrowings before the Rights Issue (S\$)	3,707,715	3,707,715
Shareholders' equity before the Rights Issue (S\$)	4,376,695	4,376,695
Gearing before the Rights Issue (times)	0.85	0.85
Total borrowings after the Rights Issue (S\$)	707,715	707,715
Shareholders' equity after the Rights Issue (S\$)	9,376,695	22,770,125
Gearing after the Rights Issue (times)	0.08	0.03

2.10.4 LPS

	Based on Existing Issued Share Capital	
	Minimum Scenario	Maximum Scenario
FY2018		
Net loss attributable to Shareholders (S\$)	(4,774,824)	(4,774,824)
Weighted average number of Shares before the Rights Issue	390,488,125	390,488,125
Weighted average number of Shares before the Rights Issue on fully diluted basis	390,488,125	390,488,125
Weighted average number of Shares after the Rights Issue	807,154,791	1,952,440,625
Weighted average number of Shares after the Rights Issue on fully diluted basis	807,154,791	1,952,440,625
LPS before the Rights Issue (S\$)		
– Basic	(0.012)	(0.012)
– Diluted	(0.012)	(0.012)
LPS after the Rights Issue (S\$)		
– Basic	(0.006)	(0.002)
– Diluted ⁽¹⁾	(0.006)	(0.002)

Note:

(1) There are no potential dilutive Shares.

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2.11 Undertaking Shareholder's Loan and Offsetting Arrangement

2.11.1 Undertaking Shareholder's Loan

On 1 March 2018, the Company announced that the Company entered into a loan agreement dated 1 March 2018 with the Undertaking Shareholder (the "**Loan Agreement**"), pursuant to which the Undertaking Shareholder agreed to extend an unsecured, interest-bearing loan facility of up to an aggregate principal amount of S\$5,000,000 to the Company (the "**Facility**").

Pursuant to the terms of the Loan Agreement, the Company may, at its absolute discretion, prepay any outstanding sums and/or interest accrued thereon under the Facility at any time prior to the relevant maturity dates. No fees, expenses or charges shall be payable by the Company on any amounts prepaid by the Company.

As at the Latest Practicable Date, the Company has drawn down loans amounting to S\$5,000,000 under three (3) separate disbursements of S\$1,000,000 each on 14 March 2018, 14 September 2018, 31 December 2018, and one (1) separate disbursement of S\$2,000,000 on 10 May 2019 (the "**LMGPL Loan**").

2.11.2 Offsetting Arrangement

The Company and the Undertaking Shareholder have mutually agreed that the subscription monies due from the Undertaking Shareholder to the Company for the subscription by the Undertaking Shareholder of 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking will be offset entirely against the aggregate outstanding principal amount of the LMGPL Loan (the "**Offsetting Arrangement**"). Accordingly, save for interest accrued on the LMGPL Loan until the date of subscription of the Rights Shares by the Undertaking Shareholder and subject to availability of Excess Rights Shares, the principal amount of the LMGPL Loan may be repaid in full upon Completion.

In view of the Offsetting Arrangement and the fact that the outstanding principal amount under the LMGPL Loan is more than the subscription monies payable by the Undertaking Shareholder, the Undertaking Shareholder will not be required to provide a confirmation of financial resources in connection with the Irrevocable Undertaking.

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3 THE PROPOSED WHITEWASH RESOLUTION

3.1 Interests of the Undertaking Shareholder and parties acting in concert with it

As at the Latest Practicable Date, the interests of the Undertaking Shareholder, and parties acting in concert with it, in the Company is as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Luye Medical Group Pte. Ltd.	95,431,396	24.44%	–	–
Luye Medical Investment Pte. Ltd. ⁽²⁾	–	–	95,431,396	24.44%
Luye Life Sciences Group Ltd ⁽³⁾	–	–	95,431,396	24.44%
Nelumbo Investments Limited ⁽⁴⁾	–	–	95,431,396	24.44%
Ginkgo (PTC) Limited ⁽⁵⁾	–	–	95,431,396	24.44%
Shorea LBG ⁽⁶⁾	–	–	95,431,396	24.44%
The Asoka Trust ⁽⁸⁾	–	–	95,431,396	24.44%
Liu Dianbo ⁽⁷⁾⁽⁸⁾	–	–	95,431,396	24.44%
Wang Cuilian ⁽⁸⁾	–	–	95,431,396	24.44%
Aona Liu ⁽⁸⁾	–	–	95,431,396	24.44%
Alina W Liu ⁽⁸⁾	–	–	95,431,396	24.44%
Charles Wang Chong Guang	–	–	–	–
Tan Soo Kiat ⁽⁹⁾	–	–	8,000,000	2.05%
Koh Boon How	1,500,000	0.38%	–	–

Notes:

- (1) Based on the Existing Issued Share Capital of the Company.
- (2) Luye Medical Investment Pte. Ltd. holds 100% of the issued and paid-up share capital of Luye Medical Group Pte. Ltd..
- (3) Luye Life Sciences Group Ltd holds 100% of the issued and paid-up share capital of Luye Medical Investment Pte. Ltd..
- (4) Nelumbo Investments Limited holds 70% of the issued and paid-up share capital of Luye Life Sciences Group Ltd.
- (5) Ginkgo (PTC) Limited holds 100% of the issued and paid-up share capital of Nelumbo Investments Limited as trustee of The Asoka Trust.
- (6) Shorea LBG holds 100% of the issued and paid-up share capital of Ginkgo (PTC) Limited.
- (7) Liu Dianbo holds 100% of the issued and paid-up share capital of Shorea LBG.
- (8) The shares representing 100% of the issued and paid-up share capital of Nelumbo Investments Limited are the trust property of The Asoka Trust. The settlor of The Asoka Trust is Liu Dianbo and the beneficiaries of The Asoka Trust are Liu Dianbo, his spouse Wang Cuilian, and his daughters Aona Liu and Alina W Liu.
- (9) Tan Soo Kiat holds 8,000,000 ordinary shares in the issued and paid-up ordinary share capital of the Company indirectly through DBS Nominees (Private) Limited.

As at the Latest Practicable Date, the Undertaking Shareholder and parties acting in concert with it do not have any interest in any instruments convertible into, rights to subscribe for and/or options in respect of Shares in the Company.

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3.2 Number and percentage of voting rights to be acquired by the Undertaking Shareholder and the parties acting in concert with it as a result of the Undertaking Shareholder's subscription of the Rights Shares under the Irrevocable Undertaking

The interests of the Undertaking Shareholder, and parties acting in concert with it, in the Company as a result of the Undertaking Shareholder's subscription of the Rights Shares pursuant to the Irrevocable Undertaking is as follows:

Assuming the Minimum Scenario:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Luye Medical Group Pte. Ltd.	512,098,062	63.44%	–	–
Luye Medical Investment Pte. Ltd. ⁽²⁾	–	–	512,098,062	63.44%
Luye Life Sciences Group Ltd ⁽³⁾	–	–	512,098,062	63.44%
Nelumbo Investments Limited ⁽⁴⁾	–	–	512,098,062	63.44%
Ginkgo (PTC) Limited ⁽⁵⁾	–	–	512,098,062	63.44%
Shorea LBG ⁽⁶⁾	–	–	512,098,062	63.44%
The Asoka Trust ⁽⁸⁾	–	–	512,098,062	63.44%
Liu Dianbo ⁽⁷⁾⁽⁸⁾	–	–	512,098,062	63.44%
Wang Cuilian ⁽⁸⁾	–	–	512,098,062	63.44%
Aona Liu ⁽⁸⁾	–	–	512,098,062	63.44%
Alina W Liu ⁽⁸⁾	–	–	512,098,062	63.44%
Charles Wang Chong Guang	–	–	–	–
Tan Soo Kiat ⁽⁹⁾	–	–	8,000,000	0.99%
Koh Boon How	1,500,000	0.19%	–	–

Notes:

- (1) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 807,154,791 Shares in the Minimum Scenario.
- (2) Luye Medical Investment Pte. Ltd. holds 100% of the issued and paid-up share capital of Luye Medical Group Pte. Ltd.
- (3) Luye Life Sciences Group Ltd holds 100% of the issued and paid-up share capital of Luye Medical Investment Pte. Ltd.
- (4) Nelumbo Investments Limited holds 70% of the issued and paid-up share capital of Luye Life Sciences Group Ltd.
- (5) Ginkgo (PTC) Limited holds 100% of the issued and paid-up share capital of Nelumbo Investments Limited as trustee of The Asoka Trust.
- (6) Shorea LBG holds 100% of the issued and paid-up share capital of Ginkgo (PTC) Limited.
- (7) Liu Dianbo holds 100% of the issued and paid-up share capital of Shorea LBG.
- (8) The shares representing 100% of the issued and paid-up share capital of Nelumbo Investments Limited are the trust property of The Asoka Trust. The settlor of The Asoka Trust is Liu Dianbo and the beneficiaries of The Asoka Trust are Liu Dianbo, his spouse Wang Cuilian, and his daughters Aona Liu and Alina W Liu.
- (9) Tan Soo Kiat holds 8,000,000 ordinary shares in the issued and paid-up ordinary share capital of the Company indirectly through DBS Nominees (Private) Limited.

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Assuming the Maximum Scenario:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Luye Medical Group Pte. Ltd.	477,156,980 ⁽¹⁰⁾	24.44%	–	–
Luye Medical Investment Pte. Ltd. ⁽²⁾	–	–	477,156,980	24.44%
Luye Life Sciences Group Ltd ⁽³⁾	–	–	477,156,980	24.44%
Nelumbo Investments Limited ⁽⁴⁾	–	–	477,156,980	24.44%
Ginkgo (PTC) Limited ⁽⁵⁾	–	–	477,156,980	24.44%
Shorea LBG ⁽⁶⁾	–	–	477,156,980	24.44%
The Asoka Trust ⁽⁸⁾	–	–	477,156,980	24.44%
Liu Dianbo ⁽⁷⁾⁽⁸⁾	–	–	477,156,980	24.44%
Wang Cuilian ⁽⁸⁾	–	–	477,156,980	24.44%
Aona Liu ⁽⁸⁾	–	–	477,156,980	24.44%
Alina W Liu ⁽⁸⁾	–	–	477,156,980	24.44%
Charles Wang Chong Guang	–	–	–	–
Tan Soo Kiat ⁽⁹⁾	–	–	40,000,000	2.05%
Koh Boon How	7,500,000	0.38%	–	–

Notes:

- (1) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 1,952,440,625 Shares in the Maximum Scenario.
- (2) Luye Medical Investment Pte. Ltd. holds 100% of the issued and paid-up share capital of Luye Medical Group Pte. Ltd..
- (3) Luye Life Sciences Group Ltd holds 100% of the issued and paid-up share capital of Luye Medical Investment Pte. Ltd..
- (4) Nelumbo Investments Limited holds 70% of the issued and paid-up share capital of Luye Life Sciences Group Ltd.
- (5) Ginkgo (PTC) Limited holds 100% of the issued and paid-up share capital of Nelumbo Investments Limited as trustee of The Asoka Trust.
- (6) Shorea LBG holds 100% of the issued and paid-up share capital of Ginkgo (PTC) Limited.
- (7) Liu Dianbo holds 100% of the issued and paid-up share capital of Shorea LBG.
- (8) The shares representing 100% of the issued and paid-up share capital of Nelumbo Investments Limited are the trust property of The Asoka Trust. The settlor of The Asoka Trust is Liu Dianbo and the beneficiaries of The Asoka Trust are Liu Dianbo, his spouse Wang Cuilian, and his daughters Aona Liu and Alina W Liu.
- (9) Tan Soo Kiat holds 40,000,000 ordinary shares in the issued and paid-up ordinary share capital of the Company indirectly through DBS Nominees (Private) Limited.
- (10) LMGPL will not be able to subscribe for any Excess Rights Shares under the Maximum Scenario.

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3.3 Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the SIC and/or their professional advisers.

As at the Latest Practicable Date, LMGPL holds in aggregate approximately 24.44% of the Existing Issued Share Capital, representing 24.44% of the voting rights of the Company.

LMGPL will apply, subscribe and pay for the whole of its *pro-rata* beneficial entitlement to the Rights Shares, and up to 34,941,082 Excess Rights Shares in the event that the Rights Issue is undersubscribed (subject to availability), pursuant to the Irrevocable Undertaking.

To evaluate the likelihood of LMGPL acquiring Shares which (taken together with Shares held or acquired by persons acting in concert with it) carry 30% or more of the voting rights of the Company a result of the Rights Issue, an analysis of the shareholding interest of LMGPL) is set out below for illustration purposes only. The analysis will consider the Maximum Scenario and Minimum Scenario as follows:

		LMGPL's Shareholding Based on Existing Issued Share Capital⁽¹⁾	
		Minimum Scenario	Maximum Scenario
Before the Rights Issue	No. of Shares held	95,431,396	95,431,396
	%⁽¹⁾	24.44%	24.44%
After the Rights Issue	No. of Shares held	512,098,062	477,156,980 ⁽⁴⁾
	%	63.44% ⁽²⁾	24.44% ⁽³⁾

Notes:

- (1) The percentage is calculated based on the Existing Issued Share Capital.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 807,154,791 Shares in the Minimum Scenario.
- (3) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 1,952,440,625 Shares in the Maximum Scenario.
- (4) LMGPL will not be able to subscribe for any Excess Rights Shares under the Maximum Scenario.

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As illustrated above:

- (a) under the Maximum Scenario, LMGPL's shareholding shall remain at 24.44% after the Rights Issue; and
- (b) under the Minimum Scenario, LMGPL's shareholding shall increase from 24.44% to 63.44% and exceed 30% of the voting rights of the Company, after the acquisition of 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking.

Accordingly, the fulfilment of LMGPL's obligations under the Irrevocable Undertaking may result in LMGPL increasing its shareholding and voting rights in the Company to more than 30% of the enlarged share capital and voting rights of the Company. In such event, LMGPL would incur an obligation to make a mandatory general offer for all the Shares in the Company pursuant to Rule 14 of the Code, unless such obligation is waived by the SIC.

In view of the above, an application was made by the Company to the SIC to seek a Whitewash Waiver in respect of LMGPL's obligation to make a mandatory general offer under Rule 14 of the Code for all the Shares not held by it and parties acting in concert with it, arising from the acquisition by LMGPL of up to 381,725,584 Rights Shares comprising its *pro-rata* entitlements and up to 34,941,082 Excess Rights Shares (in the event the Rights Issue is undersubscribed (subject to availability)) pursuant to the Irrevocable Undertaking, which may result in the shareholding interest of LMGPL exceeding 30% of the voting rights of the Company. The Whitewash Waiver sought, subject to the approval of the SIC, would be subject to approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM of the Proposed Whitewash Resolution.

On 11 October 2019, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in **Section 3.4** of this Circular.

3.4 Whitewash Waiver

On 11 October 2019, the SIC waived the obligation for the Undertaking Shareholder to make a mandatory general offer under Rule 14 of the Code for all the Shares in the Company not already held by the Undertaking Shareholder and parties acting in concert with it, arising from the Undertaking Shareholder's acquisition of Rights Shares pursuant to the Irrevocable Undertaking, in fulfilment of its obligations under the Irrevocable Undertaking (i.e. the Whitewash Waiver). The Whitewash Waiver is subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, a resolution (that is, the Proposed Whitewash Resolution) by way of a poll to waive their rights to receive a general offer from the Undertaking Shareholder;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) the Undertaking Shareholder and its concert parties, as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

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- (d) the Undertaking Shareholder and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares in the Company which have been disclosed in the Circular):
 - (i) during the period between the first announcement of the Rights Issue and the date shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the 6 months prior to the first announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in its Circular to its Shareholders:
 - (i) details of the Rights Issue, including the Irrevocable Undertaking;
 - (ii) the dilution effect to existing holders of voting rights upon the subscription of the Rights Shares by the Undertaking Shareholder;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Undertaking Shareholder and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be acquired by the Undertaking Shareholder and its concert parties as a result of the Undertaking Shareholder's subscription of the Rights Shares under the Irrevocable Undertaking;
 - (v) specific and prominent reference to the fact that the subscription of the Rights Shares could result in the Undertaking Shareholder and its concert parties holding shares carrying over 49% of the voting rights of the Company and to the fact that the Undertaking Shareholder and its concert parties will be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer;
 - (vi) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Undertaking Shareholder at the highest price paid by the Undertaking Shareholder and its concert parties for the Company's Shares in the past 6 months preceding the commencement of the offer;

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- (g) the Circular by the Company to its shareholders states that the waiver granted by the SIC to the Undertaking Shareholder from the requirement to make a general offer under Rule 14 is subject to the conditions stated at (a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within 3 months of 11 October 2019 and the subscription of the entitled Rights Shares and Excess Rights Shares by the Undertaking Shareholder must be completed within 3 months of the date of the approval of the Proposed Whitewash Resolution.

(collectively, the "SIC Conditions").

As at the Latest Practicable Date, save for the conditions set out in **Section 3.4(a) and (i)**, all the other SIC Conditions set out above have been satisfied.

3.5 Potential Dilution

The collective shareholding interests of Shareholders (other than LMGPL and parties acting in concert with it) may be diluted as a result of the Rights Issue and the Irrevocable Undertaking. Details of the potential dilutive effect of the collective shareholding interests of the Shareholders (other than LMGPL and parties acting in concert with it) assuming the Minimum Scenario and the Maximum Scenario, as the case may be, are set out below:

3.5.1 Minimum Scenario

The collective shareholding interests of Shareholders (other than LMGPL and parties acting in concert with it) may be diluted from 73.13% to 35.38% under the Minimum Scenario based on the Maximum Issue Size. Further details of the potential dilution are set out as follows:

	Before the Rights Issue		After the Rights Issue	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Luye Medical Group Pte. Ltd.	95,431,396	24.44%	512,098,062	63.44%
Koh Boon How ⁽³⁾	1,500,000	0.38%	1,500,000	0.19%
Tan Soo Kiat ⁽⁴⁾	8,000,000	2.05%	8,000,000	0.99%
Independent Shareholders	285,556,729	73.13%	285,556,729	35.38%
Total	390,488,125	100.00%	807,154,791	100.00%

Notes:

- (1) The shareholding interest is calculated based on the Existing Issued Share Capital.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 807,154,791 Shares in the Minimum Scenario.
- (3) Koh Boon How is a party acting in concert with LMGPL.
- (4) Tan Soo Kiat is a party acting in concert with LMGPL.

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3.5.2 Maximum Scenario

The dilutive effect to the collective shareholding interests of Shareholders (other than LMGPL and parties acting in concert with it) under the Maximum Scenario based on the Maximum Issue Size after the completion of the Rights Issue will be as follows:

	Before the Rights Issue		After the Rights Issue	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Luye Medical Group Pte. Ltd.	95,431,396	24.44%	477,156,980 ⁽³⁾	24.44%
Koh Boon How ⁽⁴⁾	1,500,000	0.38%	7,500,000	0.38%
Tan Soo Kiat ⁽⁵⁾	8,000,000	2.05%	40,000,000	2.05%
Independent Shareholders	285,556,729	73.13%	1,427,783,645	73.13%
Total	390,488,125	100.00%	1,952,440,625	100.00%

Notes:

- (1) The shareholding interest is calculated based on the Existing Issued Share Capital.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 1,952,440,625 Shares in the Maximum Scenario.
- (3) LMGPL will not be able to subscribe for any Excess Rights Shares under the Maximum Scenario.
- (4) Koh Boon How is a party acting in concert with LMGPL.
- (5) Tan Soo Kiat is a party acting in concert with LMGPL.

3.6 Proposed Whitewash Resolution

Independent Shareholders are requested to vote on the Proposed Whitewash Resolution by way of poll. By voting for the Proposed Whitewash Resolution (Ordinary Resolution 2) set out in the Notice of EGM, Independent Shareholders are waiving their rights to receive a mandatory general offer from LMGPL for the remaining Shares not already owned or controlled by LMGPL and parties acting in concert with it at the highest price paid by LMGPL and its concert parties for the Company's Shares in the past six (6) months preceding the commencement of the offer.

3.7 Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) **by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a general offer from the Undertaking Shareholder at the highest price paid by the Undertaking Shareholder and its concert parties for the Shares in the Company in the past six (6) months preceding the commencement of the offer; and**
- (b) **that the subscription of up to 416,666,666 Rights Shares by the Undertaking Shareholder might result in the Undertaking Shareholder and its concert parties holding shares carrying over 49% of the voting rights of the Company based on its enlarged share capital and that the Undertaking Shareholder and**

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its concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

3.8 Advice from the Independent Financial Adviser

ZICO Capital Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in respect of Proposed Whitewash Resolution.

The IFA Letter to the Independent Directors in respect of the Proposed Whitewash Resolution, setting out the IFA's advice in full, is reproduced in **Appendix B** of this Circular.

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix B of this Circular and consider carefully the recommendations of the Independent Directors for the Proposed Whitewash Resolution set out in Section 11 of this Circular.

The following is an extract from Section 6 of the IFA Letter and should be read by the Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have considered the views and representations made by the Directors and the Management of the Company, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution).

We set out below a summary of the salient factors considered:

- (a) the rationale of the Rights Issue and the use of Net Proceeds;*
- (b) the Rights Shares is offered to all entitled Shareholders on a pro rata basis;*
- (c) upon completion of the Rights Issue and the subscription of the Rights Shares (comprising 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares which are not otherwise subscribed for by the other Entitled Shareholders) by the Undertaking Shareholder pursuant to the Irrevocable Undertaking, the shareholding interests of the Independent Shareholders would be diluted from 73.13% as at the Latest Practicable Date to 35.38% under the Minimum Scenario. Based on the Maximum Scenario, there is no dilution of the shareholding interests of the Independent Shareholders;*
- (d) the Issue Price represents a discount of approximately 7.7% to the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date. This is within the range of comparable statistics for the Completed Rights Issues, but lower than the mean and median discounts of 30.8% and 34.8% respectively;*

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- (e) *the Issue Price represents a discount of approximately 1.6% to the TERP (based on the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date). This is within the range of comparable statistics for the Completed Rights Issues, but lower than the mean and median discounts of 22.3% and 26.1% respectively;*
- (f) *the Issue Price represents a premium of 50.0% to the NTA per Share of the Group as at 30 June 2019. This is within the range of comparable statistics for the Completed Rights Issues;*
- (g) *the historical financial performance and position of the Group;*
- (h) *the financial effects of the Rights Issue and in particular, the reduction in gearing of the Group upon completion of the Rights Issue; and*
- (i) *other relevant considerations as set out in section 5.7 of this Letter.*

We have carefully considered as many factors as we deem essential and balance them before reaching our opinion. Accordingly, it is important that this Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

Having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution) are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Accordingly, we advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.”

ZICO Capital Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter reproduced in **Appendix B** of this Circular and all references thereto, in the form and context in which they appear in this Circular.

4 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Charles Wong Chong Guang	—	—	—	—
Tan Soo Kiat ⁽²⁾	—	—	8,000,000	2.05%
Goh Kian Chee	—	—	—	—
Chua Keng Woon	—	—	—	—
Lawrence Peter Lim Hong Haw	—	—	—	—

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	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Substantial Shareholder (other than Directors)				
Luye Medical Group Pte. Ltd. ⁽³⁾	95,431,396	24.44%	–	–
Luye Medical Investment Pte. Ltd. ⁽⁴⁾	–	–	95,431,396	24.44%
Luye Life Sciences Group Ltd ⁽⁵⁾	–	–	95,431,396	24.44%
Nelumbo Investments Limited ⁽⁶⁾⁽⁸⁾	–	–	95,431,396	24.44%
Ginkgo (PTC) Limited ⁽⁷⁾⁽⁹⁾	–	–	95,431,396	24.44%
Shorea LBG ⁽⁹⁾	–	–	95,431,396	24.44%
The Asoka Trust ⁽⁸⁾	–	–	95,431,396	24.44%
Liu Dianbo ⁽⁸⁾⁽⁹⁾	–	–	95,431,396	24.44%
Wang Cuilian ⁽⁸⁾	–	–	95,431,396	24.44%
Aona Liu ⁽⁸⁾	–	–	95,431,396	24.44%
Alina W Liu ⁽⁸⁾	–	–	95,431,396	24.44%

Notes:

- (1) Based on the Existing Issued Share Capital.
- (2) Tan Soo Kiat's deemed interest arises from ordinary shares held in a nominee account.
- (3) Luye Medical Group Pte. Ltd. holds its Shares in the Company directly.
- (4) Luye Medical Investment Pte. Ltd. holds 100% of the issued and paid-up share capital of Luye Medical Group Pte. Ltd. and is deemed to have Shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA.
- (5) Luye Life Sciences Group Ltd holds 100% of the issued and paid-up share capital of Luye Medical Investment Pte. Ltd.. Luye Medical Investment Pte. Ltd. is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Luye Life Sciences Group Ltd is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA.
- (6) Nelumbo Investments Limited holds 70% of the issued and paid up share capital of Luye Life Sciences Group Ltd. Luye Life Sciences Group Ltd is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA.
- (7) The shares representing 100% of the issued and paid up share capital of Nelumbo Investments Limited are held by Ginkgo (PTC) Limited as trustee of The Asoka Trust. Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, Ginkgo (PTC) Limited is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA.
- (8) The shares representing 100% of the issued and paid up share capital of Nelumbo Investments Limited are the trust property of The Asoka Trust. The settlor of The Asoka Trust is Mr Liu Dianbo. The beneficiaries of The Asoka Trust are Mr Liu Dianbo, his spouse Mdm Wang Cuilian, and his daughters Ms Aona Liu and Ms Alina W Liu. Nelumbo Investments Limited is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, The Asoka Trust and the beneficiaries of The Asoka Trust are deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA.
- (9) Shorea LBG holds 100% of the issued and paid up share capital of Ginkgo (PTC) Limited and is in turn wholly-owned by Mr Liu Dianbo. Ginkgo (PTC) Limited is deemed to have an interest in the shares held by Luye Medical Group Pte. Ltd. by virtue of Section 4 of the SFA. Accordingly, each of Shorea LBG and Mr Liu Dianbo are deemed to be indirectly interested in the shares that Ginkgo (PTC) Limited has an interest in.

As at the Latest Practicable Date, Mr Goh Kian Chee, a Director of the Company, has a direct interest in 150,000 share options of the Company.

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Save as set out above and in this Circular, none of the Directors and Substantial Shareholders has any other interests in Shares, convertible securities, share options, warrants or debentures of the Company.

Mr Tan Soo Kiat, a Non-Executive Director of the Company, has declared that Intergate Pte Ltd (of which he is a director) has in the past provided and continues to provide corporate advisory services to the Undertaking Shareholder and one of its related companies.

Mr Charles Wang Chong Guang is an employee of an associate of the Undertaking Shareholder.

Save as disclosed above and in this Circular, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Rights Issue (other than through their respective shareholdings in the Company).

Save as disclosed above and in this Circular, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Proposed Whitewash Resolution (other than through their respective shareholdings in the Company).

5 FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

The profit and loss statements, the balance sheets, the cash flow statements and the working capital position of the Group for the last three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, half-year ended 30 June 2018 and half-year ended 30 June 2019, as well as the financial review of past performance are set out in **Appendix C** of this Circular.

6 CASH RAISED BY THE COMPANY FROM THE ISSUE OF SECURITIES IN THE PAST TWO YEARS

The Company has not raised any cash from the issue of securities in the past two (2) years.

7 BOOKS CLOSURE DATE

The Register of Members and the Register of Transfers of the Company will be closed as at a time and date to be determined by the Directors and announced by the Company in due course, for the purpose of determining the entitlements of Shareholders under the Rights Issue.

8 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at 350 Orchard Road #10-01, Shaw House, Singapore 238868 on 29 November 2019 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM.

Shareholders should note that the passing of Ordinary Resolution 1 (relating to the Rights Issue) and Ordinary Resolution 2 (relating to the Proposed Whitewash Resolution), as set out in the Notice of EGM, are inter-conditional upon the passing

LETTER TO SHAREHOLDERS

of each other. This means that if any one of the resolutions is not approved, the other resolution would not be duly passed. Further, Ordinary Resolution 2 (relating to the Proposed Whitewash Resolution) requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM.

9 ABSTENTION FROM VOTING

Pursuant to the Code and the SIC Conditions, the Undertaking Shareholder and parties acting in concert with it as well as parties not independent of them shall abstain from voting on Ordinary Resolution 2 (in relation to the Proposed Whitewash Resolution).

The Undertaking Shareholder and parties acting in concert with it as well as parties not independent of them shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 2 (in relation to the Proposed Whitewash Resolution) unless Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the Proposed Whitewash Resolution.

10 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 350 Orchard Road #08-00, Shaw House, Singapore 238868, not later than 72 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

CPFIS investors may wish to check with their CPF Approved Nominees on the procedure and deadline for the submission of their written instructions to their CPF Approved Nominees to vote on their behalf.

11 DIRECTORS' RECOMMENDATIONS

11.1 Resolution 1: the Rights Issue (as Ordinary Resolution)

The Directors, having considered, *inter alia*, the terms and rationale for the Rights Issue as set out in **Section 2** of this Circular, are of the opinion that the Rights Issue is in the interests of the Company, and accordingly recommend that Shareholders vote *in favour* of the ordinary resolution relating thereto to be proposed at the EGM.

11.2 Resolution 2: the Proposed Whitewash Resolution (as Ordinary Resolution)

The Independent Directors in respect of the Proposed Whitewash Resolution, having considered, *inter alia*, the terms and rationale for the Rights Issue as set out in **Section 2** of this Circular and the advice of the IFA as set out in the IFA Letter for the Proposed Whitewash Resolution in **Appendix B** of this Circular, are of the opinion that the Proposed

LETTER TO SHAREHOLDERS

Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote *in favour* of the ordinary resolution relating thereto to be proposed at the EGM.

11.3 Note to Shareholders

In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

12 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

13 OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched by the Company to Entitled Shareholders subject to, *inter alia*, the approval of Shareholders of the Rights Issue and the approval of the Independent Shareholders of the Proposed Whitewash Resolution being obtained at the EGM. Acceptances and applications under the Rights Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

LETTER TO SHAREHOLDERS

14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection registered office of the Company at 350 Orchard Road #08-00, Shaw House, Singapore 238868 during normal business hours from the date of this Circular up to and including the time and date of the EGM:–

- (a) the Annual Reports of the Company containing the audited financial statements of the Company and the Group for FY2016, FY2017 and FY2018;
- (b) the Constitution of the Company;
- (c) the IFA Letter;
- (d) the letter of consent by the IFA;
- (e) the Irrevocable Undertaking referred to in **Section 2.9** of this Circular; and
- (f) the material contracts referred to in **Section 2 of Appendix A** of this Circular.

Yours faithfully
For and behalf of the Board of Directors of
AsiaMedic Limited

Charles Wang Chong Guang
Non-Executive Chairman

14 November 2019

APPENDIX A – ADDITIONAL INFORMATION

1. MATERIAL LITIGATION

The Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its Subsidiaries during the twelve (12) months preceding the date of this Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim.

2. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date:

- (a) loan agreement dated 1 March 2018 entered into between the Company and LMGPL, pursuant to which LMGPL agreed to extend an unsecured, interest-bearing loan facility of up to an aggregate principal amount of S\$5,000,000 to the Company. Please refer to the Company's announcement on 1 March 2018; and
- (b) memorandum of understanding dated 8 April 2018 entered into between the Company and Wanliyun Medical Information Technology (Beijing) Co., Ltd. setting out parties' intention to, *inter alia*, cooperate on the provision of cross border tele-radiology reporting services to each other. Please refer to the Company's announcement dated 10 April 2018.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

ZICO CAPITAL PTE. LTD.
(Company Registration Number: 201613589E)
(Incorporated in the Republic of Singapore)
8 Robinson Road, #03-00 ASO Building
Singapore 048544

14 November 2019

To: Independent Directors of AsiaMedic Limited
(deemed to be independent in respect of the Proposed Whitewash Resolution)

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE UNDERTAKING SHAREHOLDER (AND PARTIES ACTING IN CONCERT WITH IT) IN CONNECTION WITH THE RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders (“Shareholders”) of AsiaMedic Limited (“AsiaMedic” or the “Company”) dated 14 November 2019 (“Circular”).

1. INTRODUCTION

On 15 May 2019 (“**Announcement Date**”), the board of directors (“**Directors**”) of AsiaMedic Limited (the “**Company**”, and together with its subsidiaries, “**Group**”) announced (“**Announcement**”) *inter alia*, that the Company is proposing to undertake a renounceable non-underwritten rights issue (“**Rights Issue**”) of up to 1,561,952,500 new ordinary shares in the capital of the Company (“**Rights Shares**”) at an issue price of S\$0.012 for each Rights Share (“**Issue Price**”), on the basis of four Rights Shares for every one existing ordinary share in the capital of the Company (“**Shares**”) held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

1.1 Irrevocable Undertaking

As an indication of its support for the Rights Issue and to demonstrate commitment to the Group, Luye Medical Group Pte. Ltd. (“**Undertaking Shareholder**” or “**LMGPL**”) has given an irrevocable undertaking (“**Irrevocable Undertaking**”) in favour of the Company to, amongst others, apply, subscribe and pay for, the whole of its *pro rata* beneficial entitlement to 381,725,584 Rights Shares, and up to 34,941,082 Excess Rights Shares which are not otherwise subscribed for by the other Entitled Shareholders.

The Undertaking Shareholder is a controlling shareholder of the Company which directly holds 95,431,396 Shares, representing approximately 24.44% of the total number of issued Shares, as at 31 October 2019 (“**Latest Practicable Date**”).

1.2 Offsetting Arrangement

On 1 March 2018, the Company had entered into a loan agreement with the Undertaking Shareholder (“**Loan Agreement**”), pursuant to which the Undertaking Shareholder agreed to extend an unsecured, interest-bearing loan facility of up to an aggregate principal amount of S\$5,000,000 to the Company (“**Facility**”). Pursuant to the terms of the Loan Agreement, the Company may, at its absolute discretion, prepay any outstanding sums and/or interest accrued

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

thereon under the Loan Agreement at any time prior to the relevant maturity dates. No fees, expenses or charges shall be payable by the Company on any amounts prepaid by the Company.

The Facility was fully drawn down under three separate disbursements of S\$1,000,000 each on 14 March 2018, 14 September 2018, 31 December 2018, and one further disbursement of S\$2,000,000 on 10 May 2019 (“**LMGPL Loan**”).

The Company and the Undertaking Shareholder have mutually agreed that the subscription monies pursuant to the Irrevocable Undertaking will be offset entirely against the aggregate outstanding principal amount of the LMGPL Loan (“**Offsetting Arrangement**”). Accordingly, save for the interests accrued on the LMGPL Loan until the date of subscription of the Rights Shares by the Undertaking Shareholder and subject to availability of Excess Rights Shares, the principal amount of the LMGPL Loan may be repaid in full upon of the allotment and issuance of the relevant Rights Shares.

As set out under section 2.11.2 of the Circular, the Undertaking Shareholder will not be required to provide a confirmation of financial resources in connection with the Irrevocable Undertaking, in view of, *inter alia*, the Offsetting Arrangement.

1.3 The Proposed Whitewash Resolution

As at the Latest Practicable Date, (i) the Company has an issued and paid-up share capital comprising a total number of 390,488,125 Shares (excluding 100,000 treasury shares); and (ii) the Undertaking Shareholder has a shareholding interest of 24.44% in the Company comprising 95,431,396 Shares.

In the event only the Undertaking Shareholder subscribes for its *pro rata* entitlement to the Rights Shares and the 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking, and no other Shareholder subscribes for their *pro rata* entitlements under the Rights Issue, the aggregate shareholding interests of the Undertaking Shareholder will increase from approximately 24.44% to 63.44% immediately following the allotment and issue of such Rights Shares.

Accordingly, pursuant to Rule 14.1 of the Singapore Code on Take-overs and Mergers (“**Code**”), the Undertaking Shareholder (together with persons acting in concert with the Undertaking Shareholder) will be obliged to make a mandatory general offer for all the Shares not already owned or controlled by the Undertaking Shareholder and/or parties acting in concert with it following its subscription for its *pro rata* entitlement to the Rights Shares and the 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking.

In this regard, the Company had sought and obtained from the SIC, a waiver of the obligation of the Undertaking Shareholder (together with persons acting in concert with the Undertaking Shareholder) to make a mandatory general offer under the Code for all the Shares not already owned or controlled by the Undertaking Shareholder and/or parties acting in concert with it as a result of the Irrevocable Undertaking (“**Whitewash Waiver**”).

The Whitewash Waiver is subject to certain conditions as set out under section 3.4 of the Circular including, *inter alia*, the appointment of an independent financial adviser (“**IFA**”) to advise the Independent Shareholders on the Proposed Whitewash Resolution.

1.4 Appointment of IFA

ZICO Capital Pte. Ltd. (“**ZICO Capital**”) has been appointed by the Company as the IFA to advise the Directors who are considered independent in respect of the Proposed Whitewash Resolution.

Mr. Charles Wang Chong Guang, the Non-Executive Chairman of the Company, is an employee of an associate of the Undertaking Shareholder. Mr. Tan Soo Kiat, the Non-Executive Director of

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

the Company, has declared that Intergate Pte Ltd (of which he is a director) has in the past provided and continues to provide corporate advisory services to the Undertaking Shareholder and one of its related companies.

Therefore, save for Mr. Charles Wang Chong Guang and Mr. Tan Soo Kiat, who will both abstain from making any recommendations as Directors of the Company on the Proposed Whitewash Resolution, the remaining Directors, namely Mr. Goh Kian Chee, Mr. Chua Keng Woon and Mr. Lawrence Peter Lim Hong Haw, are considered independent in respect of the Proposed Whitewash Resolution (“**Independent Directors**”).

This letter (“**Letter**”), addressed to the Independent Directors, provides an opinion on whether the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution) are fair and reasonable, and accordingly, whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders. This Letter forms part of the Circular to be despatched to Shareholders which provides, *inter alia*, details of the Rights Issue, the Proposed Whitewash Resolution and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors in respect of the Proposed Whitewash Resolution. We have confined our evaluation strictly and solely on the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution).

We were neither a party to the negotiations entered into by the Company in relation to the Rights Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Rights Issue or to obtain the approval of the Independent Shareholders for the Rights Issue and/or the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Rights Issue and/or the Proposed Whitewash Resolution, other than to express an opinion on whether the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution) are fair and reasonable, and accordingly, whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Rights Issue and/or the Proposed Whitewash Resolution or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinions and recommendations as set out in this Letter.

In the course of our evaluation of the financial terms of the Rights Issue, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the Directors, the Management, and the Company’s advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

We have relied upon the assurance and representations of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Rights Issue, the Proposed Whitewash Resolution, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Rights Issue and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter. We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our analysis and our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Shareholders should further take note of any announcements relevant to their consideration of the Rights Issue and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional advisers immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this Letter) and our responsibility is as set out above in relation to this Letter. Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (except for this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of ZICO Capital in each specific case.

We have prepared this Letter for the use by the Independent Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Independent Directors.

Our opinion on the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

3. THE RIGHTS ISSUE

3.1 Overview

As at the Latest Practicable Date, there are 390,488,125 Shares (excluding 100,000 treasury shares and nil subsidiary holdings) in issue. Save for 1,524,000 share options granted under the AsiaMedic Employees Share Option Scheme (“**Options**”) which are convertible into 1,524,000 new Shares, the Company does not have any outstanding warrants or convertible securities.

For illustrative purposes only, based on the Existing Issued Share Capital, and assuming that none of the treasury shares are sold or otherwise transferred, whether to satisfy the Company’s performance share plan or option scheme or otherwise, and none of the Options are converted into new Shares prior to the Books Closure Date,

- (a) assuming that all the Entitled Shareholders subscribe and pay for their *pro-rata* entitlements to the Rights Shares, the number of Rights Shares to be allotted and issued under the Rights Issue will be 1,561,952,500 Rights Shares (“**Maximum Scenario**”), and the resultant enlarged issued and paid-up share capital of the Company under the Maximum Scenario upon Completion will be 1,952,440,625 Shares (excluding 100,000 treasury shares and nil subsidiary holdings); and
- (b) assuming that only LMGPL subscribes for its entitled Rights Shares and excess Rights Shares pursuant to the Irrevocable Undertaking, and none of the other Entitled Shareholders subscribe for their *pro-rata* entitlements to the Rights Shares, the number of Rights Shares to be allotted and issued under the Rights Issue will be 416,666,666 new Shares (“**Minimum Scenario**”), and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Scenario upon Completion will be 807,154,791 Shares (excluding 100,000 treasury shares and nil subsidiary holdings).

3.2 Conditions to the Rights Issue

The Rights Issue is subject to, *inter alia*, the following conditions as set out in section 2.5 of the Circular:

- (a) the Whitewash Waiver granted by the SIC on 11 October 2019 not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM and such other conditions that the SIC may impose which are reasonably acceptable to the Company;
- (d) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Catalist of the SGX-ST, (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act, Chapter 289 of Singapore with the SGX-ST (acting as agent on behalf of the Authority).

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3.3 Principal terms

The detailed terms of the Rights Issue are set out in section 2.4 of the Circular.

The Rights Issue is proposed to be made on a renounceable non-underwritten basis, on the basis of four (4) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date at an Issue Price of S\$0.012 for each Rights Share.

The Issue Price represents:

- (a) a discount of approximately 7.7% to the Volume Weighted Average Price (“**VWAP**”) of S\$0.013 per Share for trades done on the SGX-ST on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement;
- (b) a discount of approximately 14.3% to the VWAP of S\$0.014 per Share as at 18 October 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date; and
- (c) a discount of approximately 1.6% to the theoretical ex-rights price (“**TERP**”)⁽¹⁾ of approximately S\$0.0122 per Share.

Note:

- (1) The TERP is the theoretical ex-rights price of each Share, and computed based on the VWAP of S\$0.013 per Share for trades done on the SGX-ST on 14 May 2019, being the last Market Day on which the Shares were traded on the Catalist immediately preceding the Announcement.

3.4 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholder directly holds 95,431,396 Shares, representing approximately 24.44% of the total number of issued Shares of the Company.

As an indication of its support for the Rights Issue and to demonstrate commitment to the Group, the Undertaking Shareholder has given an Irrevocable Undertaking in favour of the Company, that, *inter-alia*:

- (a) it will apply, subscribe and pay for the whole of its *pro rata* beneficial entitlement to 381,725,584 Rights Shares (based on its existing Shares held);
- (b) it will apply, subscribe and pay for up to 34,941,082 Excess Rights Shares in the event the Rights Issue is undersubscribed (subject to availability);
- (c) it will ensure that none of the Shares in which it currently has an interest (directly or indirectly) are sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company; and
- (d) it warrants and represents that (i) it has the full capacity to make the representations, warranties and undertakings contained in the Irrevocable Undertaking; (ii) the representations, warranties and undertakings contained in the Irrevocable Undertaking constitute valid, binding and enforceable obligations on it in accordance with its terms; (iii) the making of the representations, warranties and undertakings contained in the Irrevocable Undertaking does not contravene any law, regulation or authorisation binding on it; and (iv) it shall not circulate the Irrevocable Undertaking to any third parties without the Company’s prior consent.

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The Irrevocable Undertaking is conditional upon the following:

- (a) the grant of the Whitewash Waiver by the SIC (which was granted on 11 October 2019);
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (c) the Proposed Whitewash Resolution being approved by the Independent Shareholders at the EGM and such other conditions that the SIC may impose which are reasonably acceptable to the Company;
- (d) approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the SFA with the SGX-ST (acting as agent on behalf of the Authority),

Further details on the Irrevocable Undertaking are set out in section 2.9 of the Circular.

3.5 Use of proceeds

The estimated net proceeds (“**Net Proceeds**”) from the Rights Issue under the Maximum Scenario of approximately S\$18.4 million shall be utilised by the Company to reduce the indebtedness of the Group, as well as for general corporate and working capital purposes (including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise).

Under the Minimum Scenario, the Company will not receive any cash proceeds as the subscription monies from the Undertaking Shareholder for the subscription of its entitled Rights Shares (and the 34,941,082 Excess Rights Shares) pursuant to the Irrevocable Undertaking will be satisfied by the Offsetting Arrangement.

Please refer to section 2.8 of the Circular for further information on the intended use of the proceeds.

4. THE PROPOSED WHITEWASH RESOLUTION

As at the Latest Practicable Date, (i) the Company has an issued and paid-up share capital comprising 390,488,125 Shares (excluding 100,000 treasury shares); and (ii) the Undertaking Shareholder has a shareholding interest of 24.44% in the Company comprising 95,431,396 Shares.

In the event only the Undertaking Shareholder subscribes for its *pro rata* entitlement to the Rights Shares and the 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking, and no other Shareholder subscribes for their *pro rata* entitlements under the Rights Issue, the aggregate shareholding interests of Undertaking Shareholder will increase from approximately 24.44% to 63.44% immediately following the allotment and issue of such Rights Shares. Accordingly, pursuant to Rule 14.1 of the Code, the Undertaking Shareholder (together with persons acting in concert with the Undertaking Shareholder) will be obliged to make a mandatory general offer for all the Shares not already owned or controlled by the Undertaking Shareholder and persons acting in

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concert with it following its subscription of its *pro rata* entitlement to the Rights Shares and the 34,941,082 Excess Rights Shares pursuant to the Irrevocable Undertaking.

In this regard, the Company had sought and obtained the Whitewash Waiver from the SIC. The Whitewash Waiver is subject to certain conditions as set out in section 3.4 of the Circular and Independent Shareholders are advised to read the information carefully.

The Independent Directors should advise the Independent Shareholders that by voting for the Proposed Whitewash Resolution:

- (a) the Undertaking Shareholder and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer; and
- (b) Independent Shareholders are waiving their rights to a mandatory general offer from the Undertaking Shareholder at the highest price paid or agreed to be paid by the Undertaking Shareholder and its concert parties for the Shares in the past six months preceding the commencement of the Rights Issue.

5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale of the Rights Issue and the use of proceeds;
- (b) the Rights Issue being offered to all Entitled Shareholders on a *pro rata* basis;
- (c) assessment of the Issue Price;
- (d) historical financial performance and position of the Group;
- (e) financial effects of the Rights Issue;
- (f) dilution effect of the Rights Issue on the Independent Shareholders; and
- (g) other relevant considerations.

5.1 Rationale of the Rights Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Rights Issue or the future prospects of the Group after completion of the Rights Issue. Nevertheless, we have extracted the Company's rationale for the Rights Issue as set out under section 2.7 of the Circular and have reproduced them in italics below:

“The Company is proposing the Rights Issue to reduce the indebtedness of the Group and to raise proceeds for general corporate and working capital purposes, including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise.”

As set out under section 2.8 of the Circular (i) the Company will not receive any cash proceeds under the Minimum Scenario as the subscription monies from the Undertaking Shareholder for the subscription of its entitled Rights Shares (and Excess Rights Shares) pursuant to the Irrevocable Undertaking will be satisfied by the Offsetting Arrangement; and (ii) the Company will raise Net

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Proceeds of S\$18.4 million under the Maximum Scenario, out of which S\$4.6 million will be utilised to reduce the indebtedness of the Group in relation to the Offsetting Arrangement and the remaining balance of S\$13.8 million will be utilised for general corporate and working capital purposes including but not limited to operating costs, capital expenditure and making strategic investments and/or acquisitions if opportunities arise.

As set out further under section 2.10.3 of the Circular, the Company's gearing is expected to reduce from 0.85 times as at 31 December 2018 to 0.08 times and 0.03 times under the Minimum Scenario and Maximum Scenario, respectively, immediately upon the completion of the Rights Issue.

5.2 The Rights Issue being offered to all Entitled Shareholders on a *pro rata* basis

The Rights Shares are being offered on a *pro rata* basis to all Entitled Shareholders who have the right to subscribe to the Rights Shares based on their provisional allotment of the Rights Shares. Entitled Shareholders would have the liberty to accept in full or in part, decline or otherwise renounce, or in the case of Entitled Depositors only, trade their provisional allotment of Rights Shares on the SGX-ST during the rights trading period prescribed by the SGX-ST and can apply for Excess Rights Shares in excess of their provisional allotments subject to availability.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders (other than the Undertaking Shareholder) for the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The Undertaking Shareholder will therefore rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

Accordingly, the Independent Shareholders will not be disadvantaged or prejudiced in the allocation of their application for their entitlements to the Rights Shares and Excess Rights Shares pursuant to the Rights Issue. Further, in the event that all Shareholders subscribe in full for their entitled Rights Shares, the current shareholding structure of the Company will remain unchanged.

5.3 Assessment of the Issue Price

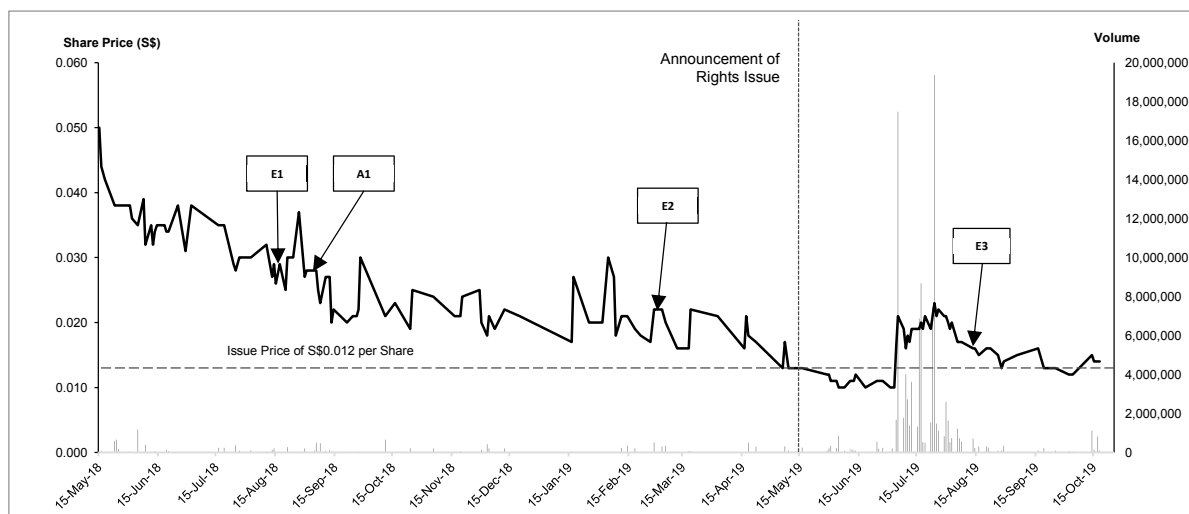
In assessing the Issue Price, we have considered:

- (a) the historical trading performance and trading liquidity of the Shares;
- (b) the NTA per Share of the Group; and
- (c) comparison with selected completed renounceable rights issues of shares.

5.3.1 Historical trading performance and trading liquidity of the Shares

We set out below the daily closing prices and trading volume chart for the Shares for the period commencing 15 May 2018, being the Market Day 12 months prior to 14 May 2019, which is the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date, to the Latest Practicable Date ("**Period Under Review**").

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Source: Bloomberg L.P. and Company's announcements on SGXNet

Announcements of financial results:

- E1 14 August 2018.** The Company announced an unaudited net loss after taxation attributable to the owners of the Company of S\$0.9 million for 1H2018, as compared to an unaudited net loss after taxation attributable to owners of the Company of S\$1.0 million for 1H2017.
- E2 28 February 2019.** The Company announced an unaudited net loss after taxation attributable to the owners of the Company of S\$4.8 million in FY2018, as compared to an unaudited net loss after taxation attributable to owners of the Company of S\$4.2 million in FY2017.
- E3 14 August 2019.** The Company announced an unaudited net loss after taxation attributable to the owners of the Company of S\$0.7 million for 1H2019, as compared to an unaudited net loss after taxation attributable to the owners of the Company of S\$0.9 million in 1H2018.

Other significant announcements:

- A1 2 September 2018.** The Company announced that the proposed acquisition by the Company of the entire issued and paid up share capital of LuyeEllum Healthcare Co., Ltd. ("LHCL") ("**Proposed Acquisition of LHCL**") was not completed and that the parties will not be proceeding with the Proposed Acquisition of LHCL as the conditions precedent in the sales and purchase agreement have not been fulfilled or waived by 31 August 2018, and no further extension of time was agreed to by the parties to the conditional sale and purchase agreement.

We observe the following with regard to the trading performance and trading liquidity of the Shares during the Period Under Review:

- the Shares traded within the range of S\$0.008 to S\$0.05 during the Period Under review;
- subsequent to the Announcement Date and up to the Latest Practicable Date, the Shares traded in the range of S\$0.008 to S\$0.028; and

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- (c) as at 18 October 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date, the closing Share price was S\$0.014, and represented a premium of 16.7% over the Issue Price.

We have tabulated below additional statistical information on the price performance and trading liquidity of the Shares for the Period Under Review:

	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Discount of Issue Price over VWAP (%)	Number of traded days ⁽²⁾	Average daily traded volume ⁽³⁾	Average daily traded volume as a percentage of free float (%) ⁽⁴⁾
<u>Prior to the release of the Announcement</u>							
Last 1 month	0.021	0.013	0.015	21.1	8	165,813	0.06
Last 3 months	0.023	0.013	0.017	28.8	20	161,435	0.06
Last 6 months	0.030	0.013	0.018	33.3	38	122,811	0.04
Last 12 months	0.050	0.013	0.026	53.3	95	131,066	0.05
As at 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date	0.013	0.013	0.013	7.7	1	910	n.m.
<u>After the release of the Announcement to the Latest Practicable Date</u>							
16 May 2019 to the Latest Practicable Date ⁽⁵⁾	0.028	0.008	0.020	41.2	62	1,600,531	0.56
As at 18 October 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date ⁽⁵⁾	0.014	0.014	0.014	14.3	1	100,000	0.04

Source: Bloomberg L.P.

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Notes:

- n.m. Not meaningful as the value is less than 0.01%
- (1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume, as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off-market transactions are excluded from the calculation.
- (2) Traded days refer to the number of Market Days on which the Shares were traded on the SGX-ST during the period.
- (3) The average daily trading volume of the Shares is computed based on the total volume of the Shares traded on SGX-ST (excluding off-market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading during that period.
- Following the Announcement Date, the closing Share price spiked to S\$0.023 on 24 July 2019 on heavy trading volume of 19,362,100 Shares. Trading of Shares was notably active, with an average daily traded volume of 3,739,242 Shares over the period between 4 July 2019 and 6 August 2019.
- (4) Free float refers to the Shares other than those held by the Directors, Substantial Shareholders and their respective concert parties. For the purpose of computing the average daily trading volume as a percentage of free float, we have used a free float of 285,556,729 Shares as at the Latest Practicable Date.
- (5) There was no trading activity in respect of the Shares on the Latest Practicable Date. The last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date was 18 October 2019.

Based on the above, we note that:

- (a) the Shares traded between a low of S\$0.013 and a high of S\$0.05 during the 12-month period prior to the Announcement. The Issue Price represents a discount of approximately 76.0% and 53.3% to the highest traded price of the Shares of S\$0.05 and the VWAP of the Shares of S\$0.026 respectively, in the said period;
- (b) the Issue Price represents a discount of approximately 21.1%, 28.8% and 33.3% to the VWAP of the Shares for the 1-month, 3-month and 6-month periods prior to the Announcement respectively;
- (c) the Issue Price represents a discount of approximately 7.7% to the VWAP of the Shares on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date;
- (d) the Issue Price represents a discount of approximately 41.2% to the VWAP of the Shares for the period from 16 May 2019 (being the first Market Day on which the Shares were traded on the SGX-ST after the Announcement Date) and up to the Latest Practicable Date; and
- (e) the Issue Price represents a discount of approximately 14.3% to the VWAP of the Shares as at 18 October 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date.

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We observe the following with regard to the trading liquidity of the Shares over the Period Under Review:

- (a) over the 12-month period prior to the Announcement, the Shares were not actively traded, with trading observed for only 95 days out of the 250 Market Days during the said period. The average daily trading volume of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Announcement Date represented 0.05%, 0.04%, 0.06% and 0.06% of the free float of the Shares respectively; and
- (b) during the period subsequent to the Announcement Date and up to the Latest Practicable Date, the average trading volume of the Shares represents 0.56% of the free float of the Shares.

The TERP is approximately S\$0.0122 per Share based on the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date. The Issue Price of S\$0.012 represents a discount of approximately 1.6% to the TERP.

5.3.2 NTA per Share of the Group

Based on the latest announced unaudited financial statements of the Group as at 30 June 2019 and the number of outstanding Shares in the Company as at the Latest Practicable Date of 390,488,125 Shares (excluding 100,000 treasury shares), the net tangible asset (“NTA”) per Share is approximately S\$0.008. We note that the Issue Price represents a premium of 50.0% to the NTA per Share of the Group as at 30 June 2019.

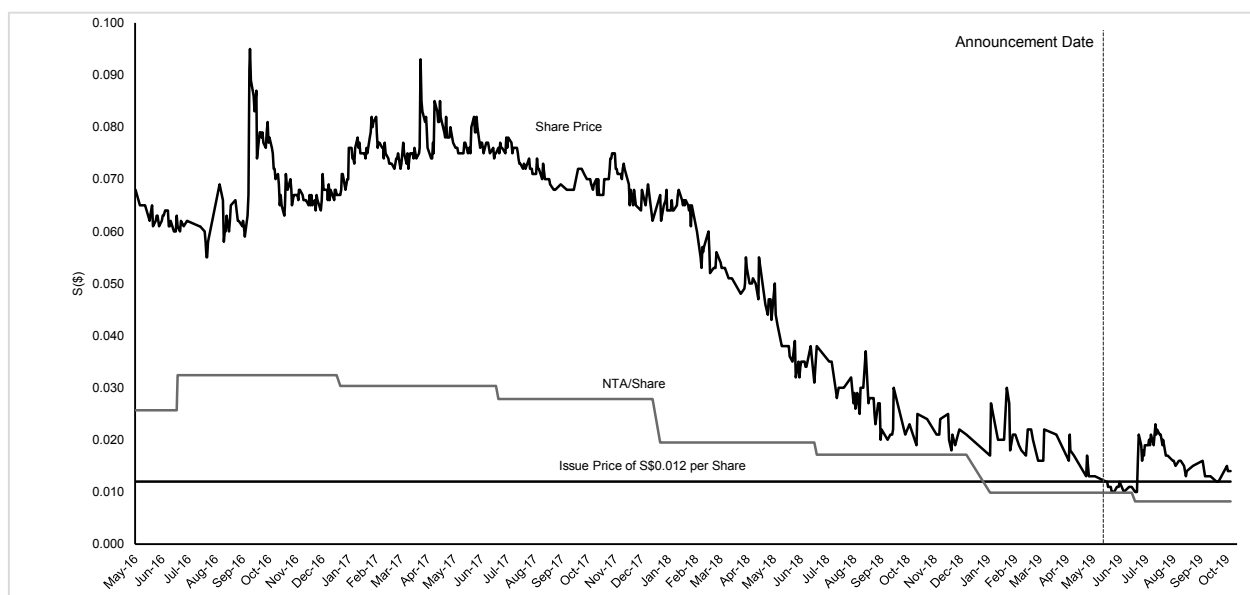
The Directors have confirmed that, to the best of their knowledge and belief, that as at the Latest Practicable Date:

- (a) there are no material fluctuations or changes to the Group’s business operations since 30 June 2019 and up to the Latest Practicable Date, which would result in a material impact on the overall financial performance of the Group;
- (b) there are no material differences between the realizable value of the Group’s assets and their respective book values as at 30 June 2019 which would result in a material impact on the financial position of the Group;
- (c) there are no liabilities which values would be materially different from those recorded in the audited statement of financial position of the Group as at 30 June 2019;
- (d) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the financial position of the Group;
- (e) there are no litigation, claims or proceedings pending or threatened against the Group or any fact likely to give rise to any proceedings which might materially affect the financial position of the Group;
- (f) save for goodwill of S\$0.5 million as at 30 June 2019, there are no other intangible assets which ought to be disclosed in the financial statements as at 30 June 2019 in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible asset would have had a material impact on the overall financial position of the Group; and
- (g) there are no material acquisitions or disposals of assets by the Group since 1 July 2019 and up to the Latest Practicable Date. As at the Latest Practicable Date, the Group does not have

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any plans for any impending material acquisitions or disposal of assets, or conversion of the use of its material assets.

We have presented the historical NTA per Share of the Group, based on its financial results announcements for the period commencing 13 May 2016 (being the last market day 36 months prior to the Announcement Date) to the Latest Practicable Date (“**36-month Period**”) in the chart below:



Sources: Bloomberg L.P. and the Company’s announcements relating to the financial results of the Group for the relevant periods

Based on the chart above, we note that the Shares consistently traded at a premium to the NTA per Share over the 36-month Period, save for brief periods in June 2019 where the Shares traded at a slight discount to the NTA per Share.

5.3.3 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have identified and reviewed salient statistics of selected completed renounceable rights issues of shares by companies (excluding real estate investment trusts and business trusts) listed on the SGX-ST (“**Completed Rights Issues**”) that were announced during the 12-month period preceding the Announcement Date, and up to and including the Latest Practicable Date.

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements and circulars of the companies in relation to the Completed Rights Issues. We make no representations or warranties, express or implied, as to the accuracy of completeness of such information.

We wish to highlight that the market capitalisation, size of operations, composition of business activities, asset base, geographical spread, clientele base, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria of the below companies are not identical to the Group. Such factors may impact the structure and pricing of the respective rights issues. Accordingly, the Completed Rights

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Issues may not be directly comparable with the Rights Issue, and such comparative analyses are for illustrative purposes only and should only serve as a general guide.

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Company	Date of announcement	Basis	Issue price of rights shares (\$)	Last transacted share price prior to announcement (\$)	Premium/ (Discount) of issue price over/(to) last transacted share price prior to announcement (%)	Theoretical ex-rights price ⁽¹⁾ (\$)	Premium/ (Discount) of issue price over/(to) TERP (%)	NTA per share before rights issue (\$)	Premium/ (Discount) of issue price over/(to) NTA per share (%)
Chip Eng Seng Corporation Ltd	22-Aug-19	One (1) rights share for every four (4) existing ordinary shares	0.63	0.68	(7.4)	0.67	(6.0)	1.2524	(49.7)
Alpha Energy Holdings Limited	26-Jun-19	Two (2) rights shares for every one (1) existing ordinary share	0.014	0.054	(74.1)	0.027	(48.1)	0.1975	(92.9)
Informatics Education Ltd.	14-Mar-19	Three (3) rights shares and one (1) warrant for every one (1) existing ordinary share	0.050	0.043	16.3	0.048	4.2	n.a. ⁽²⁾	n.a.
Raffles United Holdings Ltd	9-Jan-19	One (1) rights share for every one (1) existing ordinary share	0.050	0.082	(39.0)	0.069	(27.5)	0.3379	(85.2)
Global Dragon Ltd	31-Dec-18	One (1) rights share for every three (3) existing ordinary shares	0.0675	0.060	12.5	0.0619	9.0	0.0574	17.6
Sapphire Corporation Ltd	30-Dec-18	One (1) rights share for every four (4) existing ordinary shares	0.128	0.144	(11.1)	0.1408	(9.1)	0.2757	(63.6)
Annalk Limited	28-Dec-18	One (1) rights share and one (1) warrant for every four (4) existing ordinary shares	0.065	0.100	(35.0)	0.093	(30.1)	0.1596	(69.3)
Lifebrandz Ltd.	14-Dec-18	One (1) rights share for every two (2) existing ordinary shares	0.007	0.013	(46.2)	0.011	(36.4)	0.0034	105.9
China Star Food Group Limited	10-Dec-18	One (1) rights share for every one (1) existing ordinary share	0.015	0.039	(61.5)	0.027	(44.4)	0.2549	(94.1)

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Company	Date of announcement	Basis	Issue price of rights shares (\$)	Last transacted share price prior to announcement (\$)	Premium/ (Discount) of issue price over/(to) last transacted share price prior to announcement (%)	Theoretical ex-rights price⁽¹⁾ (\$)	Premium/ (Discount) of issue price over/(to) TERP (%)	NTA per share before rights issue (\$)	Premium/ (Discount) of issue price over/(to) NTA per share (%)
TEE International Limited	29-Nov-18	Thirty-eight (38) rights share for every one hundred (100) existing ordinary shares	0.100	0.183	(45.4)	0.160	(37.6)	0.1638	(38.9)
Arión Entertainment Singapore Limited	29-Sep-18	One (1) rights share for every one (1) existing ordinary share	0.008	0.010	(20.0)	0.009	(11.1)	0.0048	66.7
BH Global Corporation Limited	28-Sep-18	Three (3) rights shares for every two (2) existing ordinary shares	0.085	0.160	(46.9)	0.115	(26.1)	0.2628	(67.7)
OUE Lippo Healthcare Limited	18-Sep-18	One (1) rights share for every one (1) existing ordinary share	0.0675	0.120	(43.8)	0.0938	(28.0)	0.0499	35.3
Manhattan Resources Limited	5-Sep-18	One (1) rights share for every one (1) existing ordinary share	0.0245	0.080	(69.4)	0.05225	(53.1)	0.1025	(76.1)
MS Holdings Limited	21-Aug-18	Four (4) rights shares and one (1) warrant for every five (5) existing ordinary shares	0.062	0.074	(16.2)	0.069	(10.1)	0.2264	(72.6)
Hong Leong Asia Ltd	14-Aug-18	One (1) rights share for every one (1) existing ordinary share	0.540	0.820	(34.1)	0.680	(20.6)	1.3948	(61.3)
Koh Brothers Eco Engineering Limited	29-Jun-18	One (1) rights share and one (1) warrant for every two (2) existing ordinary shares	0.045	0.069	(34.8)	0.061	(26.2)	0.0536	(16.0)
Envictus International Holdings Limited	18-Jun-18	Four (4) rights shares and four (4) warrants for every five (5) existing ordinary shares	0.160	0.370	(56.8)	0.2767	(42.2)	0.6860	(76.7)

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Company	Date of announcement	Basis	Issue price of rights shares (\$)	Last transacted share price prior to announcement (\$)	Premium/ (Discount) of issue price over/(to) last transacted share price prior to announcement (%)	Theoretical ex-rights price ⁽¹⁾ (\$)	Premium/ (Discount) of issue price over/(to) TERP (%)	NTA per share before rights issue (\$)	Premium/ (Discount) of issue price over/(to) NTA per share (%)
International Press Softcom Ltd.	1-Jun-18	Two (2) rights shares for every three (3) existing ordinary shares	0.011	0.012	(8.3)	0.0116	(5.2)	0.0962	(88.6)
Moya Holdings Asia Ltd.	22-May-18	One (1) rights share for every two (2) existing ordinary shares	0.095	0.095	-	0.095	-	n.a. ⁽³⁾	n.a. ⁽³⁾
Ocean Sky International Ltd.	22-May-18	One (1) rights share and one (1) warrant for every two (2) existing ordinary shares	0.062	0.084	(26.2)	0.077	(19.5)	0.1407	(55.9)
High					16.3		9.0		105.9
Low					(74.1)		(53.1)		(94.1)
Median ⁽⁴⁾					(34.8)		(26.1)		(55.9)
Mean ⁽⁴⁾					(30.8)		(22.3)		(36.3)
Company		Four (4) rights shares for every one (1) existing ordinary share			(7.7)		(1.6)		50.0

Sources: Bloomberg L.P., announcements and/or circulars of the respective companies.

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Notes:

(1) The TERP is calculated based on the following formula:

$$\text{TERP} = \frac{\text{Market capitalisation of the company based on the Last Traded Price + gross proceeds from the rights issue}}{\text{Number of shares after completion of the rights issue}}$$

(2) Not applicable as Informatics Education Ltd. is in a net liability position.

(3) Not applicable as Moya Holdings Asia Ltd. is in a net liability position after deducting intangible assets.

(4) The computation of the median and mean statistics took into account both the premiums and discounts of issue price over the last transacted price, TERP and NTA per share of the Completed Rights Issues.

Based on the above, we note the following:

- (a) the Issue Price is at a discount of approximately 7.7% to the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date. This is within the range of comparable statistics for the Completed Rights Issues but lower than the mean and median discounts of 30.8% and 34.8%, respectively;
- (b) the Issue Price is at a discount of approximately 1.6% to the TERP. This is within the range of comparable statistics for the Completed Rights Issues but lower than the mean and median discounts of 22.3% and 26.1%, respectively; and
- (c) the Issue Price represents a premium of 50.0% to the NTA per Share of the Group as at 30 June 2019. This is within range of comparable statistics for the Completed Rights Issues.

5.4 Historical financial performance and position of the Group

5.4.1 Review of financial performance

A summary of the financial results of the Group based on the audited consolidated financial statements of the Group for the financial years ("FY") ended 31 December 2016, 2017 and 2018, and the unaudited consolidated financial statements of the Group for the 6-month period ended 30 June 2019 ("1H2019") is set out below:

	Audited			Unaudited	
	FY2016	FY2017	FY2018	1H2018	1H2019
	S\$	S\$	S\$	S\$	S\$
Revenue	20,573,255	19,015,381	18,828,662	9,230,017	9,130,432
Other income	802,616	316,355	341,770	254,577	121,791
Expenses	(23,711,207)	(23,899,204)	(23,609,802)	(10,616,455)	(10,181,440)
Share of results of associate	306,032	339,361	395,457	206,082	265,672
Loss before tax	(2,029,304)	(4,228,107)	(4,043,913)	(925,779)	(663,545)
Income tax credit/(expense)	401,098	1,420	(730,911)	-	-
Loss for the year/period attributable to owners of the Company	(1,628,206)	(4,226,687)	(4,774,824)	(925,779)	(663,545)

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Source: The Company's annual reports for FY2016, FY2017 and FY2018 and results announcement for 1H2019.

FY2017 vs FY2016

Revenue decreased by S\$1.6 million from S\$20.6 million in FY2016 to S\$19.0 million in FY2017, mainly due to lower revenue from the imaging business, which is partially offset by an increase in revenue from the wellness business.

Other income decreased by S\$0.5 million in FY2017, mainly due to lower sub-lease income and grant income.

Consumables used decreased by S\$0.2 million, in line with the decrease in revenue. Personnel expenses decreased by S\$0.9 million, mainly due to decrease in its overall personnel expenses as a result of a headcount rationalisation exercise undertaken by the Group. Finance costs decreased by S\$56,000, mainly due to the settlement of hire purchase liabilities and bank loans. The increase in other operating expenses of S\$0.3 million was mainly due to expenses incurred in relation to the Proposed Acquisition of LHCL. The Group recorded impairment of S\$1.5 million in FY2017 in respect of the medical equipment of its imaging business, as a result of the lowered utilisation rate of such medical equipment. The share of results of associate increased by S\$33,000 lower tax expenses as a result of overprovision of income tax in previous years by such associate.

Income tax credit decreased by S\$0.4 million in FY2017 due to the absence of deferred tax assets which were recognised in FY2016 as a result of unutilised capital allowances and unabsorbed tax losses.

The Group recorded a loss of S\$4.2 million in FY2017, as compared to a loss of S\$1.6 million in FY2016.

FY2018 vs FY2017

Revenue decreased by S\$0.2 million from S\$19.0 million in FY2017 to S\$18.8 million in FY2018, mainly due to lower revenue from the imaging business as a result of increased competition and lower specialist visitations by private patients, partially offset by an increase in revenue from the wellness business.

Other income increased in FY2018, mainly due to higher government grants received and rental income.

Consumables used decreased by S\$0.1 million, in line with the decrease in revenue from the imaging and international clinic businesses. Personnel expenses increased by S\$0.1 million, mainly due to the increased headcount in the wellness business. Depreciation expenses decreased by S\$0.3 million, due to certain property, plant and equipment being fully depreciated. Laboratory and consultancy fees increased by S\$0.1 million, mainly due to the engagement of external radiologists for diagnostic imaging and radiology services during FY2018. Other operating expenses decreased by S\$0.7 million, due to the absence of expenses incurred in relation to the Proposed Acquisition of LHCL. The Group recorded impairment of S\$2.0 million, mainly as a result of (i) impairment made to its imaging plant and equipment of S\$0.7 million; and (ii) goodwill impairment on the earlier acquisition of Complete Healthcare International Pte. Ltd. of S\$1.0 million, which arose due to its loss making position and the uncertainty in the recovery of the cost of investment in Complete Healthcare International Pte. Ltd.. The share of results of associate increased to S\$0.4 million, due to increased revenue recorded by Positron Tracers Pte. Ltd.

Income tax expense of S\$0.7 million was due to the write-off of deferred tax assets of S\$0.7 million in FY2017, arising from the unutilised tax losses and capital allowances.

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The Group recorded a loss of S\$4.8 million in FY2018, as compared to a loss of S\$4.2 million in FY2017.

1H2019 vs 1H2018

Revenue decreased by S\$0.1 million from S\$9.2 million in 1H2018 to S\$9.1 million in 1H2019, mainly due to lower revenue from the international clinic business following the change in the clinic's location in January 2019, and the medical aesthetic business as a result of increased competition. Such decrease was partially offset by an increase in revenue from the wellness and the imaging businesses.

Other income decreased from S\$0.3 million in 1H2018 to S\$0.1 million in 1H2019 mainly due to lower government grants received.

Consumables used decreased by S\$0.2 million, and laboratory and consultancy fees decreased by S\$0.2 million in tandem with the lower revenue generated from the international clinic and medical aesthetic businesses. During 1H2019, the Group adopted SFRS(I) 16, whereby the Group recognises right-of-use (“**ROU**”) assets and lease liabilities (except for short-term and low-value leases) which had been previously classified as “operating leases”. With the adoption of the aforementioned standards, the Group depreciates its ROU assets over the remaining lease term and recognises interest expenses on the lease liabilities. Excluding the effect of SFRS(I) 16, depreciation expenses decreased by S\$69,000 and operating lease expenses decreased by S\$88,000. Finance costs increased by S\$0.3 million in 1H2019, mainly due to the adoption of SFRS(I) 16 and the increase in shareholder's loans. The share of results of associate increased by S\$60,000 as Positron Tracers Pte. Ltd. recorded higher profit for 1H2019.

The Group recorded a lower loss attributable to shareholders of S\$0.7 million in 1H2019, as compared to a loss of S\$0.9 million in 1H2018.

5.4.2 Review of financial performance

A summary of the consolidated financial positions of the Group as at 31 December 2018 and 30 June 2019 is set out below:

	Audited as at 31 December 2018	Unaudited as at 30 June 2019
	S\$	S\$
Non-current assets	6,492,821	9,561,012
Current assets	6,498,992	7,555,537
Total assets	12,991,813	17,116,549
Current liabilities	4,955,924	5,832,651
Non-current liabilities	3,659,194	7,558,142
Total liabilities	8,615,118	13,390,793
Net current assets	1,543,068	1,722,886
Net assets	4,376,695	3,725,756

Source: The Company's annual report for FY2018 and results announcement for 1H2019.

As at 30 June 2019, the Group had total assets of S\$17.2 million comprising non-current assets amounting to S\$9.6 million (55.9% of total assets) and current assets amounting to S\$7.6 million (44.1% of total assets).

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Non-current assets mainly consist of (i) property, plant and equipment of S\$3.5 million in relation to leasehold improvements, medical equipment, assets under construction, furniture, fittings, fixtures and office equipment; (ii) ROU asset of S\$3.2 million; (iii) investment in associate, Positron Tracers Pte. Ltd. of S\$2.1 million; and (iv) goodwill of S\$0.5 million.

Current assets consist of cash and short term deposits (including cash pledged as security) of S\$4.3 million, inventories of S\$0.2 million, trade receivables of S\$2.1 million, other receivables and deposits of S\$0.6 million as well as prepayments of S\$0.3 million.

The Group's total liabilities as at 30 June 2019 amounted to S\$13.4 million, comprising non-current liabilities amounting to S\$7.6 million (56.4% of total liabilities) and current liabilities amounting to S\$5.8 million (43.6% of total liabilities).

Non-current liabilities mainly consist of (i) the LMGPL Loan of S\$5.0 million; (ii) lease liability of S\$2.0 million as result of the adoption of SFRS(I) 16; and (iii) provision for reinstatement of S\$0.5 million.

Current liabilities mainly consist of trade payables, other payables and accruals of S\$2.9 million; (ii) deferred income of S\$1.2 million; (iii) lease liability of S\$1.3 million as result of the adoption of SFRS(I) 16; and (iv) obligations under finance leases of S\$0.4 million.

The Group was in a positive working capital position of S\$1.7 million and a net assets position of S\$3.7 million as at 30 June 2019.

5.5 Financial effects of the Rights Issue

The financial effects of the Rights Issue based on the audited consolidated financial statements of the Group for FY2018 are set out in section 2.10 of the Circular. We recommend the Independent Directors to advise Shareholders to read section 2.10 of the Circular carefully, in particular, the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Rights Issue.

In summary, we note the following:

(a) Share capital

The share capital of the Company will be strengthened pursuant to the Rights Issue. The number of issued Shares will increase from 390,488,125 Shares to 807,154,791 Shares under the Minimum Scenario or increase to 1,952,440,625 Shares under the Maximum Scenario.

(b) NAV per Share

The NAV per Share of S\$0.011 as at 31 December 2018 would increase to S\$0.012 after the Rights Issue under the Minimum Scenario and the Maximum Scenario.

(c) Loss per Share

After the Rights Issue, the basic loss per Share for FY2018 will decrease from S\$0.012 to S\$0.006 under the Minimum Scenario and to S\$0.002 under the Maximum Scenario.

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(d) Gearing

The gearing of the Group will decrease from 0.85 time as at 31 December 2018 before the Rights Issue to 0.08 time under the Minimum Scenario and to 0.03 time under the Maximum Scenario, upon completion of the Rights Issue.

5.6 Dilution effect of the Rights Issue on the Independent Shareholders

The Undertaking Shareholder holds 95,431,396 Shares, representing approximately 24.44% of the total number of issued Shares of the Company as at the Latest Practicable Date. Upon completion of the Rights Issue and the subscription of the Rights Shares (comprising 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares which are not otherwise subscribed for by the other Entitled Shareholders) by the Undertaking Shareholder pursuant to the Irrevocable Undertaking, the shareholding interests of the Independent Shareholders would be diluted from 73.13% as at the Latest Practicable Date to 35.38% under the Minimum Scenario. Based on the Maximum Scenario, there is no dilution of the shareholding interests of the Independent Shareholders.

Please refer to the dilution effect indicated in the table below:

	Before the Rights Issue		After the Rights Issue			
	As at the Latest Practicable Date		Minimum Scenario		Maximum Scenario	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Undertaking Shareholder	95,431,396	24.44	512,098,062	63.44	477,156,980	24.44
Koh Boon How ⁽¹⁾	1,500,000	0.38	1,500,000	0.19	7,500,000	0.38
Tan Soo Kiat ⁽²⁾	8,000,000	2.05	8,000,000	0.99	40,000,000	2.05
Independent Shareholders	285,556,729	73.13	285,556,729	35.38	1,427,783,645	73.13
Total	390,488,125	100.00	807,154,791	100.00	1,952,440,625	100.00

Notes:

- (1) Koh Boon How is considered to be a party acting in concert with the Undertaking Shareholder and as such, will not be considered an Independent Shareholder.
- (2) Tan Soo Kiat holds 8,000,000 Shares indirectly through DBS Nominees (Private) Limited, and is also considered to be a party acting in concert with the Undertaking Shareholder. As such Tan Soo Kiat is not considered an Independent Shareholder.

5.7 Other relevant considerations

5.7.1 Inter-conditionality of the Rights Issue and the Proposed Whitewash Resolution

The Rights Issue and the Proposed Whitewash Resolution are inter-conditional upon one another. If either of the resolutions is not approved by Independent Shareholders at the EGM, the Rights Issue will not proceed.

5.7.2 Support from the Undertaking Shareholder

We believe that the Irrevocable Undertaking underscores the Undertaking Shareholder's support for the Rights Issue and demonstrates its commitment to and confidence in the prospects of the Group.

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5.7.3 Working capital position of the Group

As set out under section 2.8 of the Circular, as at the Latest Practicable Date and barring unforeseen circumstances, the Directors are of the opinion that:

- (a) the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Company is proposing to undertake the Rights Issue to reduce the Group's indebtedness and to raise funds for business growth and acquisition opportunities as set out in the rationale for the Rights Issue in section 2.7 of the Circular;
- (b) after taking into consideration the Net Proceeds from the Rights Issue (assuming the Minimum Scenario), the working capital available to the Group is sufficient to meet its present requirements. However, in the Minimum Scenario, the Company will not raise any funds for business growth and acquisition opportunities. Notwithstanding the foregoing, the Directors are of the opinion that the Rights Issue is in the interests of the Company as the Net Proceeds raised (assuming the Minimum Scenario) would reduce the indebtedness of the Group as a result of the Offsetting Arrangement; and
- (c) after taking into consideration the Net Proceeds from the Rights Issue (assuming the Maximum Scenario), the working capital available to the Group will be sufficient to meet its present requirements and the Group will have additional funds for business growth and acquisition opportunities.

The Directors are of the opinion that barring unforeseen circumstances, after taking into consideration the Group's financial condition as at 30 June 2019, the Net Proceeds from the Rights Issue (regardless of the Maximum Scenario or the Minimum Scenario) is sufficient for the Group to meet its present obligations and continue to operate as a going concern.

We further note that the Offsetting Arrangement pursuant to the Irrevocable Undertaking will allow the Group to reduce its gearing, as well as the relevant borrowing costs, upon completion of the Rights Issue.

5.7.4 No material changes to the existing management of the Group

We understand from the Company that following the completion of the Rights Issue, it is not envisaged that there will be material changes to the existing management of the Group which may affect the operation of the Group's business activities.

5.7.5 Lack of alternative viable fund-raising options

We understand that the Company has been exploring various means of fundraising including external borrowings and debt instruments prior to proceeding with the Rights Issue. Having considered the volatile interest rate environment, the Directors believe that the Rights Issue is a more suitable equity fundraising solution to strengthen the financial position and capital base of the Group.

5.7.6 Abstention from voting

The Undertaking Shareholder and parties acting in concert with it, as well as parties not independent of them shall abstain from voting on resolutions relating to the Proposed Whitewash Resolution. They will also not accept any nominations to act as proxy for any Shareholder or otherwise vote at the EGM unless Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the Proposed Whitewash Resolution.

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Accordingly, the Rights Issue and the Proposed Whitewash Resolution would proceed only if a majority of the Independent Shareholders were to vote in favour of the Proposed Whitewash Resolution.

6. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have considered the views and representations made by the Directors and the Management of the Company, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution).

We set out below a summary of the salient factors considered:

- (a) the rationale of the Rights Issue and the use of Net Proceeds;
- (b) the Rights Shares is offered to all entitled Shareholders on a *pro rata* basis;
- (c) upon completion of the Rights Issue and the subscription of the Rights Shares (comprising 381,725,584 Rights Shares and up to 34,941,082 Excess Rights Shares which are not otherwise subscribed for by the other Entitled Shareholders) by the Undertaking Shareholder pursuant to the Irrevocable Undertaking, the shareholding interests of the Independent Shareholders would be diluted from 73.13% as at the Latest Practicable Date to 35.38% under the Minimum Scenario. Based on the Maximum Scenario, there is no dilution of the shareholding interests of the Independent Shareholders;
- (d) the Issue Price represents a discount of approximately 7.7% to the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date. This is within the range of comparable statistics for the Completed Rights Issues, but lower than the mean and median discounts of 30.8% and 34.8% respectively;
- (e) the Issue Price represents a discount of approximately 1.6% to the TERP (based on the last transacted Share price of S\$0.013 on 14 May 2019, being the last Market Day on which the Shares were traded on the SGX-ST immediately preceding the Announcement Date). This is within the range of comparable statistics for the Completed Rights Issues, but lower than the mean and median discounts of 22.3% and 26.1% respectively;
- (f) the Issue Price represents a premium of 50.0% to the NTA per Share of the Group as at 30 June 2019. This is within the range of comparable statistics for the Completed Rights Issues;
- (g) the historical financial performance and position of the Group;
- (h) the financial effects of the Rights Issue and in particular, the reduction in gearing of the Group upon completion of the Rights Issue; and
- (i) other relevant considerations as set out in section 5.7 of this Letter.

We have carefully considered as many factors as we deem essential and balance them before reaching our opinion. Accordingly, it is important that this Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

Having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that the financial terms of the Rights Issue (being the subject of the Proposed Whitewash Resolution) are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Accordingly, we advise the Independent Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

In arriving at our opinion, we wish to emphasise that the Directors and the Management have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, *inter alia*, relied on the relevant statements contained in the Circular, confirmations, advice and representations by the Directors and the Management, and the relevant announcements released by the Company on SGXNet. In addition, the Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Rights Issue, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Rights Issue vis-à-vis any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

We have prepared this Letter for the use by the Independent Directors in connection with their consideration of the Proposed Whitewash Resolution, but any recommendations made by the Directors in respect of the Proposed Whitewash Resolution shall remain their sole responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for the purposes (other than for the consideration of the Proposed Whitewash Resolution) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
ZICO CAPITAL PTE. LTD.

ALEX TAN
CHIEF EXECUTIVE OFFICER

KAREN SOH-THAM
MANAGING DIRECTOR

APPENDIX C – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The consolidated audited comprehensive income statements of the Group for FY2016, FY2017, FY2018, 1H2018 and 1H2019 are set out below:

	FY2016 S\$ (Audited)	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	1H2018 S\$ (Unaudited)	1H2019 S\$ (Unaudited)
Revenue	20,573,255	19,015,381	18,828,662	9,230,017	9,130,432
Other income	802,616	316,355	341,770	254,577	121,791
Items of expense					
– Consumables used	(2,281,971)	(2,110,825)	(1,986,310)	(1,036,744)	(836,458)
– Personnel expenses	(11,784,804)	(10,930,153)	(11,072,170)	(5,374,528)	(5,466,596)
– Depreciation of property, plant and equipment	(1,595,144)	(1,491,132)	(1,152,244)	(577,396)	(1,201,713)
– Operating lease expenses	(2,117,213)	(2,062,602)	(2,085,210)	(1,038,797)	(81,459)
– Maintenance of equipment	(703,329)	(862,210)	(882,834)	(445,596)	(386,085)
– Laboratory and consultancy fees	(1,925,794)	(1,878,654)	(2,026,000)	(972,286)	(765,578)
– Finance costs	(139,986)	(83,586)	(96,662)	(40,411)	(270,312)
– Other operating expenses	(2,667,564)	(2,980,042)	(2,287,925)	(1,130,697)	(1,173,239)
– Impairment, provisions and other adjustments (net)	(495,402)	(1,500,000)	(2,020,447)	–	–
Share of results of associate	306,032	339,361	395,457	206,082	265,672
Loss before tax	(2,029,304)	(4,228,107)	(4,043,913)	(925,779)	(663,545)
Income tax credit/(expense)	401,098	1,420	(730,911)	–	–
Loss for the year/period attributable to owners of the Company	(1,628,206)	(4,226,687)	(4,774,824)	(925,779)	(663,545)
Loss per share (cents per share)					
– Basic	(0.42)	(1.08)	(1.22)	(0.24)	(0.17)
– Diluted	(0.42)	(1.08)	(1.22)	(0.24)	(0.17)

APPENDIX C – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	FY2016 S\$ (Audited)	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	1H2018 S\$ (Unaudited)	1H2019 S\$ (Unaudited)
Loss for the year/period	(1,628,206)	(4,226,687)	(4,774,824)	(925,779)	(663,545)
Other comprehensive income					
<i>Item that has been reclassified from profit or loss</i>					
– Foreign currency translation	(10,053)	(43,325)	–	–	–
Total comprehensive income for the year/period	(1,638,259)	(4,270,012)	(4,774,824)	(925,779)	(663,545)
Attributable to:					
Owners of the Company	(1,638,493)	(4,270,012)	(4,774,824)	(925,779)	(663,545)
Non-controlling interests	234	–	–	–	–
Total comprehensive income for the year/period	(1,638,259)	(4,270,012)	(4,774,824)	(925,779)	(663,545)

Source: Annual reports for FY2016, FY2017 and FY2018, and half-year results announcement for 1H2019 of the Company

2. PROFIT AND LOSS REVIEW

1H2019 compared to 1H2018

The Group's revenue decreased by S\$100,000 or 1% from S\$9.2 million for the half year ended 30 June 2018 ("1H2018") to S\$9.1 million for the half year ended 30 June 2019 ("1H2019"). The decrease was due mainly to lower revenue from the Complete Healthcare International ("CHI") and Astique The Aesthetic Clinic ("AATAC") subsidiaries, partially offset by the increase in revenue from the wellness and imaging businesses.

Other income decreased from S\$255,000 in 1H2018 to S\$122,000 in 1H2019 due mainly to lower government grants received.

Consumables expenses decreased by S\$200,000 or 19%, and laboratory and consultancy fees decreased by S\$207,000 or 21%, both due to lower revenue from CHI and AATAC. The increase in depreciation expenses and the decrease in operating lease expenses was mainly attributable to the adoption of Singapore Financial Reporting Standard (International) 16 Leases ("SFRS(I) 16"). Excluding the effect of SFRS(I) 16, depreciation expenses decreased by S\$69,000 or 12% due mainly to certain property, plant and equipment being fully depreciated and operating lease expenses decreased by S\$88,000 or 8% due mainly to the relocation of CHI's clinic to the Group's main medical centre in Orchard Road in January 2019. Maintenance expenses decreased by S\$60,000 or 13% due mainly to the retiring of certain medical equipment. Finance costs increased to S\$270,000 from S\$40,000 in 1H2018

APPENDIX C – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

due mainly to the adoption of SFRS(I) 16 and the increase in shareholder's loans. The share of results of associate increased by S\$60,000 or 29% as the associate registered higher profit for 1H2019. As a result, the Group recorded a lower loss attributable to shareholders of S\$664,000 in 1H2019 compared with a loss of S\$926,000 in 1H2018.

FY2018 compared to FY2017

The Group's revenue decreased by S\$187,000, or 1%, from S\$19.0 million for the financial year ended 31 December 2017 ("**FY2017**") to S\$18.8 million for the financial year ended 31 December 2018 ("**FY2018**"). The decrease was due mainly to lower revenue from the imaging business as a result of increased competition and lower specialist visitations by private patients. The revenue of our subsidiary, Complete Healthcare International ("**CHI**"), also decreased. However, these decreases were partially offset by higher revenue from the wellness business.

Other income increased from S\$316,000 in FY2017 to S\$342,000 in FY2018 due mainly to higher government grants received and rental income.

Consumables used decreased by S\$125,000 or 6%, due mainly to the lower revenue from the imaging and international clinic businesses. Personnel expenses increased by S\$142,000 or 1%, due mainly to higher headcount in the wellness business. Depreciation decreased by S\$339,000 or 23%, due mainly to certain property, plant and equipment being fully depreciated. Laboratory and consultancy fees increased by S\$147,000 or 8%, due mainly to the engagement of external radiologists during the year. Finance costs increased by S\$13,000 or 16%, due mainly to the shareholder's loans obtained in FY2018. Other operating expenses decreased by S\$692,000 or 23%, due to the absence of the expenses for the lapsed acquisition of LuyeElium Healthcare Co., Ltd in FY2018. Such expenses amounted to S\$598,000 in FY2017. Impairments were made for the imaging plant and equipment of \$700,000 and the goodwill on acquisition of CHI of \$1 million. Additional accrual of S\$320,000 was made for the reinstatement of imaging plant and equipment. The share of results of associate increased by S\$56,000 or 17%, due to its higher sales. The Group also wrote-off deferred tax assets of \$731,000.

As a result, the Group recorded a loss for the year of S\$4.8 million in FY2018 compared to a loss of S\$4.2 million in FY2017. Excluding the impact of impairments and provision, income tax expense, and acquisition expenses, the Group's loss for FY2018 would have been S\$2 million (FY2017: S\$2.1 million).

FY2017 compared to FY2016

The Group's revenue decreased by S\$1.6 million or 8%, from S\$20.6 million for the financial year ended 31 December 2016 ("**FY2016**") to S\$19 million for the financial year ended 31 December 2017 ("**FY2017**"). The decrease was mainly due to lower revenue from the imaging business partially offset by an increase in revenue from the wellness business.

Other income decreased by S\$486,000 or 61% in FY2017, mainly due to lower sub-lease income and grant income.

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Consumables expense decreased by S\$171,000 or 7%, which is in line with the decrease in revenue. Personnel expense decreased by S\$855,000 or 7%, mainly due to manpower rationalisation. Depreciation expense decreased by S\$104,000 or 7% as a result of fixed assets being fully depreciated. Maintenance of equipment expenses increased by S\$159,000 or 23%, due to the expiry of the warranty period of equipment acquired in previous years. Finance costs decreased by S\$56,000 or 40%, mainly due to the settlement of hire purchase liabilities and bank loans. The increase in other operating expenses of S\$312,000 or 12% was mainly due to expenses incurred in relation to the proposed acquisition of LuyeEllum Healthcare Co., Ltd of S\$598,000. The impairment of S\$1.5 million in FY2017 relates mainly to the property, plant and equipment of the imaging business. The share of results of associate increased by S\$33,000 or 11%, due to its lower tax expenses as a result of overprovision of income tax in previous years. The Group's tax credit in FY2016 was due to the recognition of deferred tax assets of the Group's unutilised capital allowances and unabsorbed tax losses. No deferred tax asset was recognised in FY2017.

As a result of the lower revenue from imaging business, lower other income, expenses incurred for the proposed acquisition of LuyeEllum Healthcare Co., Ltd, impairment of property, plant and equipment, and the non-recognition of deferred tax assets, the Group recorded a loss of S\$4.2 million for FY2017 compared to a loss of S\$1.6 million for FY2016.

3. CONSOLIDATED BALANCE SHEETS

	As at 31 December			As at
	2016	2017	2018	30 June
	S\$	S\$	S\$	S\$
	(Audited)	(Audited)	(Audited)	(Unaudited)
Non-current assets				
Property, plant and equipment	7,693,945	5,413,506	3,980,301	3,547,544
Investment in associate	1,662,640	1,713,441	1,844,898	2,110,570
Intangible asset	17,581	4,395	–	–
Goodwill	1,524,311	1,524,311	523,864	523,864
Deferred tax assets	730,911	730,911	–	–
Reinstatement asset	–	–	143,758	131,778
Right-of-use asset	–	–	–	3,247,256
	11,629,388	9,386,564	6,492,821	9,561,012
Current assets				
Inventories	309,369	294,080	240,878	224,362
Trade receivables	942,194	1,078,506	1,645,016	2,123,999
Other receivables and deposits	815,687	759,467	679,555	639,236
Prepayments	153,217	160,004	272,912	256,190
Cash pledged as security	454,750	931,484	714,562	844,882
Cash and short term deposits	6,908,192	3,176,082	2,946,069	3,466,868
	9,583,409	6,399,623	6,498,992	7,555,537

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	As at 31 December			As at 30 June
	2016 S\$ (Audited)	2017 S\$ (Audited)	2018 S\$ (Audited)	2019 S\$ (Unaudited)
Current liabilities				
Trade payables	1,096,590	1,606,104	1,172,526	986,566
Other payables and accruals	1,702,825	2,045,670	1,945,066	1,921,036
Deferred income	954,584	1,207,183	1,221,933	1,199,181
Current tax liabilities	1,517	–	–	–
Put options granted to non-controlling interests	807,862	–	–	–
Loans and borrowings	279,377	127,240	77,011	38,993
Obligations under finance leases	1,199,883	689,298	539,388	362,873
Lease liability	–	–	–	1,324,002
	6,042,638	5,675,495	4,955,924	5,832,651
Net current assets	3,540,771	724,128	1,543,068	1,722,886
Non-current liabilities				
Provision for reinstatement	241,552	241,552	545,310	546,604
Loans and borrowings	204,142	76,955	–	–
Obligations under finance leases	1,320,002	630,704	91,316	–
Loans from controlling shareholder	–	–	3,000,000	5,000,000
Deferred tax liabilities	22,568	22,568	22,568	22,568
Lease liability	–	–	–	1,988,970
	1,788,264	971,779	3,659,194	7,558,142
Net assets	13,381,895	9,138,913	4,376,695	3,725,756
Equity attributable to owners of the Company				
Share capital	24,761,027	24,761,027	24,761,027	24,761,027
Treasury shares	(2,866)	(2,866)	(2,866)	(2,866)
Other reserves	(582,644)	(598,939)	(586,333)	(573,727)
Accumulated losses	(10,793,622)	(15,020,309)	(19,795,133)	(20,458,678)
Total equity	13,381,895	9,138,913	4,376,695	3,725,756

Source: Annual reports for FY2016, FY2017 and FY2018, and half-year results announcement for 1H2019 of the Company

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4. BALANCE SHEET REVIEW

1H2019 compared to FY2018

Non-Current Assets

Non-current assets increased from S\$6.5 million as at 31 December 2018 to S\$9.6 million as at 30 June 2019 due mainly to the recognition of right-of-use asset of S\$3.2 million as a result of adoption of SFRS(I) 16.

Current Assets

Current assets increased from S\$6.5 million as at 31 December 2018 to S\$7.6 million as at 30 June 2019 due mainly to the increase in trade receivables and cash and short term deposits. Trade receivables increased from S\$1.7 million as at 31 December 2018 to S\$2.1 million as at 30 June 2019 due mainly to health screening projects. The increase in cash and short term deposits from S\$2.9 million to S\$3.5 million was due to the factors in the review of cash flows.

Current Liabilities

Current liabilities increased from S\$5.0 million as at 31 December 2018 to S\$5.8 million as 30 June 2019 due mainly to the recognition of lease liability as a result of the adoption of SFRS(I) 16, partially offset by the decrease in trade payables. The decrease in trade payables from \$1.2 million as at 31 December 2018 to S\$1.0 million as at 30 June 2019 was due to timing of payments.

Net Current Assets

As a result of the higher increase in current assets as compared to current liabilities, net current assets increased from S\$1.5 million as at 31 December 2018 to S\$1.7 million as at 30 June 2019.

Non-Current Liabilities

Non-current liabilities increased from S\$3.7 million as at 31 December 2018 to S\$7.6 million as at 30 June 2019 due mainly to the recognition of lease liability of S\$2.0 million as a result of the adoption of SFRS(I) 16 and the additional shareholder's loan of S\$2 million received from Luye Medical Group Pte Ltd.

FY2018 compared to FY2017

Non-current assets

Non-current assets decreased from S\$9.4 million as at 31 December 2017 to S\$6.5 million as at 31 December 2018 due mainly to depreciation of property, plant and equipment and impairment of plant and equipment, goodwill and write off deferred tax assets.

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Current assets

Current assets increased from S\$6.4 million as at 31 December 2017 to S\$6.5 million as at 31 December 2018 due mainly to the increase in trade receivables. Trade receivables increased from S\$1.1 million as at 31 December 2017 to S\$1.6 million as at 31 December 2018 due mainly to health screening projects.

Current liabilities

Current liabilities decreased from S\$5.7 million as at 31 December 2017 to S\$5 million as 31 December 2018 due mainly to the decrease in trade payables. The decrease in trade payables from \$1.6 million as at 31 December 2017 to S\$1.2 million as at 31 December 2018 was due mainly to the payment for purchase of medical equipment offset by additional accrual of removal cost pertaining to a MRI machine which is no longer in use.

Net current assets

Net current assets increased from S\$0.7 million as at 31 December 2017 to S\$1.5 million as at 31 December 2018.

Non-current liabilities

Non-current liabilities increased from S\$1.0 million as at 31 December 2017 to S\$3.7 million as at 31 December 2018 due mainly to shareholder's loans of S\$3 million from Luye Medical Group Pte Ltd and additional provision for reinstatement of equipment. This was partially offset by the repayment of bank loans and borrowings and obligations under finance leases.

FY2017 compared to FY2016

Non-current assets

Non-current assets decreased from S\$11.6 million as at 31 December 2016 to S\$9.4 million as at 31 December 2017. Property, plant and equipment decreased from S\$7.7 million as at 31 December 2016 to S\$5.4 million as at 31 December 2017 due to impairment and depreciation.

Current assets

Current assets decreased from S\$9.6 million as at 31 December 2016 to S\$6.4 million as at 31 December 2017. Cash pledged as security increased from S\$455,000 as at 31 December 2016 to S\$931,000 due to additional health screening contracts secured. Cash and cash equivalents decreased from S\$6.9 million as at 31 December 2016 to S\$3.2 million as at 31 December 2017 was due to the factors in the review of cash flows.

Current liabilities

Current liabilities decreased from S\$6.0 million as at 31 December 2016 to S\$5.7 million as at 31 December 2017. The increase in trade payables from S\$1.1 million as at 31 December 2016 to S\$1.6 million as at 31 December 2017 was mainly due to outstanding payments for capital expenditure. The increase in other payables and accruals from S\$1.7 million as at

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31 December 2016 to S\$2 million as at 31 December 2017 was mainly due to fees payable for the proposed acquisition of LuyeEllium Healthcare Co., Ltd. The increase in deferred income from S\$955,000 as at 31 December 2016 to S\$1.2 million as at 31 December 2017 was due to higher level of outstanding customer packages. The Group settled the put option liabilities in FY2017. Loans and borrowing and obligations under finance leases decreased from S\$1.5 million as at 31 December 2016 to S\$0.8 million as at 31 December 2017 due to repayments of such loans and borrowings and obligations under finance leases.

Net current assets

As a result of the lower current assets, net current assets decreased from S\$3.5 million as at 31 December 2016 to S\$0.7 million as at 31 December 2017.

Non-current liabilities

Non-current liabilities decreased from S\$1.8 million as at 31 December 2016 to S\$1.0 million as at 31 December 2017 due to repayments of loans and borrowings and obligations under finance leases.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2016 S\$ (Audited)	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	1H2019 S\$ (Unaudited)
Cash flows from operating activities				
Loss before tax	(2,029,304)	(4,228,107)	(4,043,913)	(663,545)
Adjustments:				
– Depreciation of property, plant and equipment	1,595,144	1,491,132	1,152,244	1,201,713
– Impairment of goodwill	600,000	–	1,000,447	–
– Amortisation of intangible asset	13,186	13,186	4,395	–
– Amortisation of reinstatement asset	–	–	–	11,983
– Gain on disposal of property, plant and equipment	(28,233)	(7,000)	(3,500)	–
– Property, plant and equipment written off	328	5,313	2,050	–
– Impairment loss on property, plant and equipment	–	1,500,000	700,000	–
– (Write-back)/impairment loss on trade receivables	34,133	1,890	(1,890)	–
– Currency realignment	(10,053)	(43,325)	–	–
– Interest expense on lease liability	–	–	–	177,389
– Internet expense	139,986	83,586	96,662	92,923

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	FY2016 S\$ (Audited)	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	1H2019 S\$ (Unaudited)
– Interest income	(59,186)	(28,896)	(4,090)	(2,990)
– Grant of equity-settled share options to employees	34,764	27,030	12,606	12,606
– Expenses in connection with the proposed acquisition ⁽¹⁾	148,544	597,553	–	–
– Share of results of associate	(306,032)	(339,361)	(395,457)	(265,672)
– Cost for de-installation of plant and equipment	–	–	320,000	–
– Changes resulting from re-measurement of put options granted to non-controlling interests	46,317	–	–	–
– Fair value gain on contingent consideration payable to non-controlling interest	(35,915)	–	–	–
– Gain on disposal of investment in associate	(50,000)	–	–	–
Operating cash flows before changes in working capital	93,679	(926,999)	(1,160,446)	564,407
Changes in working capital:				
– (Increase)/decrease in inventories	(12,576)	15,289	53,202	16,516
– Decrease/(increase) in trade receivables, other receivables and deposits and prepayments	469,202	(88,769)	(597,616)	(421,942)
– Increase/(decrease) in trade and other payables	273,409	179,729	140,558	(209,990)
– Increase/(decrease) in deferred income	406,324	252,599	14,750	(22,752)
Cash flows generated from/ (used in) operations	1,230,038	(568,151)	(1,549,552)	(73,761)
Payment of lease	–	–	–	(803,744)
Income tax paid	–	(97)	–	–
Payment of proposed acquisition expenses	(51,856)	(578,510)	(461,740)	–
Net cash flows generated from/(used in) operating activities	1,178,182	(1,146,758)	(2,011,292)	(877,505)

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	FY2016 S\$ (Audited)	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	1H2019 S\$ (Unaudited)
Cash flows from investing activities				
Interest received	59,186	28,896	4,090	2,990
Dividend received from associate	–	–	264,000	–
Purchase of property, plant and equipment	(612,729)	(343,006)	(794,089)	(75,594)
Proceeds from disposal of property, plant and equipment	46,035	7,000	3,500	–
Repayment of long-term loan from an associate	198,000	288,560	–	–
Payments for purchase of non-controlling interests' stakes	–	(527,275)	–	–
Proceeds from disposal of associate	50,000	–	–	–
Net cash flows used in investing activities	(259,508)	(545,825)	(522,499)	(72,604)
Cash flows from financing activities				
(Increase)/decrease in cash pledged as security	(274,750)	(476,734)	216,922	(130,320)
Interest paid	(139,986)	(83,586)	(96,662)	(92,923)
Loans from controlling shareholder	–	–	3,000,000	2,000,000
Repayment of obligations under hire purchase and loans and borrowings and finance leases	(1,868,391)	(1,479,207)	(816,482)	(305,849)
Proceeds from private placement	2,810,500	–	–	–
Net cash flows from/(used in) financing activities	527,373	(2,039,527)	2,303,778	1,470,908
Net increase/(decrease) in cash and short term deposits	1,446,047	(3,732,110)	(230,013)	520,799
Cash and short term deposits at beginning of period	5,462,145	6,908,192	3,176,082	2,946,069
Cash and short term deposits at end of period	6,908,192	3,176,082	2,946,069	3,466,868

(1) Proposed acquisition of LuyeEllum Healthcare Co., Ltd., which lapsed and ceased on 31 August 2018.

Source: Annual reports for FY2016, FY2017 and FY2018, and half-year results announcement for 1H2019 of the Company

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6. CASH FLOW REVIEW

1H2019

The Group has a cash outflow from operating activities of S\$0.9 million in 1H2019 compared with an outflow of S\$1.2 million in 1H2018 due mainly to a lower loss for the period. Cash flows used in investing activities decreased to S\$0.1 million in 1H2019 from S\$0.6 million in 1H2018 due mainly to lower purchase of property, plant and equipment. Cash flows from financing activities increased due mainly to the shareholder's loan of S\$2 million in 1H2019.

FY2018

The Group has a cash outflow from operating activities of S\$2 million in FY2018 compared to an outflow of S\$1.1 million in FY2017 due mainly to the changes in working capital. Cash flows from financing activities increased due mainly to the shareholder's loans of S\$3 million obtained in FY2018, partially offset by lower repayments of obligations under finance leases and loans and borrowings and lower cash security requirements.

FY2017

The cash outflow from operating activities in FY2017 was S\$1.1 million compared to a cash inflow of S\$1.2 million in FY2016 mainly due to a higher operating loss, lower changes in working capital and the payment of expenses relating to the proposed acquisition of LuyeElium Healthcare Co., Ltd. The cash outflow from investing activities of \$546,000 in FY2017 compared to an outflow of S\$260,000 in FY2016 mainly due to the payment for the purchase of non-controlling interests' stakes. The cash outflow from financing activities was S\$2 million in FY2017 compared to an inflow of S\$0.5 million in FY2016 mainly due to the private placement in FY2016. As a result, cash and short-term deposits decreased from S\$6.9 million as at the end of FY2016 to S\$3.2 million as at 31 December 2017.

FY2016

The Group's cash flow from operating activities decreased from S\$1.8 million in FY2015 to S\$1.2 million in FY2016 due mainly to the higher operating loss which was partially offset by lower changes in working capital. The cash outflow from investing activities was S\$260,000 in FY2016 compared with an inflow of S\$198,000 in FY2015 due mainly to a lower capital expenditure (net of disposals) in FY2015. The cash inflow from financing activities was S\$527,000 in FY2016 compared with an outflow of S\$2.6 million in FY2015 due to the proceeds from the private placement and lower repayments of bank borrowings and finance leases compared with the corresponding previous period which were partially offset by the increase in security deposit. As a result, cash and short-term deposits increased from S\$5.6 million as at the end of FY2015 to S\$7.1 million as at 31 December 2016.

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7. WORKING CAPITAL POSITION

The total current assets, total current liabilities and working capital of the Group for the last three financial years are as follows:

	As at 31 December			As at
	2016	2017	2018	30 June
	S\$	S\$	S\$	S\$
	(Audited)	(Audited)	(Audited)	(Unaudited)
Total current assets	9,583,409	6,399,623	6,498,992	7,555,537
Total current liabilities	6,042,638	5,675,495	4,955,924	5,832,651
Working capital	3,540,771	724,128	1,543,068	1,722,886

1H2019 compared to FY2018

Current assets increased from S\$6.5 million as at 31 December 2018 to S\$7.6 million as at 30 June 2019 due mainly to the increase in trade receivables and cash and short term deposits. Trade receivables increased from S\$1.7 million as at 31 December 2018 to S\$2.1 million as at 30 June 2019 due mainly to health screening projects. The increase in cash and short term deposits from S\$2.9 million to S\$3.5 million was due to the factors in the review of cash flows.

Current liabilities increased from S\$5.0 million as at 31 December 2018 to S\$5.8 million as at 30 June 2019 due mainly to the recognition of lease liability as a result of the adoption of SFRS(I) 16, partially offset by the decrease in trade payables. The decrease in trade payables from \$1.2 million as at 31 December 2018 to S\$1.0 million as at 30 June 2019 was due to timing of payments.

As a result of the higher increase in current assets as compared to current liabilities, net current assets increased from S\$1.5 million as at 31 December 2018 to S\$1.7 million as at 30 June 2019.

FY2018 compared to FY2017

Current assets increased from S\$6.4 million as at 31 December 2017 to S\$6.5 million as at 31 December 2018 due mainly to the increase in trade receivables. Trade receivables increased from S\$1.1 million as at 31 December 2017 to S\$1.6 million as at 31 December 2018 due mainly to health screening projects.

Current liabilities decreased from S\$5.7 million as at 31 December 2017 to S\$5 million as at 31 December 2018 due mainly to the decrease in trade payables. The decrease in trade payables from \$1.6 million as at 31 December 2017 to S\$1.2 million as at 31 December 2018 was due mainly to the payment for purchase of medical equipment.

As a result of the higher current assets and lower current liabilities, net current assets increased from S\$0.7 million as at 31 December 2017 to S\$1.5 million as at 31 December 2018.

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FY2017 compared to FY2016

Current assets decreased from S\$9.6 million as at 31 December 2016 to S\$6.4 million as at 31 December 2017. Cash pledged as security increased from S\$455,000 as at 31 December 2016 to S\$931,000 due to additional health screening contracts secured. Cash and cash equivalents decreased from S\$6.9 million as at 31 December 2016 to S\$3.2 million as at 31 December 2017 was due to the factors in the review of cash flows.

Current liabilities decreased from S\$6.0 million as at 31 December 2016 to S\$5.7 million as at 31 December 2017. The increase in trade payables from S\$1.1 million as at 31 December 2016 to S\$1.6 million as at 31 December 2017 was mainly due to outstanding payments for capital expenditure. The increase in other payables and accruals from S\$1.7 million as at 31 December 2016 to S\$2 million as at 31 December 2017 was mainly due to fees payable for the proposed acquisition of LuyeEllum Healthcare Co., Ltd. The increase in deferred income from S\$955,000 as at 31 December 2016 to S\$1.2 million as at 31 December 2017 was due to higher level of outstanding customer packages. The Group settled the put option liabilities in FY2017. Loans and borrowing and obligations under finance leases decreased from S\$1.5 million as at 31 December 2016 to S\$0.8 million as at 31 December 2017 due to repayments of such loans and borrowings and obligations under finance leases.

As a result of the lower current assets, net current assets decreased from S\$3.5 million as at 31 December 2016 to S\$0.7 million as at 31 December 2017.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ASIAMEDIC LIMITED

(Registration Number: 197401556E)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at 350 Orchard Road #10-01, Shaw House, Singapore 238868 on 29 November 2019 at 9:30 a.m., for the purpose of considering and, if thought fit, passing the following ordinary resolutions, with or without any amendment:

All capitalised terms used below which are not defined herein shall have the same meaning ascribed to them in the Company's circular to Shareholders dated 14 November 2019 (the "Circular"), unless otherwise defined herein or where the context otherwise requires.

ORDINARY RESOLUTION 1: THE RIGHTS ISSUE

That subject to and contingent upon the passing of Ordinary Resolution 2 herein, the renounceable non-underwritten rights issue of up to 1,561,952,500 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.012 for each Rights Share (the "**Issue Price**"), on the basis of four (4) Rights Share for every one (1) existing ordinary share (each, a "**Share**") in the capital of the Company held by shareholders of the Company (the "**Shareholders**") as at a time and date as the Directors may, in its absolute discretion, determine (the "**Books Closure Date**"), be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) allot and issue up to 1,561,952,500 Rights Shares at the Issue Price;
- (b) provisionally allot and issue up to 1,561,952,500 Rights Shares at the Issue Price on the basis of four (4) Rights Share for every one (1) existing Shares held by Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date (the "**Entitled Shareholders**") with registered addresses in Singapore or who have, at least three (3) market days prior to the Books Closure Date provided to the CDP or the share registrar of the Company (the "**Share Registrar**"), as the case may be, addresses in Singapore for the service of notices and documents, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - i. the provisional allotments of Rights Shares under the Rights Issue shall be made on a renounceable non-underwritten basis to Entitled Shareholders;
 - ii. no provisional allotment of Rights Shares shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market Days prior thereto, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**");
 - iii. the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- iv. provisional allotments of Rights Shares not taken up for any reason, shall be used to satisfy applications of Excess Rights Shares or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - v. the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares;
- (c) the Directors or any of them be and are hereby authorised to fix the Books Closure Date in their absolute discretion; and
- (d) the Directors be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this.

ORDINARY RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolution 1 herein in this Notice of EGM, approval be and is hereby given as follows:

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter dated 11 October 2019, Shareholders (other than Luye Medical Group Pte. Ltd. (the "**Undertaking Shareholder**") and parties acting in concert with it and parties not independent of them) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer for all the Shares in the Company from the Undertaking Shareholder pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") arising from the Undertaking Shareholder's subscription of Rights Shares pursuant to the Rights Issue and the Irrevocable Undertaking, in fulfilment of the Undertaking Shareholder's obligations under the Irrevocable Undertaking.

BY ORDER OF THE BOARD

Ms Foo Soon Soo
Company Secretary
14 November 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT: Please read notes below.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. (100%) of his shareholding and the second named proxy shall be deemed to be an alternate of the first.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy needs not be a member of the Company.
4. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 not later than 72 hours before the time set for the meeting.
5. The instrument appointing a proxy/proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy/proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the meeting in order for the Depositor to be entitled to attend and vote at the meeting.
7. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ASIAMEDIC LIMITED

(Registration No. 197401556E)
(Incorporated in the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING PROXY FORM

(You are advised to read the notes on the next page
before completing this form)

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies and/or SRS monies to buy shares in AsiaMedic Limited, this Circular is forwarded to them at the request of their CPF and/or SRS Approved Nominees.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ NRIC/Passport No. _____

of _____ (Address)

being a member/members of **AsiaMedic Limited** (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 350 Orchard Road #10-01, Shaw House, Singapore 238868 on 29 November 2019 at 9:30 a.m. and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/they may think fit.

No.	Ordinary Resolutions relating to:	FOR	AGAINST
1.	The Rights Issue		
2.	The Proposed Whitewash Resolution		

Note: Please note that the short descriptions given above of the resolution to be passed do not in any way whatsoever reflect the intent and purpose of the resolution. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of EGM for the full purpose and intent of the resolution to be passed.

Dated this _____ day of _____ 2019 (delete as appropriate)

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Members/Corporation's Common Seal

IMPORTANT: Please read notes on the next page



NOTES

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 350 Orchard Road, #08-00 Shaw House, Singapore 238868, not less than 72 hours before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Act, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

Investors who have used their CPF monies (“**CPF Investors**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) to buy shares in the Company may attend and cast their vote at the EGM in person. CPF and/or SRS Investors who are unable to attend the EGM but would like to vote, may inform CPF and/or SRS Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF and/or SRS Investors shall be precluded from attending the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.